

World Bicycle Relief Australia Limited

ABN 85 610 648 612

Financial report for the year ended 31 December 2022

World Bicycle Relief Australia Limited

ABN 85 610 648 612

CONTENTS

Auditor's Independence Declaration	2
Statement of Profit or Loss and Other Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Directors' Declaration	20
Independent Auditor's Report	21



**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60.40 OF THE
AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF WORLD BICYCLE RELIEF AUSTRALIA LIMITED**

We declare that, to the best of our knowledge and belief, during the financial year 31 December 2022 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 19th day of May 2023

**McCarthy Salkeld
Audit Pty Ltd**

A handwritten signature in black ink, appearing to read "J. Perry".

Jane Perry FCA

**Ground Floor, Suite 3
410 Church Street
North Parramatta NSW 2151**

World Bicycle Relief Australia Limited**ABN 85 610 648 612****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022	2021
		\$	\$
Revenue	2	1,480,796	1,440,514
Employee benefits expense	3	(226,623)	(108,096)
Audit, legal and consultancy expense	4	(36,452)	(69,592)
Administration expense	5	(111,008)	(93,178)
Program funding expense	6	(1,045,546)	(972,984)
Net current year surplus		61,167	202,498
Other comprehensive income		-	-
Total comprehensive income for the year		61,167	202,498

The accompanying notes form part of these financial statements.

World Bicycle Relief Australia Limited**ABN 85 610 648 612****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Note	2022	2021
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	214,740	200,646
Trade and other receivables	8	263,455	167,968
Other assets	9	2,047	1,558
TOTAL CURRENT ASSETS		480,241	370,172
TOTAL ASSETS		480,241	370,172
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	239,468	211,461
Employee provisions	11	20,895	-
TOTAL CURRENT LIABILITIES		260,363	211,461
TOTAL LIABILITIES		260,363	211,461
NET ASSETS		219,878	158,711
FUNDS			
Accumulated funds		219,878	158,711
TOTAL FUNDS		219,878	158,711

The accompanying notes form part of these financial statements.

World Bicycle Relief Australia Limited**ABN 85 610 648 612****STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Accumulated Funds	Total Funds
		\$	\$
Balance at 1 January 2021		(43,787)	(43,787)
Surplus for the year		202,498	202,498
Other comprehensive income		-	-
Total comprehensive income for the year		202,498	202,498
Balance at 31 December 2021		158,711	158,711
Balance at 1 January 2022		158,711	158,711
Surplus for the year		61,167	61,167
Other comprehensive income		-	-
Total comprehensive income for the year		61,167	61,167
Balance at 31 December 2022		219,878	219,878

The accompanying notes form part of these financial statements.

World Bicycle Relief Australia Limited
ABN 85 610 648 612
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		1,389,608	1,281,937
Payments to suppliers and employees		(1,345,892)	(1,230,238)
Net cash provided by (used in) operating activities	14	43,716	51,699
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash provided by (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds/(repayment)of loan from related parties		(29,622)	(20,595)
Net cash provided by (used in) financing activities		(29,622)	(20,595)
Net increase in cash held		14,094	31,104
Cash and cash equivalents at beginning of financial year		200,646	169,542
Cash and cash equivalents at end of financial year	7	214,740	200,646

The accompanying notes form part of these financial statements.

World Bicycle Relief Australia Limited
ABN 85 610 648 612
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 10 May 2023 by the directors of the entity.

Accounting Policies

a. Revenue

Revenue recognition

Contributed Assets

The Entity receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Entity recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

The Entity recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Operating Grants, Donations and Bequests

When the entity receives operating grant funding, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15,

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

World Bicycle Relief Australia Limited
ABN 85 610 648 612
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

All revenue is stated net of the amount of goods and services tax.

b. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

c. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible 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 of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **Employee Benefits**

Short-term employee benefits

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages, salaries and annual leave are recognised as part of current employee provisions in the statement of financial position.

e. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

f. **Trade and Other Debtors**

Trade and other debtors include amounts due from donors relating to fundraising campaigns. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(c) for further discussion on the determination of impairment losses.

g. **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 Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*. The entity is endorsed as a Deductible Gift Recipient pursuant to Subdivision 30-20, Item 1.1.6 of the *Income Tax Assessment Act 1997*.

i. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. **Comparative Figures**

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

World Bicycle Relief Australia Limited
ABN 85 610 648 612
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

k. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements 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 entity.

