

Bicycle Network Incorporated

**Financial Report
For the year ended 30 June 2020**

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 2020.

Board Members

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

- Keir Paterson (Board President since November 2019)
- Jo Curtin (Vice president since November 2019)
- James Garriock (Chair, Audit & Risk Committee, elected October 2019)
- Kate Eddy
- Gillian Hatch
- Prita Jobling-Baker (Elected October 2019)
- Zena Burgess (Former President, finished term on October 2019)
- Kerry Gill (Finished term on October 2019)
- Peter Thurling (Finished term on October 2019)
- James Conlan (Resigned on November 2019)

Meetings of Board and Audit & Risk Committee

| Name | Board meetings | | Audit & Risk Committee | |
|--------------------------------------|----------------|---|------------------------|---|
| | A | B | A | B |
| Keir Paterson | 8 | 8 | 2 | 2 |
| Jo Curtin | 8 | 8 | - | 1 |
| James Garriock | 5 | 5 | 4 | 4 |
| Kate Eddy | 8 | 6 | 6 | 5 |
| Gillian Hatch | 8 | 7 | 6 | 6 |
| Prita Jobling-Baker | 5 | 5 | - | - |
| Zena Burgess (Term ended Oct 2019) | 3 | 3 | - | - |
| Kerry Gill (Term ended Oct 2019) | 3 | 3 | 2 | 2 |
| Peter Thurling (Term ended Oct 2019) | 3 | 3 | - | 1 |
| James Conlan (Resigned Nov 2019) | 3 | 3 | 2 | 2 |

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 |
|------------------------------|--|------------------------|
| Keir Paterson (President) | MBA (Melbourne Business School) General Manager, SuperFriend mental health NFP | 2016 |
| Jo Curtin (Vice President) | BA (Media Studies) (Hons). Over 15 years NFP management and executive level administration experience. | 2015 |
| Kate Eddy | Senior Development Manager for the Faculty of Business and Economics, University of Melbourne | 2017 |
| Gillian Hatch | Architectural designer | 2018 |
| James Garriock | BA, GradDipEd, MSc (Distn). GAICD Leadership Victoria Williamson Community Leadership Program. Executive Director of Insync. | 2019 |
| Prita Jobling-Baker | Bachelor of Laws. Policy Manager in Criminal Law at Victoria Legal Aid. | 2019 |

Board Member's emoluments

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

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Principal activities

During the financial year 2019-20 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 47,000 members and over 300,000 ‘Friends’.

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

Significant changes in the state of affairs

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

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Operating result

The result from operating activities for the year was a surplus of \$275,511 (2019 deficit of \$133,502). 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 \$17,896 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



Keir Paterson – Board President



James Garriock – Chair, Audit & Risk Committee

Dated this 5th October 2020

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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.

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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.

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|---|-------------|----------------|------------------|
| Revenue | 2 | 11,606,638 | 10,608,103 |
| Interest income | | 26,381 | 47,819 |
| Expenses | | | |
| Employee benefits | | (3,512,510) | (3,509,990) |
| Supply and service costs | | (3,844,101) | (3,602,374) |
| Depreciation | | (828,292) | (396,535) |
| Insurance | | (907,225) | (914,574) |
| Printing and office costs | | (222,485) | (291,432) |
| Promotion costs | | (491,066) | (428,815) |
| Cost of merchandise | | (398,099) | (366,240) |
| Audit, legal and consultancy | | (292,873) | (320,592) |
| Finance costs | | (120,482) | (51,955) |
| IT and online costs | | (252,918) | (196,896) |
| Occupancy costs | | (173,786) | (672,840) |
| Unrealised loss | | (259,715) | - |
| Other | | (53,956) | (37,181) |
| | | <hr/> | <hr/> |
| Surplus / (deficit) before income tax expenses | | 275,511 | (133,502) |
| Income tax expense | 1(h) | - | - |
| | | <hr/> | <hr/> |
| Surplus / (deficit) after income tax expenses for the year attributable to the members of Bicycle Network Incorporated | | 275,511 | (133,502) |
| | | <hr/> | <hr/> |
| Other comprehensive income for the year, net of tax | | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year attributable to the members of Bicycle Network Incorporated | | 275,511 | (133,502) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form part of these financial statements.

