

**THE BICYCLING EMPOWERMENT
NETWORK NAMIBIA
(Incorporated Association Not For Gain)**

ANNUAL FINANCIAL STATEMENTS

28 FEBRUARY 2006

Grant Thornton Neuhaus

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I N D E X

	Pages
General Information	3
Directors' approval of financial statements	3
Report of the independent auditors	4
Report of the directors	5
Balance sheet	6
Income statement	7
Cash-flow statement	8
Notes to the financial statements	9
Representation letter	10

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
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GENERAL INFORMATION

28 FEBRUARY 2006

BOARD OF DIRECTORS
Mr M J Linke - Managing Director
Mr A Rowan
Mr A Awaseb
Mr G Howard
Mr G F Maasdorp
Mr A M Wheeldon
Mr B D Schroeder

REGISTERED ADDRESS
12th Floor, Sanlam Centre
145-157 Independence Avenue
P O Box 2558
Windhoek
Namibia

BUSINESS AND
POSTAL ADDRESS
Unit 3, 1 Diehl Street
Windhoek
P O Box 23150
Windhoek
Namibia

DIRECTORS' APPROVAL OF FINANCIAL STATEMENTS

The directors are responsible for the preparation, integrity and objectivity of the financial statements and other information contained in this annual report. In order to discharge this responsibility, the association maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the association's policies and procedures.

The annual financial statements, which appear on pages 4 to 8, were approved by the Board of Directors on 8 February 2006 and are signed on its behalf by:

DIRECTOR

DIRECTOR

WINDHOEK

REPORT OF THE INDEPENDENT AUDITORS

To the directors of

THE BICYCLING EMPOWERMENT NETWORK NAMIBIA (Incorporated Association Not For Gain)

We have audited the annual financial statements of The Bicycling Empowerment Network Namibia, set out on pages 4 to 8, for the period ended 28 February 2006. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements, based on our audit.

Scope

We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, as well as
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Qualification

In common with similar organisations, it is not feasible for the association to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

We did not observe the counting of the physical inventories. Owing to the nature of the records of the association, we were unable to satisfy ourselves as to inventory quantities by other audit procedures.

Qualified audit opinion

In our opinion, except for the effect of any adjustments which might have been necessary had it been possible for us to extend our examination of cash collections and inventories, the financial statements present fairly, in all material respects, the financial position of the association at 28 February 2006 and the results of its operations for the period then ended in accordance with the accounting practice stated in note 1.

GRANT THORNTON NEUHAUS

Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
(Incorporated Association Not For Gain)**

REPORT OF THE DIRECTORS

28 FEBRUARY 2006

The directors herewith present their annual report, which forms part of the audited financial statements of the association for the period ended 28 February 2006.

GENERAL

The association is a welfare organisation and, accordingly, has no authorised share capital.

PROPERTY, PLANT AND EQUIPMENT

No property, plant and equipment was acquired during the period under review.

STATE OF AFFAIRS AND RESULTS

All matters material to the appreciation of the state of the association's affairs and results are disclosed in the financial statements and do not require further comment or explanation.

The results are attributable to the main activity of the association.

Directors

The directors of the association at the end of the financial period and at the date of this report are as stated under General Information on page 2.

EVENTS SUBSEQUENT TO THE YEAR-END

The directors are not aware of any matter or circumstance arising since the end of the financial period, not otherwise dealt with in the annual financial statements, which significantly affects the financial position of the association or the results of its operations.

WINDHOEK
7 February 2007

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
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BALANCE SHEET

AT 28 FEBRUARY

	<u>Notes</u>	<u>2006 N\$</u>
ASSETS		
Non-current assets		
Property, plant and equipment	2	-
Current assets		
Inventories		95,388
Deposit		5,500
Cash and cash equivalents	3	27,272
Total assets		<u><u>128,160</u></u>
EQUITY AND LIABILITIES		
Accumulated funds		
Opening balance		-
Surplus for the period		120,110
Current liabilities		
Director's loan - M J Linke		8,050
Total funds and liabilities		<u><u>128,160</u></u>

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
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INCOME STATEMENT

