

Bicycle Network Incorporated

**Financial Report
For the year ended 30 June 2016**

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 2016.

Board Members

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

- Jeremy Brand (President)
- David Smith
- Janice Simpson
- Helen Millicer (Resigned October 2015)
- Geoff Schomburgk
- Zena Burgess
- Kerry Gill
- Peter Thurling
- Jo Curtin

Meetings of Board, Audit & Risk and other Committees

Board Member	Board meetings		Audit & Risk Committee	
	A	B	A	B
Jeremy Brand	6	5	9	8
David Smith	6	5	9	9
Janice Simpson	6	4	5	3
Geoff Schomburgk	6	4	9	7
Helen Millicer	1	1	-	-
Zena Burgess	6	4	9	5
Kerry Gill	6	6	9	9
Peter Thurling	6	6	-	-
Jo Curtin	5	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.

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Current Board Members relevant skills and terms of office

Board Member	Relevant skills, experience and expertise	Appointed to the Board
Jeremy Brand President	LLB, BA, DipCorp&Sec Law, Bond Mediation, LIV Accred. Com Lit Specialist. Over 20 years' experience in commercial legal practice. Board member in the bike retail industry.	2009
David Smith	LLB (Hons), B Com. GAICD, Over 20 years' experience in commercial legal practice in Australia and overseas.	2011
Janice Simpson	FCDA, MSocSci, GDipCareerEd, BA, DipEd, DipPWE. 35 years' work experience in several sectors including small business ownership and management, consulting, education, counselling, writing and editing	2007
Geoff Schomburgk	B.E. (Hons), M.B.A. A strategy consultant and senior manager with over 20 years' experience in the global IT&T industry	2011
Zena Burgess	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
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
Jo Curtin	BA(Media Studies)(Hons), 15 years NFP management and executive level administration experience.	2015

Board Member's emoluments

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

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Principal activities

During 2015 – 2016 Bicycle Network Incorporated promoted the health of the Australian community through the prevention and control of disease by "More People Cycling More Often".

Bicycle riding is clinically proven to improve physical and mental health and significantly reduce the risk of chronic diseases.¹

Today only 33% of Australians protect their health by getting enough physical activity.² Lack of physical activity is the most significant public health threat after smoking.

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 over 52,000 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.

¹ 'Low levels of physical activity are a major risk factor for ill health and mortality from all causes. People who do not do sufficient physical activity have a greater risk of cardiovascular disease, colon and breast cancers, Type 2 diabetes and osteoporosis. Being physically active improves mental and musculoskeletal health and reduces other risk factors such as overweight, high blood pressure and high blood cholesterol.'

Australian Institute of Health and Welfare

² In 2011/12, 66.9% of Australians aged 15 and over were sedentary or had low levels of exercise (comprised of 35.4% sedentary and 31.5% low levels of exercise). In total, almost 12 million Australians aged 15 and over had either sedentary or low levels of exercise.

Australian Bureau of Statistics. National Health Survey 2011/2012. (4364.0) October 2012

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Operating result

The result from operating activities for the year was a deficit of \$339,440 (2015 surplus \$10,578). Bicycle Network Inc. is exempt from income tax because it is categorised as a not-for-profit organisation for tax purposes.

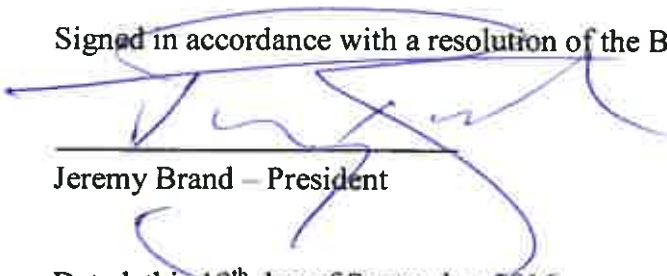
Corporate Governance Statement

The Corporate Governance Statement set out on pages 6 and 7 of this report, was reviewed and updated in July 2016.

Insurance of Officers

During the year, Bicycle Network Inc. paid a premium of \$15,220 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



Jeremy Brand – President



Kerry Gill - Audit and Risk Committee

Dated this 19th day of September 2016

Corporate Governance Statement

Bicycle Network Incorporated is not required but elects to report on the eight core principles of the ASX Corporate Governance Council's (ASXCGC) guidelines (2nd edition with amendments issued 30 June 2010).

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.

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, the quarterly magazine *Ride On*, 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.