BICYCLE NETWORK INCORPORATED
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Statement of Financial Position as at 30 June 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 1,472,283 | 1,915,593 |
| Trade and Other Receivables | 4 | 431,919 | 393,848 |
| Financial Assets | | 517,008 | 504,524 |
| Inventories | | 43,091 | 53,454 |
| Other Assets | 5 | 406,529 | 386,955 |
| TOTAL CURRENT ASSETS | | 2,870,830 | 3,254,374 |
| NON-CURRENT ASSETS | | | |
| Financial Assets | 6 | 2,745,493 | 2,913,872 |
| Right-of-use Assets | 7 | 615,343 | - |
| Property, Plant and Equipment | 8 | 717,746 | 980,658 |
| Other Assets | | 878,437 | 864,567 |
| TOTAL NON-CURRENT ASSETS | | 4,957,019 | 4,759,097 |
| TOTAL ASSETS | | 7,827,849 | 8,013,471 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 9 | 2,894,401 | 4,224,926 |
| Provisions | 10 | 403,457 | 323,583 |
| Lease Liability | | 1,046,419 | - |
| TOTAL CURRENT LIABILITIES | | 4,344,277 | 4,548,509 |
| NON-CURRENT LIABILITIES | | | |
| Trade & Other Payables | | - | 132,824 |
| Provisions | 10 | 48,736 | 422,241 |
| Lease Liability | | 249,428 | - |
| TOTAL NON-CURRENT LIABILITIES | | 298,164 | 555,065 |
| TOTAL LIABILITIES | | 4,642,441 | 5,103,574 |
| NET ASSETS | | 3,185,408 | 2,909,897 |
| EQUITY | | | |
| Retained Earnings | | 3,170,408 | 2,894,897 |
| Reserves | 11 | 15,000 | 15,000 |
| TOTAL EQUITY | | 3,185,408 | 2,909,897 |

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity for the year ended 30 June 2020

| | Retained Surpluses | Financial Assets Reserve | Insurance Reserve | Total |
|---|-------------------------|--------------------------------|----------------------|-------------------------|
| Note | \$ | \$ | \$ | \$ |
| Balance at 30 June 2018 | <u><u>2,658,373</u></u> | <u><u>370,026</u></u> | <u><u>15,000</u></u> | <u><u>3,043,399</u></u> |
| Restatement of adoption of AASB9 | 370,026 | (370,026) | - | - |
| Comprehensive Income | | | | |
| Surplus/ (deficit) for the year after income tax expense | (133,502) | - | - | (133,502) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| 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><u>2,894,897</u></u> | <u><u>-</u></u> | <u><u>15,000</u></u> | <u><u>2,909,897</u></u> |
| Comprehensive Income | | | | |
| Surplus/ (deficit) for the year after income tax expense | 275,511 | - | - | 275,511 |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income attributable to members of the entity | <u>275,511</u> | <u>-</u> | <u>-</u> | <u>275,511</u> |
| Balance at 30 June 2020 | <u><u>3,170,408</u></u> | <u><u>-</u></u> | <u><u>15,000</u></u> | <u><u>3,185,408</u></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 2020

| | Note | 2020 \$ | 2019 \$ |
|--|----------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from members and riders | | 12,467,904 | 12,047,099 |
| Interest received | | 26,381 | 47,820 |
| Investment income received | | 139,074 | 140,426 |
| Payments to suppliers and employees | | (12,415,896) | (11,550,748) |
| | | 217,463 | 684,597 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| (Payments for)/ sales of plant and equipment | | (99,439) | (119,609) |
| (Payments for)/ sales of financial assets | | (26,354) | (135,021) |
| (Payments for) lease liabilities | | (534,981) | - |
| | | (660,774) | (254,630) |
| NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES | | (660,774) | (254,630) |
| NET INCREASE/(DECREASE) IN CASH HELD | | (443,311) | 429,967 |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR | | 1,915,594 | 1,485,627 |
| CASH AT THE END OF THE FINANCIAL YEAR | 3 | 1,472,283 | 1,915,594 |

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 15 and AASB 1058

The incorporated association has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019. There was no impact on the financial report from the application of these standards.

AASB 16 Leases

The incorporated association has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact of adoption of AASB 16 compared with the previous Accounting Standards on the current reporting period is as follows:

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1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

| | 1 July 2019 \$ '000 |
|---|------------------------|
| Operating lease commitments as at 1 July 2019 (AASB 117) | 1,584 |
| Finance lease commitments as at 1 July 2019 (AASB 117) | - |
| Operating lease commitments discount based on the weighted average incremental borrowing rate of 4.5% (AASB 16) | (499) |
| Short-term leases not recognised as a right-of-use asset (AASB 16) | (8) |
| Low-value assets leases not recognised as a right-of-use asset (AASB 16) | - |
| Accumulated depreciation as at 1 July 2019 (AASB 16) | - |
| Right-of-use assets (AASB 16) | 1,077 |
| Lease liabilities - current (AASB 16) | 618 |
| Lease liabilities - non-current (AASB 16) | 355 |

When adopting AASB 16 from 1 July 2019, the incorporated association has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

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, as appropriate for not for profit oriented entities.

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.

(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.

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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.

