

# **Bicycle Network Incorporated**

**ABN 41 026 835 903**

**Annual Financial Report - 30 June 2021**

**Bicycle Network Incorporated**  
**Board members' report**  
**30 June 2021**

The board members present their report, together with the financial statements, on the incorporated association for the year ended 30 June 2021.

**Board members**

The following persons were board members of the incorporated association during the whole of the financial year and up to the date of this report, unless otherwise stated:

Prita Jobling-Baker  
Keir Paterson  
Jo Curtin  
James Garriock  
Gillian Hatch  
Jenica Brooke (elected October 2020)  
Jennifer Lang (co-opted February 2021)  
Alex Ong (co-opted February 2021)  
Rita Nehme (co-opted February 2021)  
Kate Eddy (resigned October 2020)

**Board Member**

**Relevant skills, experience, and expertise**

Prita Jobling-Baker (President from August 2021)

Bachelor of Laws.  
Policy Manager in Criminal Law at Victoria Legal Aid.  
Elected in 2019

Keir Paterson (President until August 2021)

MBA (Melbourne Business School)  
Elected in 2016

Jo Curtin

BA (Media Studies) (Hons).  
Over 15 years NFP management and executive level administration experience.  
Elected in 2015

James Garriock

BA, GradDipEd, Msc (Distn). GAICD.  
Leadership Victoria Williamson Community Leadership Program. Executive Director of Insync.  
Elected in 2019

Gillian Hatch

Project Architect, BArch, MArch  
Elected in 2018

Jenica Brooke

BA (International Relations), BCom (Accounting & Finance).  
CA.  
Chair of Audit & Risk Committee  
Elected in 2020

Jennifer Lang

BEc, FIAA, GAICD. Actuary and Non Executive Director  
Co-opted from 1 February 2021

Alexander Ong

BCom (Accounting & Finance), LLB, MBA  
Co-opted from 1 February 2021

Rita Nehme

BS (Chemical Engineering), MS (Geological Sciences),  
Social Impact and Sustainability Manager of Richmond Football Club.  
Co-opted from 1 February 2021

**Board Member's emoluments**

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

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**30 June 2021**

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Board Meetings Held	Board Meetings Attended	Audit & Risk Committee Held	Committee Attended
Prita Jobling-Baker	8	8	-	-
Keir Paterson	8	8	1	1
Jo Curtin	8	8	-	-
James Garriock	8	8	3	3
Gillian Hatch	8	8	6	6
Jenica Brooke	5	4	3	3
Jennifer Lang	3	3	3	3
Alex Ong	3	3	3	2
Rita Nehme	3	2	-	-
Kate Eddy	3	3	3	3

**Principal activities**

During the financial year 2020-21 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.

**Objectives and strategy for achieving the objectives**

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 and 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;
- Measureable 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 50,000 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.

**Operating result**

The result from operating activities for the year was a surplus of \$119,030 (2020 surplus of \$275,511). Bicycle Network Inc. is exempt from income tax because it is categorised as a not-for-profit organisation for tax purposes.

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**Insurance of Officers**

During the year, Bicycle Network Inc. paid a premium of \$28,709 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.

On behalf of the Board members



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Prita Jobling-Baker  
Board President

12 October 2021



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Jenica Brooke  
Chair, Audit & Risk Committee

## **Bicycle Network Incorporated**

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### **General information**

The financial statements cover Bicycle Network Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Bicycle Network Incorporated's functional and presentation currency.

Bicycle Network Incorporated is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Level 4, 246 Bourke St  
Melbourne VIC 3000

#### **Principal place of business**

Level 4, 246 Bourke St  
Melbourne VIC 3000

A description of the nature of the incorporated association's operations and its principal activities are included in the board members' report, which is not part of the financial statements.

The financial statements were authorised for issue on 12 October 2021.