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**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
Rides revenue		7,122,678	6,562,160
Membership fees, income and donations		3,196,117	2,632,127
Campaigns revenue		993,208	1,075,955
Behaviour change programs		1,070,000	1,613,600
Other Products and Services		1,267,473	1,549,698
External sales revenue		13,649,476	13,433,540
Interest income		58,081	86,339
Investment income		109,709	256,668
		167,790	343,007
Revenue		13,817,266	13,776,547
Employee benefits		5,199,893	5,024,295
Supply and service costs		4,426,194	4,090,922
Depreciation		578,841	516,959
Insurance		679,994	843,709
Printing and office costs		828,507	767,067
Promotion costs		370,857	342,472
Cost of merchandise		596,253	643,404
Audit, legal and consultancy		183,180	186,485
Finance costs		122,552	151,232
IT and online costs		241,195	324,784
Occupancy costs		832,434	839,834
Other		96,806	34,806
Expenses		14,156,706	13,765,969
SURPLUS/ (DEFICIT) BEFORE INCOME TAX EXPENSE	2	(339,440)	10,578
Income tax expense	1(h)	-	-
SURPLUS/(DEFICIT) FOR THE YEAR OTHER COMPREHENSIVE INCOME		(339,440)	10,578
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net gain/(loss) on revaluation of financial assets		(89,816)	(33,691)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(89,816)	(33,691)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(429,256)	(23,113)

The accompanying notes form part of these financial statements

BICYCLE NETWORK INCORPORATED
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Statement of Financial Position as at 30 June 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,152,123	4,749,613
Trade and other receivables	4	559,992	232,048
Inventories	5	130,536	166,924
Other current assets	6	284,952	300,454
TOTAL CURRENT ASSETS		5,127,603	5,449,039
NON CURRENT ASSETS			
Plant and equipment	8	1,431,783	1,761,087
Financial assets	7	2,285,534	2,319,982
TOTAL NON CURRENT ASSETS		3,717,317	4,081,069
TOTAL ASSETS		8,844,920	9,530,108
CURRENT LIABILITIES			
Trade and other payables	9	4,506,024	4,739,971
Short term provisions		391,724	316,329
TOTAL CURRENT LIABILITIES		4,897,748	5,056,299
NON CURRENT LIABILITIES			
Long term provisions	10	416,137	375,693
Trade and other payables		531,296	664,120
TOTAL NON CURRENT LIABILITIES		947,433	1,039,813
TOTAL LIABILITIES		5,845,181	6,096,113
NET ASSETS		2,999,739	3,433,996
EQUITY			
Accumulated Surplus	11	2,876,475	3,215,916
Reserves	12	123,264	218,080
TOTAL EQUITY		2,999,739	3,433,996

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the year ended 30 June 2016

	Note	Accumulated Surplus \$	Financial Assets Reserve \$	Insurance Reserve \$	Total \$
Balance at 1 July 2014		<u>3,205,338</u>	<u>231,771</u>	<u>25,000</u>	<u>3,462,109</u>
Surplus for the year		10,578	-	-	2,032,832
Other Comprehensive Income for the year					
Investment Revaluation Movement in Insurance			(33,691)	(5000)	(33,691) (5000)
Total comprehensive income attributable to members of the entity		<u>10,578</u>	<u>(33,691)</u>	<u>(5000)</u>	<u>(28,113)</u>
Balance at 30 June 2015		<u>3,215,916</u>	<u>198,080</u>	<u>20,000</u>	<u>3,433,996</u>
Comprehensive Income					
Surplus for the year	11	(339,440)	-	-	-
Other Comprehensive Income for the year					
Investment Revaluation Movement in Insurance	12	-	(89,817)	(5000)	-
Total comprehensive income attributable to members of the entity		<u>(339,440)</u>	<u>(89,817)</u>	<u>(5000)</u>	<u>(434,257)</u>
Balance at 30 June 2016		<u>2,876,476</u>	<u>108,263</u>	<u>15,000</u>	<u>2,999,739</u>

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
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Statement of Cash Flows for year ended 30 June 2016

	Note	2,016 \$	2,015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and riders		13,156,938	13,957,513
Interest received		58,081	86,339
Investment income received		109,709	256,668
Payments to suppliers and employees		(14,251,522)	(13,287,701)
NET CASH PROVIDED BY OPERATING ACTIVITIES		(926,794)	1,012,819
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		329,304	(194,106)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(329,304)	(194,106)
NET INCREASE/DECREASE IN CASH HELD		(597,490)	818,713
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		4,749,613	3,930,900
CASH AT THE END OF THE FINANCIAL YEAR	3(a)	4,152,123	4,749,613

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 of 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 and books for resale

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 comprehensive income 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	10-50%
Office equipment	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 sheet 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 income statement.