Key judgements

(i) *Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

l. **Economic Dependence**

World Bicycle Relief Australia Limited is dependent on World Bicycle Relief NFP (WBR US) for the majority of its revenue used to operate the Entity. At the date of this report, the Board of Directors has no reason to believe WBR US will not continue to support the Entity.

m. **Fair Value of Assets and Liabilities**

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

World Bicycle Relief Australia Limited

ABN 85 610 648 612

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

n. **New and Amended Accounting Standards Adopted by the Entity**

Initial adoption of AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The entity has adopted AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time this reporting period. The Standard, which sets out a new separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053: *Application of Tiers of Australian Accounting*, replaces the previous Reduced Disclosure Requirements (RDR) framework. The application of this standard has resulted in reductions in disclosures compared to RDR in Revenue, Leases and Financial Instruments; however has resulted in new and/or increased disclosures in areas such as Audit Fees and Related Parties.

World Bicycle Relief Australia Limited**ABN 85 610 648 612****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****NOTE 2: REVENUE AND OTHER INCOME**

	2022	2021
	\$	\$
Contribution Income		
– Contributions – From World Bicycle Relief, NFP (US)	741,180	907,985
– Contributions – From individuals, corporates, institutions	739,616	532,529
Total other income	-	-
Total revenue and other income	1,480,796	1,440,514

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	2022	2021
	\$	\$
Salary and Wages	186,519	96,732
Employee benefits – superannuation and other benefits	40,104	11,364
	226,623	108,096

NOTE 4: AUDIT, LEGAL, AND CONSULTING EXPENSES

	2022	2021
	\$	\$
Accounting Fees	1,500	819
Audit Fees	5,985	6,307
Legal Fees	-	525
Professional Services and Consulting	28,967	61,941
	36,452	69,592

NOTE 5: ADMIN EXPENSES

	2022	2021
	\$	\$
Insurance	2,490	1,642
Office Supplies	14,916	16,482
Occupancy	-	416
Travel	11,356	117
Fundraising, Banking, and merchant fees	6,272	11,051
Foreign exchange loss	57,569	44,625
Other Expenses	18,406	13,012
	111,008	87,344

World Bicycle Relief Australia Limited**ABN 85 610 648 612****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****NOTE 6: PROGRAM EXPENSE**

	2022	2021
	\$	\$
Program Expenses	1,045,546	972,985
	<u>1,045,546</u>	<u>972,985</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
CURRENT		
Cash at bank	214,740	200,647
	<u>214,740</u>	<u>200,647</u>

NOTE 8: TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
CURRENT		
Other receivables	261,421	166,235
GST Receivable	2,034	1,733
	<u>263,455</u>	<u>167,968</u>

The entity's normal credit term is 30 days.

NOTE 9: OTHER ASSETS

	2022	2021
	\$	\$
CURRENT		
Prepayments	2,047	1,558
	<u>2,047</u>	<u>1,558</u>

NOTE 10: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
CURRENT		
Accrued expenses	7,551	8,615
PAYG Withholding payable	12,546	13,098
Intercompany Loan Payable – World Bicycle Relief NFP (US)	219,370	189,748
	<u>239,467</u>	<u>211,461</u>

World Bicycle Relief Australia Limited

ABN 85 610 648 612

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 11: PROVISIONS

	2022	2021
	\$	\$
CURRENT		
Provision for employee benefits: annual leave	20,895	-
	<u>20,895</u>	<u>-</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave .

The current portion for this provision includes the total amount accrued for annual leave. Based on past experience, the entity does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

NOTE 12: OTHER RELATED PARTY TRANSACTIONS

The loan disclosed at Note 10 is from the parent group (the international controlling entity – World Bicycle Relief, NFP (US)) and is at call, interest free and unsecured.

World Bicycle Relief NFP (US) donated \$741,180 to the Company during the year (FY 21: \$907,985). This is disclosed in Note 2.

The Company paid Program Expenses of \$1,045,546 to World Bicycle Relief NFP for programs in Kenya, Malawi, Zambia, and Zimbabwe. This is disclosed in Note 6.

SRAM is a corporate partner of World Bicycle Relief Australia. The co-founder of World Bicycle Relief Australia is also the co-founder of SRAM. SRAM provided rental premises to the Company on a pro-bono basis.

Jeffrey Bosken and David Neiswander are directors of this Company and also employees of World Bicycle Relief NFP (US). Key Management Personnel includes board members and the Development Director. The board members are not remunerated and receive no compensation for their service as board members. Key Management Personal compensation is disclosed at Note 13.