FOR THE PERIOD ENDED 28 FEBRUARY

	<u>Notes</u>	<u>2006 N\$</u>
REVENUE FROM SALES		284,301
COST OF SALES		<u>158,475</u>
GROSS PROFIT		125,826
OTHER INCOME		170,157
Ambulance project		625
Donations received		<u>169,532</u>
TOTAL INCOME		295,983
EXPENDITURE		175,873
Administration		1,860
Advertising and promotion		3,865
Ambulance		1,031
Bank charges		1,721
Bio diesel project		4,466
Directors' emoluments	4	41,292
Postage		972
Protective clothing		353
Rent		65,846
Repairs and maintenance		11,981
Salaries and wages		23,758
Stationery		2,356
Telephone and internet		11,031
Travel and accommodation		3,761
Workshop equipment	1.1	<u>1,580</u>
SURPLUS for the period		<u><u>120,110</u></u>

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
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CASH-FLOW STATEMENT

FOR THE PERIOD ENDED 28 FEBRUARY

	2006 N\$
Cash flows from operating activities:	
Cash receipts from customers	448,958
Cash paid to suppliers and employees	<u>(421,686)</u>
Cash generated from operations	<u>27,272</u>
Net movement in cash and cash equivalents	<u><u>27,272</u></u>
Change in cash and cash equivalents	
Balance at beginning of the period	-
Net movement	<u>27,272</u>
Balance at end of the period	<u><u>27,272</u></u>
The balance comprises:	
Cash on hand and at bank	<u><u>27,272</u></u>

NOTE TO THE CASH-FLOW STATEMENT

A. RECONCILIATION OF SURPLUS FOR THE PERIOD
TO CASH GENERATED FROM OPERATIONS

Operating surplus before working capital changes:	
• Surplus for the period	120,110
Working capital changes:	
• (Increase) in inventories	(95,388)
• (Increase) in receivables	(5,500)
• Increase in payables	<u>8,050</u>
Cash generated from operations	<u><u>27,272</u></u>

**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Namibian generally accepted accounting practice apart from policies mentioned below. The following are the principal accounting policies of the association. The financial statements have been prepared on the historical cost basis, except as otherwise indicated.

1.1 **Property, plant and equipment**

Property, plant and equipment are expensed in the year of acquisition, which is not Namibian generally accepted accounting practice.

1.2 **Inventories**

Inventories are valued at the lower of cost or estimated net realisable value. Estimated net realisable value is the estimated selling price in the ordinary course of the business less any costs of completion and disposal. Cost is determined on the first in-first-out basis.

1.2 **Revenue**

Donations and grants are accounted for when received, which is not Namibian generally accepted accounting practice.

2. PROPERTY, PLANT AND EQUIPMENT

Details of the fixed assets are recorded in a register, which may be inspected at the office of The Bicycling Empowerment Network of Namibia.

	2006 N\$
3. CASH AND CASH EQUIVALENTS	
Nedbank Namibia Limited	22,065
Nedbank Namibia Limited	<u>5,207</u>
	<u>27,272</u>
4. DIRECTORS' EMOLUMENTS	
For services as directors	38,000
For other services	<u>2,492</u>
	<u>40,492</u>
5. TAXATION	
The association is by virtue of its incorporation, exempt from the payment of taxation and, accordingly, no provision for taxation has been made.	
6. RELATED PARTY TRANSACTIONS	
BENN Cape Town	
• Transport and bikes received	<u>10,859</u>
Loan from director	
• M Linke	<u>8,050</u>

The Bicycling Empowerment Network Namibia
(Incorporated Association Not For Gain)

P O Box 23150 • Windhoek • Namibia

7 February 2007

Grant Thornton Neuhaus
P O Box 2558
Windhoek
Namibia

Dear Sirs

**FINANCIAL STATEMENTS OF THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
FOR THE PERIOD ENDED 28 FEBRUARY 2006**

This representation letter is provided in connection with your audit of the financial statements of The Bicycling Empowerment Network Namibia for the period ended 28 February 2006 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of The Bicycling Empowerment Network Namibia at 28 February 2006 and the results of its operations for the period then ended in accordance with Namibian generally accepted accounting practice.