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 transferred to another party whereby the association is no longer has any significant continuing involvement 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 no 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 service 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 and quarterly 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016.

Key Judgements

Available-for-sale investments

The association maintains a portfolio of securities with a carrying value of \$2,285,534 (2015 \$2,319,982) at reporting date. The market value of the portfolio has decreased 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, 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
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
2. SURPLUS FOR THE YEAR		
Surplus for the year is arrived at after charging the following specific items:		
Auditing and reviewing the financial reports	23,150	20,000
Rental expense on operating leases	733,024	763,148
Provision for doubtful debts	-	8,000
Depreciation	578,841	516,960
Finance costs	122,552	151,232

3. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the Statement of financial position as follows:

Cash at bank & on hand	1,067,267	599,160
Deposits at call & Term Deposits	2,206,796	2,436,273
Deposits - bond money	878,060	1,714,180
Cash and Cash Equivalents	4,152,123	4,749,613

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
4. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade Debtors	537,684	214,949
Allowance for doubtful debts	-	(10,916)
Other receivables	22,308	28,015
	559,992	232,048
5. CURRENT ASSETS- INVENTORIES		
Bike Parking rails and books- at cost	130,536	166,924
	130,536	166,924
6. CURRENT ASSETS – OTHER CURRENT ASSETS		
Prepaid expenses	61,878	140,476
Prepaid ride expenses	223,074	159,978
	284,952	300,453
7. NON CURRENT ASSETS – FINANCIAL ASSETS		
a) Available for sale financial assets	2,285,534	2,319,982
Available for sale financial assets comprise:		
Listed investments, at fair value:		
Equities	721,949	838,551
Income Assets	653,312	842,633
Property Trusts	133,810	110,455
Unlisted investments, at fair value:		
Cash	332,699	89,683
International Equity	443,764	438,660
Financial assets at fair value available for sale	2,285,534	2,319,982

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

8. NON CURRENT ASSETS – PLANT AND EQUIPMENT

Plant and Equipment

At cost	4,581,558	4,332,040
Accumulated Depreciation	(3,149,775)	(2,570,953)
Net Book Value	<u>1,431,783</u>	<u>1,761,087</u>

BICYCLE VICTORIA INCORPORATED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

8. NON CURRENT ASSETS – PLANT AND EQUIPMENT (CONT'D)

Cost	Leasehold improvements	Office equipment	Rides equipment	Catering equipment	Furniture & fittings	Work In Progress	TOTAL
\$	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2015	1,845,426	1,426,746	421,392	361,554	260,632	16,270	4,332,020
Additions at cost	16,073	142,549	70,963	-	19,952	-	249,537
Disposals	-	-	-	-	-	-	-
Transfer in / (out)	-	16,270	(5,407)	5,407	-	(16,270)	-
Balance at 30 June 2016	1,861,499	1,585,565	486,948	366,961	280,584	-	4,581,557
Accumulated Depreciation							
Balance at 30 June 2015	677,504	1,058,539	303,997	341,518	189,375	-	2,570,933
Depreciation expense	190,942	278,901	50,881	3,094	55,023	-	578,841
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2016	868,446	1,337,440	354,880	344,612	244,398	-	3,149,774
Net Book Value							
As at 30 June 2015	1,167,922	368,203	117,397	20,038	71,257	16,270	1,761,087
As at 30 June 2016	993,053	248,125	132,068	22,349	36,186	-	1,431,783

BICYCLE VICTORIA INCORPORATED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	176,152	143,247
Other payables	414,604	577,875
Lease liability	254,224	237,690
Lease incentive	132,824	132,824
Unexpired membership fees	1,345,775	1,300,890
Prepaid ride and other fees	1,609,995	1,881,644
Parkiteer deposits	572,450	465,800
	<u>4,506,024</u>	<u>4,739,970</u>

10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS

	Long Service Leave Provision	Make Good Lease Provision	Total
	\$	\$	\$
Balance at beginning of financial year	55,784	319,909	375,693
Provision raised (decreased) during the year	25,347	15,096	40,443
Provision payout during year	-	-	-
Balance at end of financial year	<u>81,131</u>	<u>335,005</u>	<u>416,136</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

10. NON-CURRENT LIABILITIES – LONG TERM PROVISIONS (CONT'D)

	2016	2015
	\$	\$
Analysis of Total Provisions		
Non-current	416,136	375,693
Balance at end of financial year	416,136	375,693