**Bicycle Network Incorporated**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Revenue</b>			
Revenue	3	6,018,499	11,039,564
Other income	4	2,141,447	593,455
		<u>8,159,946</u>	<u>11,633,019</u>
<b>Expenses</b>			
Employee benefits		(3,626,107)	(3,512,510)
Supply and service costs		(1,026,565)	(3,844,101)
Depreciation and amortisation		(848,809)	(828,292)
Insurance		(889,061)	(907,225)
Printing and office costs		(148,786)	(222,485)
Promotion costs		(278,772)	(491,066)
Cost of merchandise		(209,941)	(398,099)
Audit, legal and consultancy		(315,700)	(292,873)
Finance costs		(107,370)	(120,482)
IT and online costs		(294,857)	(252,918)
Occupancy costs		(244,813)	(173,786)
Unrealised loss on financial assets		-	(259,715)
Other		(50,134)	(53,956)
		<u>(11,748,515)</u>	<u>(11,748,515)</u>
<b>Surplus before income tax expense</b>		119,031	275,511
Income tax expense		-	-
		<u>119,031</u>	<u>275,511</u>
<b>Surplus after income tax expense for the year attributable to the members of Bicycle Network Incorporated</b>		119,031	275,511
Other comprehensive income for the year, net of tax		-	-
		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the members of Bicycle Network Incorporated</b>		<u><u>119,031</u></u>	<u><u>275,511</u></u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Bicycle Network Incorporated**  
**Statement of financial position**  
**As at 30 June 2021**

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,594,045	1,472,283
Trade and other receivables	6	221,529	431,919
Inventories		59,805	43,091
Financial assets		519,422	517,008
Other assets	9	416,444	406,529
<b>Total current assets</b>		<u>4,811,245</u>	<u>2,870,830</u>
<b>Non-current assets</b>			
Financial assets at fair value through surplus/deficit	7	3,239,428	2,745,493
Property, plant and equipment	10	415,695	717,746
Right-of-use assets	8	153,946	615,343
Other assets	9	880,653	878,437
<b>Total non-current assets</b>		<u>4,689,722</u>	<u>4,957,019</u>
<b>Total assets</b>		<u>9,500,967</u>	<u>7,827,849</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	5,059,251	2,894,401
Lease liabilities	12	149,674	617,748
Provisions	13	886,359	832,128
<b>Total current liabilities</b>		<u>6,095,284</u>	<u>4,344,277</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	46,463	249,428
Provisions	13	54,781	48,736
<b>Total non-current liabilities</b>		<u>101,244</u>	<u>298,164</u>
<b>Total liabilities</b>		<u>6,196,528</u>	<u>4,642,441</u>
<b>Net assets</b>		<u>3,304,439</u>	<u>3,185,408</u>
<b>Equity</b>			
Reserves	14	15,000	15,000
Retained earnings		3,289,439	3,170,408
<b>Total equity</b>		<u>3,304,439</u>	<u>3,185,408</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Bicycle Network Incorporated**  
**Statement of changes in equity**  
**For the year ended 30 June 2021**

	<b>Insurance Reserve \$</b>	<b>Retained Surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	15,000	2,894,897	2,909,897
Surplus after income tax expense for the year	-	275,511	275,511
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	275,511	275,511
Balance at 30 June 2020	<u>15,000</u>	<u>3,170,408</u>	<u>3,185,408</u>
	<b>Insurance Reserve \$</b>	<b>Retained Surpluses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	15,000	3,170,408	3,185,408
Surplus after income tax expense for the year	-	119,031	119,031
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	119,031	119,031
Balance at 30 June 2021	<u>15,000</u>	<u>3,289,439</u>	<u>3,304,439</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Bicycle Network Incorporated**  
**Statement of cash flows**  
**For the year ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from members and rider(inclusive of GST)		10,304,581	12,467,904
Payments to suppliers and employees (inclusive of GST)		<u>(7,385,829)</u>	<u>(12,295,414)</u>
		2,918,752	172,490
Investment income received		108,255	139,074
Interest received		7,056	26,381
Interest and other finance costs paid		<u>(107,370)</u>	<u>(120,482)</u>
Net cash from operating activities		<u>2,926,693</u>	<u>217,463</u>
<b>Cash flows from investing activities</b>			
Payments for financial assets		(69,980)	(26,354)
Payments for property, plant and equipment	10	<u>(85,360)</u>	<u>(99,439)</u>
Net cash used in investing activities		<u>(155,340)</u>	<u>(125,793)</u>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		<u>(649,591)</u>	<u>(534,981)</u>
Net cash used in financing activities		<u>(649,591)</u>	<u>(534,981)</u>
Net increase/(decrease) in cash and cash equivalents		2,121,762	(443,311)
Cash and cash equivalents at the beginning of the financial year		<u>1,472,283</u>	<u>1,915,594</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>3,594,045</u></u>	<u><u>1,472,283</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

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 or amended Accounting Standards and Interpretations adopted**

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the incorporated association.