We acknowledge our responsibility for fair presentation in the financial statements in accordance with Namibian generally accepted accounting practice and acknowledge that the financial statements are the representations of the directors.

We confirm to the best of our knowledge and belief, the following representations:

1. We have made available to you all books of account and supporting documentation and all minutes of meetings of the Board of Directors.
2. Nothing has come to our notice that causes us to doubt the reliability of the financial records.
3. No material breakdown in the functioning of the association's internal controls, procedures and systems has occurred during the period.
4. The financial statements fairly present the results for the period and the financial position at the balance sheet date.
5. The financial statements are free of material misstatements, including omissions; the effects of those uncorrected financial statement misstatements aggregated by the auditor during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. (A summary of such items, Form A3, should be attached to this written representation.)
6. All income has been included in the financial statements.
7. All transactions undertaken
 - have been included in the financial statements
 - were in the normal course of business
 - were at arm's length
8. Except as disclosed in the financial statements, the results of operations for the period were not materially affected by transactions of an extraordinary or abnormal nature.
9. The following have been properly recorded and when appropriate, adequately disclosed in the financial statements:
 - The identity of, and balances and transactions with, related parties.
 - Losses arising from sale and purchase commitments.
 - Agreements and options to buy back assets previously sold.
 - Assets pledged as collateral.
10. The major accounting policies adopted are as set out in the financial statements.
11. The accounting policies comply with all the requirements of each applicable Namibian Statements of Generally Accepted Accounting Practice and each applicable approved Interpretation.
12. All final adjusting journal entries have been approved by ourselves, are appropriate and have been entered in the accounting records.

13. Impairment of assets has been accounted for in accordance with Namibian Statements of Generally Accepted Accounting Practice.
14. The association has satisfactory title to all assets and there are no liens or encumbrances on the association's assets, except for those that are disclosed in the financial statements.
15. No securities/guarantees/encumbrance/cession of assets have been given by the entity other than those disclosed in the financial statements.
16. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
17. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.
18. PAYE and other payroll deductions have, where applicable, been correctly deducted and paid to the Receiver of Revenue.
19. Fair value information in the financial statements has properly been prepared from appropriate and reasonable assumptions; management has the ability and intent to carry out specific courses of action relevant to fair value measurements and disclosures.
20. We confirm the completeness and accuracy of the information provided regarding the identification of related parties as well as related party disclosures in the financial statements.
21. No claims in connection with litigation have been or are expected to be received.
22. The association has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
23. Other than described in the financial statements, there have been no events subsequent to the year-end, which require adjustment of or disclosure in the financial statements or the notes thereto.
24. The financial statements have been prepared on the basis of accounting practices applicable to a going concern; after making enquiries we have no reason to believe that the association will not be a going concern in the year ahead.
25. We acknowledge that management is responsible for the implementation and operations of accounting and internal control systems that are designed to prevent and detect fraud and error.
26. We have assessed as minimal the risk that the financial statements may be materially misstated as a result of fraud.
27. No irregularities have come to our attention during the period under examination and to the date of approval of the financial statements. We have disclosed to you all facts relating to any frauds or suspected frauds known to management that may have affected the entity involving:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements
28. We have disclosed to you any allegations known to management of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
29. All known, actual or possible, non compliance with laws and regulations, the effects of which should be considered when preparing financial statements, has been disclosed to the auditor.
30. There were no transactions or arrangements involving directors that should be disclosed except as disclosed in the financial statements.
31. We have considered the effects of environmental matters on the financial statements, and we
 - are not aware of any material liabilities or contingencies arising from environmental matters, including those resulting from illegal or possible illegal act,
 - are not aware of environmental matters that may result in a material impairment of assets, or
 - if aware of such matters, have disclosed them properly in the financial statements.
32. We have discussed insurable risks with our insurance advisers and are satisfied that the insurance (including for political riot and fidelity cover), is both current and adequate.
33. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

We appreciate that Grant Thornton Neuhaus have prepared the financial statements on behalf of the directors. The financial statements have been fully explained to and discussed with us and we are of the opinion that they fairly present the results for the period and the financial position at the balance sheet date.

Yours faithfully

DIRECTOR

DIRECTOR