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 from a given premises. 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

	2016	2015
	\$	\$
Balance at beginning of financial year	3,215,916	3,205,338
Surplus/(Deficit) for the year	(339,440)	10,578
Balance at end of financial year	2,876,475	3,215,916

12. RESERVES

	2016	2015
	\$	\$
Liability insurance reserve	20,000	25,000
a) Movements:		
Insurance paid out during the year	(5000)	(5000)
Balance at end of financial year	15,000	20,000

BICYCLE VICTORIA INCORPORATED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

	2016 \$	2015 \$
Financial Asset Reserve	<u>108,263</u>	<u>198,080</u>
a) Movements in FAR	<u>(89,817)</u>	<u>(33,691)</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

	2016 \$	2015 \$
Operating leases		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments		
-not later than 12 months	655,086	647,761
-between 12 months and 5 years	2,574,064	2,476,538
-greater than 5 years	109,308	761,205
	<u>3,338,458</u>	<u>3,885,504</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 which is subject to a 3.75% fixed percentage increase per annum. A Lease Incentive Liability paid by

BICYCLE VICTORIA INCORPORATED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

14. LEASE COMMITMENTS (CONT'D)

the Landlord to the lessee Bicycle Network Inc., is being credited against the lease for the life of the lease term.

Bicycle Network Inc. has renewed the lease for the workshop premises in Sunshine since August 2013 for another 5-year term with an option for a further five years.

Bicycle Network Inc. began operations from an office located in Sydney. The office space located in Crown Street, Darlinghurst is being leased for a 2-year period from April 2016.

During the year Bicycle Network has entered into a new lease agreement for the office space in Hobart from November 2015 and expiring 31st December 2016 with the option for a further 1 year.

15. KEY MANAGEMENT PERSONNEL COMPENSATION

	2016	2015
	\$	\$
Short Term Benefits	1,275,344	1,318,921
Long-Term Benefits	28,615	19,105
Total Compensation	<u>1,303,959</u>	<u>1,338,026</u>
No. of Personnel *	<u>22</u>	<u>22</u>

* 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 2016. Claims are expected to be made up to three years after the accident. The excess for the 2016 year is 15,000 (2015: \$15,000 and 2014: \$15,000). Therefore, the reserve of \$15,000 (2015: \$20,000) as disclosed in Note 12 has been formed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

17. CONTINGENT LIABILITIES (CONT'D)

Commonwealth Bank of Australia has provided a guarantee amounting to \$854,134 (2015: \$683,268) 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

	2016	2015
	\$	\$
Transactions with related parties	-	-

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

	2016	2015
Helen Millicer	Glen Eira Victorian	Glen Eira Victorian
Kerry Gill	Peninsula Peddlers	

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.

BICYCLE VICTORIA INCORPORATED

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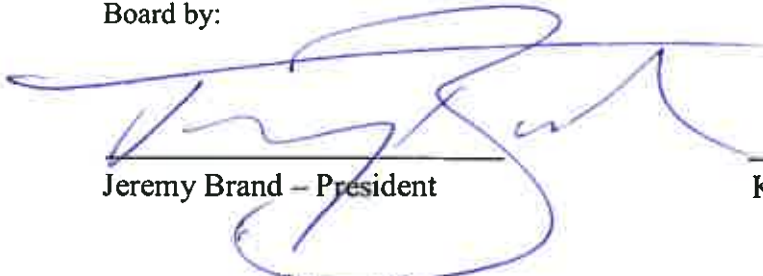
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 2016 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:



Jeremy Brand – President



Kerry Gill – Audit and Risk Committee

Dated this 19th day of September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BICYCLE NETWORK INCORPORATED

Report on the Financial Report

We have audited the accompanying financial report of Bicycle Network Incorporated (the Association) on pages 8 to 27, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the boards' declaration.

Board Members' Responsibility for the Financial Report

The board members' 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 members determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

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Toorak VIC 3142

Telephone: +61 3 9824 8555
williambuck.com

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BICYCLE NETWORK
INCORPORATED (CONT)***Auditor's Opinion*

In our opinion the accompanying financial report of Bicycle Network Incorporated is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) Giving a true and fair view of the company's financial positions as at 30 June 2016 and of its performance for the year then ended on that date; and
- b) Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

**William Buck Audit (Vic) Pty Ltd**

A.B.N. 59 116 151 136

**A.P. MARKS**

Director

Dated: Melbourne 19th day of September, 2016