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

#### *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The incorporated association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Associations Incorporation Reform Act 2012, the Fundraising Act 1998 and associated regulations, as appropriate for not-for profit oriented entities.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Revenue recognition**

The incorporated association recognises revenue as follows:

Revenue is recognised either under AASB 15 or AASB 1058

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

**Note 1. Significant accounting policies (continued)**

*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.

*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 incorporated association (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 incorporated association.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

As the incorporated association is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**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.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The incorporated association has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Note 1. Significant accounting policies (continued)**

**Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Investments and other financial assets**

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

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

*Financial assets at 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.

**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 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.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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 disposal proceeds are taken to profit or loss.

**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.

**Note 1. Significant accounting policies (continued)**

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.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the incorporated association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**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.

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.

**Provisions**

Provisions are recognised when the incorporated association has a present (legal or constructive) obligation as a result of a past event, it is probable the incorporated association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**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 wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Note 1. Significant accounting policies (continued)**

*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 measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**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 fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*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.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets*

The incorporated 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, 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.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

**Note 3. Revenue**

	<b>2021</b>	<b>2020</b>
	\$	\$
Rides revenue	602,464	5,387,009
Membership fees, income and donations	3,049,030	3,015,248
Campaigns revenue	378,465	426,602
Behaviour change programs	1,443,034	1,516,203
Other products and services	545,506	694,502
	<u>6,018,499</u>	<u>11,039,564</u>

*Disaggregation of revenue*

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

	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Geographical regions</i>		
Australia	<u>6,018,499</u>	<u>11,039,564</u>

**Note 4. Other income**

	<b>2021</b>	<b>2020</b>
	\$	\$
Investment income	108,255	139,074
Government contributions (JobKeeper, Cash flow boost and Community Survival Package grants)	1,597,550	428,000
Interest income	7,056	26,381
Unrealised gains on financials assets	428,586	-
	<u>2,141,447</u>	<u>593,455</u>

**Bicycle Network Incorporated**  
**Notes to the financial statements**  
**30 June 2021**

**Note 5. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank and on hand	567,761	476,786
Deposits at call	3,026,284	995,497
	<u>3,594,045</u>	<u>1,472,283</u>

**Note 6. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade debtors	53,253	151,902
Other receivables	168,276	280,017
	<u>221,529</u>	<u>431,919</u>

**Note 7. Financial assets at fair value through surplus/deficit**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Financial assets at fair value through surplus/deficit	<u>3,239,428</u>	<u>2,745,493</u>

**Note 8. Right-of-use assets**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Right-of-use assets - premises	1,076,740	1,076,740
Less: Accumulated depreciation	<u>(922,794)</u>	<u>(461,397)</u>
	<u>153,946</u>	<u>615,343</u>

There were no additions to the right-of-use assets during the year and depreciation charged to profit or loss was \$461,397.

The incorporated association leases buildings for its offices and warehouses under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The incorporated association leases premises under agreements of 1 year or less . These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.



**Bicycle Network Incorporated**  
**Notes to the financial statements**  
**30 June 2021**

**Note 8. Right-of-use assets (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Right of Use Premises \$	Total \$
Balance at 1 July 2020	615,343	615,343
Depreciation expense	(461,397)	(461,397)
	<u>153,946</u>	<u>153,946</u>
Balance at 30 June 2021	<u><u>153,946</u></u>	<u><u>153,946</u></u>

**Note 9. Other assets**

	2021 \$	2020 \$
<i>Current assets</i>		
Prepaid expenses	23,537	235,428
Prepaid ride expenses	392,907	171,101
	<u>416,444</u>	<u>406,529</u>
<i>Non-current assets</i>		
Other non-current assets	880,653	878,437
	<u>1,297,097</u>	<u>1,284,966</u>