NOTE 13: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the entity during the year are as follows:

	2022	2021
	\$	\$
KMP compensation	188,290	106,295

World Bicycle Relief Australia Limited
ABN 85 610 648 612
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14: CASHFLOW RECONCILIATION

	2022	2021
	\$	\$
Reconciliation of cash flow from operations with surplus/(deficit) from operating activities		
Surplus/(deficit) from operating activities	61,167	202,498
Non-cash movements:		
Foreign currency (gain)/loss	57,569	44,625
Changes in assets and liabilities:		
(Increase)/Decrease in accounts receivable	(93,811)	(164,411)
(Increase)/Decrease in other assets	(489)	(704)
(Decrease)/Increase in payables	(1,615)	(30,309)
(Decrease)/Increase in provisions	20,895	-
Net cash flow from operating activities	<u>43,716</u>	<u>51,699</u>

NOTE 15: MEMBERS' GUARANTEE

As a Company limited by guarantee, the liability of the members is limited. Every member undertakes to contribute \$10 to the assets of the Company if it is wound up while that person is a member, or within one year afterwards, for: payment of the Company's debts and liabilities contracted before they ceased to be a member; and costs and expenses of winding up.

NOTE 16: CONTINGENCIES AND COMMITMENTS

There were no contingent assets or liabilities at year-end (2021: nil). There were no commitments at year-end (2021:nil).

NOTE 17: DISCLOSURE IN ACCORDANCE WITH THE CHARITABLE FUNDRAISING ACT 1991 (NSW)

Details of aggregate fundraising income and expenses from fundraising appeals:

	2022	2021
	\$	\$
Gross income from fundraising, donations and corporate sponsorships	739,616	532,529
Gross expense from fundraising, donations and corporate sponsorships	105,230	74,923

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

There have been no other matters or circumstances since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

World Bicycle Relief Australia Limited

ABN 85 610 648 612

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of World Bicycle Relief Australia Limited, the directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 2 to 19, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and the Charitable Fundraising Act 1991 (NSW) and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures applicable to the entity; and
 - b. give a true and fair view of the financial position of the registered entity as at 31 December 2022 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Name: Anthony Shippard



Name: Benjamin Walsh

Dated this 10 day of May 2023



**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
WORLD BICYCLE RELIEF AUSTRALIA LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of World Bicycle Relief Australia Limited (the Company), which comprises the statement of financial position as at 31st December 2022, the statement of profit or loss and other comprehensive income, statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of World Bicycle Relief Australia Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

- (i) giving a true and fair view of the Company's financial position as at 31st December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Company in accordance with the ACNC Act, the ethical 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.

Emphasis of Matter

We draw attention to the following:

1. Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose;
2. The impact of COVID-19 pandemic on economic activity globally, combined with the uncertainties it has generated in Australia, has created operational challenges for the Company. At the date of signing this financial report, the directors have considered the potential impact of the COVID-19 pandemic on the Company's financial position and have determined that no material adjustments are required to be disclosed in the financial report for the year ended 31st December 2022; and

Our opinion is not modified in respect of the above matters.



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WORLD BICYCLE RELIEF AUSTRALIA LIMITED

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31st December 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act and for such internal control as the directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WORLD BICYCLE RELIEF AUSTRALIA LIMITED

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company'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 Company 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 directors 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.

Report on Other Legal and Regulatory Requirements

In addition, our audit report has also been prepared for the members of the Company in accordance with Section 24(2) of *Charitable Fundraising (NSW) Act 1991*. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Australian Charities and Not-for-profits Commission Act 2012*. These additional procedures included obtaining an understanding of the internal control structure for the fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the *Charitable Fundraising (NSW) Act 1991* and Regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
WORLD BICYCLE RELIEF AUSTRALIA LIMITED**

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year-end financial adjustments for such matters as accruals, provisioning and valuations necessary for year-end financial report preparation.

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

Independence

We confirm that the independence declaration required by the ACNC Act, which has been given to the directors of World Bicycle Relief Australia Limited, would be in the same terms if given to the directors at the time of this auditor's report.

Dated this 19th day of May 2023 at North Parramatta

**McCARTHY SALKELD
AUDIT PTY LTD**



Jane Perry FCA

**Ground Floor, Suite 3
410 Church Street
North Parramatta NSW 2151**