Property, plant, and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|-------------------------|--------|
| 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 residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposed proceeds are taken to profit or loss.

(d) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the incorporated association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The incorporated association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(e) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incorporated association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(e) Leases liabilities (cont'd)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(f) Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(g) Revenue Recognition

The incorporated association recognises revenue as follows:

Revenue is recognised either under AASB15 or AASB1058.

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Grant income

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met. Where there is a difference between the timing of the receipt of the grant and the satisfaction of the performance obligations, it will result in the recognition of a receivable, contract asset or contract liability.

AASB 1058 requires that where there are no contracted performance obligations, revenue is recognised when received.

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1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(g) Revenue Recognition (cont'd)

Capital grants

Capital grants received under an enforceable agreement to enable the company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the company.

Revenue in Advance

Revenue in advance generally fees or grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Where the monies are received for the company to acquire or construct an item of property, plant and equipment which will be controlled by the entity then the funds are recognised as a contract liability and amortised to revenue as and when the obligation is satisfied.

Future rides to be conducted

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

Membership fees

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

Interest revenue

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

(h) Income tax

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

(i) Impairment of Assets

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

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

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.

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1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(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) 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.

(l) 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.

(m) Investment and other financial assets

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.

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1. SUMMARY OF SIGNIFICANT POLICIES (CONT'D)

(n) Comparative Figures

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

(o) 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 association 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(h). Management had determined that there is no impairment charge required for the financial year ended 30 June 2020.

Key Judgements

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the incorporated association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE

| | 2020 | 2019 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Revenue from contracts with customers | | |
| Rides revenue | 5,387,009 | 4,929,519 |
| Membership fees, income and donations | 3,015,248 | 2,903,342 |
| Campaigns revenue | 426,602 | 436,627 |
| Behaviour change programs | 1,516,203 | 1,356,639 |
| Other Products and Services | 694,502 | 710,217 |
| | 11,039,564 | 10,336,344 |
| Other revenue | | |
| Investment income | 139,074 | 140,425 |
| Unrealised gain | - | 131,334 |
| Job Keeper | 428,000 | - |
| | 567,074 | 271,759 |
| Revenue | 11,606,638 | 10,608,103 |

Disaggregation of revenue

The disaggregation of revenue from contract with customers is as follows:

| | 2020 | 2019 |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| <i>Geographical regions</i> | | |
| Australia | 11,039,564 | 10,336,344 |

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 | 476,786 | 478,671 |
| Deposits at call | 995,497 | 1,436,922 |
| Cash and Cash equivalents | 1,472,283 | 1,915,593 |

BICYCLE NETWORK INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| 4. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES | | |
| Trade debtors | 151,902 | 283,159 |
| Other receivables | 280,017 | 110,689 |
| | 431,919 | 393,848 |
| 5. CURRENT ASSETS - OTHER CURRENT ASSETS | | |
| Prepaid expenses | 235,428 | 89,853 |
| Prepaid ride expenses | 171,101 | 297,102 |
| | 406,529 | 386,955 |
| 6. NON-CURRENT ASSETS - FINANCIAL ASSETS | | |
| Total financial assets | 2,745,493 | 2,913,872 |
| Available for sale financial assets comprise: | | |
| Listed investments, at fair value: | | |
| Equities | 763,880 | 785,308 |
| Income assets | 1,045,044 | 1,054,362 |
| Property trusts | 148,894 | 173,324 |
| Unlisted investments, at fair value: | | |
| Cash | 386,753 | 439,602 |
| International equities | 400,921 | 461,276 |
| Financial assets at fair value through surplus / deficit | 2,745,493 | 2,913,872 |

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 2020

7. NON-CURRENT ASSETS - RIGHT OF USE ASSETS

| | Building | TOTAL |
|---|-----------------|----------------|
| | \$ | \$ |
| Balance at 30 June 2019 | - | - |
| Additions to right-of-use assets | 1,076,740 | 1,076,740 |
| Depreciation expense | (461,397) | (461,397) |
| Reductions in right-of-use assets due to changes in lease liability | - | - |
| Impairment of right-of-use assets | - | - |
| Balance at 30 June 2020 | 615,343 | 615,343 |

Make good provision

At the end of a lease Bicycle Network shall remove from the premises all fixtures, fittings, workstations, 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.

| | |
|-------------|-------------|
| 2020 | 2019 |
| \$ | \$ |

8. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

| | | |
|---|-------------|-------------|
| Leasehold Improvements | 1,916,499 | 1,916,499 |
| Accumulated Depreciation - Leasehold Improvements | (1,675,666) | (1,469,330) |
| | 240,833 | 447,169 |
| Plant and Equipment at Cost | 2,977,085 | 3,240,205 |
| Accumulated Depreciation - Plant and Equipment | (2,500,172) | (2,706,716) |
| | 476,913 | 533,489 |
| | 717,746 | 980,658 |