**Note 10. Property, plant and equipment**

	2021 \$	2020 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	1,916,499	1,916,499
Less: Accumulated depreciation	(1,916,499)	(1,675,666)
	<u>-</u>	<u>240,833</u>
Plant and equipment - at cost	2,719,605	2,977,085
Less: Accumulated depreciation	(2,303,910)	(2,500,172)
	<u>415,695</u>	<u>476,913</u>
	<u><u>415,695</u></u>	<u><u>717,746</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold Improvements \$	Plant and Equipment \$	Total \$
Balance at 1 July 2020	240,833	476,913	717,746
Additions	-	85,361	85,361
Depreciation expense	(240,833)	(146,579)	(387,412)
	<u>-</u>	<u>415,695</u>	<u>415,695</u>
Balance at 30 June 2021	<u><u>-</u></u>	<u><u>415,695</u></u>	<u><u>415,695</u></u>

**Bicycle Network Incorporated**  
**Notes to the financial statements**  
**30 June 2021**

**Note 11. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	265,739	84,487
Other payables	294,504	266,825
Unexpired membership fees	1,225,463	1,166,511
Prepaid ride and other fees	2,086,345	271,028
Parkiteer deposits	1,187,200	1,105,550
	<u>5,059,251</u>	<u>2,894,401</u>

**Note 12. Lease liabilities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	<u>149,674</u>	<u>617,748</u>
<i>Non-current liabilities</i>		
Lease liability	<u>46,463</u>	<u>249,428</u>
	<u>196,137</u>	<u>867,176</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	153,947	695,897
One to five years	48,865	223,112
Less future finance charges	<u>(6,675)</u>	<u>(51,833)</u>
	<u>196,137</u>	<u>867,176</u>

**Note 13. Provisions**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	319,015	293,461
Long service leave	117,226	109,996
Lease make good	450,118	428,671
	<u>886,359</u>	<u>832,128</u>
<i>Non-current liabilities</i>		
Long service leave	<u>54,781</u>	<u>48,736</u>
	<u>941,140</u>	<u>880,864</u>

*Lease make good*

The provision represents the present value of the estimated costs to make good the premises leased by the incorporated association at the end of the respective lease terms.

**Bicycle Network Incorporated**  
**Notes to the financial statements**  
**30 June 2021**

**Note 14. Reserves**

	2021 \$	2020 \$
Insurance reserve	<u>15,000</u>	<u>15,000</u>

**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 rider insurance claims.

**Note 15. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to board members and other members of key management personnel of the incorporated association is set out below:

	2021 \$	2020 \$
Aggregate compensation	<u>1,130,115</u>	<u>1,150,193</u>

**Note 16. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by , the auditor of the incorporated association:

	2021 \$	2020 \$
<i>Audit services -</i>		
Audit of the financial statements	<u>22,500</u>	<u>22,500</u>
<i>Other services -</i>		
Preparation of the financial statements	3,000	-
Grant Acquittals	<u>2,400</u>	<u>2,400</u>
	<u>5,400</u>	<u>2,400</u>
	<u>27,900</u>	<u>24,900</u>

**Note 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 2021. Claims are expected to be made up to three years after the accident. The excess for the 2021 year is \$0 (2020: \$0 and 2019: \$10,000). Therefore, the reserve of \$15,000 (2020: \$15,000) as disclosed in Note 14 has been formed.

**Note 18. Commitments**

	2021 \$	2020 \$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	<u>150,000</u>	<u>-</u>

**Note 19. 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.

*Other related party disclosure*

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

**Note 20. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2021, 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.

Since 30 June 2021, Bicycle Network Events Around the Bay, Newcrest Orange and Top End Escape events for the 2021/22 financial year have been cancelled due to COVID-19 restrictions in place in Victoria and interstate. The Great Vic bike ride has been rescheduled and shortened to March-April 2022. This has not had a material impact on the financial position shown in these accounts.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

**Bicycle Network Incorporated**  
**Board members' declaration**  
**30 June 2021**

In the board members' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Associations Incorporation Reform Act 2012, the Fundraising Act 1998 and associated regulations;
- the attached financial statements and notes give a true and fair view of the incorporated association's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the incorporated association will be able to pay its debts as and when they become due and payable.

On behalf of the board members



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Prita Jobling-Baker  
Board President

12 October 2021



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Jenica Brooke  
Chair, Audit & Risk Committee

## 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 2021, 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 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Simplified Disclosure.

### 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 (including Independence Standards)* (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 2021, 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

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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 Board 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 – Simplified Disclosure 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 Board 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 Board 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

<http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>

This description forms part of our independent auditor's report.

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 12<sup>th</sup> October, 2021