BICYCLE NETWORK INCORPORATED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****8. NON-CURRENT ASSETS - PLANT AND EQUIPMENT**

| | Leasehold improvements | Leasehold office equipment | Office equipment | Rides equipment | Catering equipment | Furniture & fittings | TOTAL |
|---------------------------------|-----------------------------------|---------------------------------------|-----------------------------|----------------------------|-------------------------------|-------------------------------------|------------------|
| Cost | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2019 | 1,916,499 | 103,500 | 1,897,260 | 592,801 | 366,298 | 280,346 | 5,156,704 |
| Additions at cost | - | - | 51,558 | 5,426 | 47,000 | - | 103,984 |
| Disposals/Absolute | - | - | (217,426) | (94,955) | (9,054) | (45,669) | (367,104) |
| Transfer in / (out) | - | - | - | - | - | - | - |
| Balance at 30 June 2020 | 1,916,499 | 103,500 | 1,731,392 | 503,272 | 404,244 | 234,677 | 4,893,584 |
| Accumulated Depreciation | | | | | | | |
| Balance at 30 June 2019 | 1,469,330 | 20,700 | 1,588,490 | 472,840 | 353,199 | 271,487 | 4,176,046 |
| Depreciation expense | 206,336 | 20,700 | 83,707 | 43,029 | 6,461 | 6,662 | 366,895 |
| Disposals/Absolute | - | - | (217,425) | (94,955) | (9,054) | (45,669) | (367,103) |
| Balance at 30 June 2020 | 1,675,666 | 41,400 | 1,454,772 | 420,914 | 350,606 | 232,480 | 4,175,838 |
| Net Book Value | | | | | | | |
| As at 30 June 2019 | 447,169 | 82,800 | 308,770 | 119,961 | 13,099 | 8,859 | 980,658 |
| As at 30 June 2020 | 240,833 | 62,100 | 276,620 | 82,358 | 53,638 | 2,197 | 717,746 |

BICYCLE NETWORK INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| | \$ | \$ |
| 9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES | | |
| Trade payables | 84,487 | 155,464 |
| Other payables | 266,825 | 383,002 |
| Lease liability | - | 178,735 |
| Lease incentive | - | 132,824 |
| Unexpired membership fees | 1,166,511 | 1,097,487 |
| Prepaid ride and other fees | 271,028 | 1,287,314 |
| Parkiteer deposits | 1,105,550 | 990,100 |
| | 2,894,401 | 4,224,926 |

10. NON-CURRENT LIABILITIES - PROVISIONS

| | Long Service Leave Provision | Total |
|--|---|---------------|
| | \$ | \$ |
| Balance at beginning of financial year | 29,309 | 29,309 |
| Provision raised (decreased) during the year | 19,428 | 19,428 |
| Provision paid out during the year | - | - |
| | 48,736 | 48,736 |

| | 2020 | 2019 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Analysis of Total Provisions | | |
| Current | 403,457 | 323,583 |
| Non-current | 48,736 | 422,240 |
| Balance at end of financial year | 452,193 | 745,823 |

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, 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.

BICYCLE NETWORK INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. RESERVES

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.

12. EVENTS AFTER THE REPORTING DATE

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

13. KEY MANAGEMENT PERSONNEL COMPENSATION

| | 2020 | 2019 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Short Term Benefits | 1,032,566 | 1,200,024 |
| Long-Term Benefits | <u>14,943</u> | <u>2,709</u> |
| Total Compensation | <u>1,047,509</u> | <u>1,202,733</u> |
| No. of staff Members | <u>19</u> | <u>19</u> |

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

BICYCLE NETWORK INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. ASSOCIATION DETAILS

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

15. 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 2020. Claims are expected to be made up to three years after the accident. The excess for the 2020 year is \$0 (2019: \$10,000 and 2018: \$5,000). Therefore, the reserve of \$15,000 (2019: \$15,000) as disclosed in Note 11 has been formed.

Commonwealth Bank of Australia has provided a guarantee amounting to \$845,514 (2019: \$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.

16. RELATED PARTY TRANSACTIONS

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

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

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Kerry Gill (Finished term October 2019) | Peninsula Peddlers | Peninsula Peddlers |
| James Conlan (Resigned November 2019) | Port Phillip BUG | Port Phillip BUG |

Other related party disclosure

Bicycle Network is the official trading name of Bicycle Network Incorporated.

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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 2020 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:



Keir Paterson – Board President



James Garriock – Chair Audit & Risk Committee

Dated this 5th October 2020

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 2020, 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 2020 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 2020, 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.

ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

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

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

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 5th October, 2020