

**THE BICYCLING EMPOWERMENT
NETWORK NAMIBIA
(Incorporated Association Not For Gain)
ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2007**

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

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

GENERAL INFORMATION

28 FEBRUARY 2007

COUNTRY OF INCORPORATION	Namibia
COMPANY REGISTRATION NUMBER	21/2005/0019
NATURE OF BUSINESS	To empower disadvantaged Namibians through provision of affordable mobility and bicycle-related income generation opportunities.
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	12 th 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
AUDITORS	Grant Thornton Neuhaus

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

STATEMENT OF RESPONSIBILITIES BY THE DIRECTORS

28 FEBRUARY 2007

The directors are required by the Companies Act of Namibia, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the association's cash flow forecast for the year to 29 February 2008 and, in the light of this review and the current financial position, they are satisfied that the association has or had access to adequate resources to continue in operational existence for the foreseeable future.

Although the directors are primarily responsible for the financial affairs of the association, they are supported by the association's external auditors.

The external auditors are responsible for independently reviewing and reporting on the association's financial statements. The financial statements have been examined by the association's external auditors and their report is presented on page 4.

The financial statements, set out on pages 5 to 11, which have been prepared on the going concern basis, were approved by the directors on 28 January 2008 and are signed on their behalf by:

DIRECTOR

DIRECTOR

WINDHOEK

**REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF 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 (Incorporated Association Not For Gain), which comprise the report of the directors, the balance sheet as at 28 February 2007, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 11.

Directors' responsibility for the financial statements

The association's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statements presentation.

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

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, the financial statements present fairly, in all material respects, the financial position of the association at 28 February 2007 and its financial performance and its cash flows for the year then ended in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and in the manner required by the Companies Act of Namibia.

GRANT THORNTON NEUHAUS

Registered Accountants and Auditors
Chartered Accountants (Namibia)
Windhoek

28 January 2008

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

REPORT OF THE DIRECTORS

28 FEBRUARY 2007

The directors herewith present their annual report, which forms part of the audited financial statements of the association for the year ended 28 February 2007.

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 year 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

No changes occurred in the composition of the board and the directors of the association at the end of the financial year 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 year, 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
28 January 2008

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

BALANCE SHEET

AT 28 FEBRUARY

	<u>Notes</u>	2007 N\$	2006 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	-	-
Current assets			
		212,788	128,160
Inventories		195,488	95,388
Deposit		5,500	5,500
Prepaid rent		11,800	-
Cash and cash equivalents	3	-	27,272
Total assets		212,788	128,160
EQUITY AND LIABILITIES			
Accumulated funds			
		150,363	120,110
Opening balance		120,110	-
Surplus for the year		30,253	120,110
Current liabilities			
		62,425	8,050
Accruals		30,763	-
Director's loan - M J Linke		11,000	8,050
Bank overdraft	4	20,662	-
Total funds and liabilities		212,788	128,160

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

INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY

	<u>Notes</u>	2007 N\$	2006 N\$
REVENUE FROM SALES		436,198	284,301
COST OF SALES		<u>297,922</u>	<u>158,475</u>
GROSS PROFIT		138,276	125,826
OTHER INCOME		410,073	170,157
Ambulance project		46,002	625
Donations received		363,021	169,532
Interest received		<u>1,050</u>	<u>-</u>
TOTAL INCOME		548,349	295,983
EXPENDITURE		518,096	175,873
Administration		6,211	1,860
Advertising and promotion		2,472	3,865
Ambulance		14,087	1,031
Bank charges		4,035	1,721
Bio Diesel project		-	4,466
Catholic Aids Action project		695	-
Consulting fees		195	-
Directors' emoluments	5	83,550	41,292
Licences and permits		2,756	-
Motor vehicle expenses		77,760	-
Postage		4,994	972
Protective clothing		2,052	353
Rent		104,719	65,846
Repairs and maintenance		19,280	11,981
Salaries and wages		113,698	23,758
Staff expenses		5,919	-
Stationery		11,405	2,356
Telephone and internet		28,178	11,031
Travel and accommodation		25,141	3,761
Workshop equipment	1.4	<u>10,949</u>	<u>1,580</u>
SURPLUS for the year		<u><u>30,253</u></u>	<u><u>120,110</u></u>

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

CASH-FLOW STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY

	2007 N\$	2006 N\$
Cash flows from operating activities:		
Cash receipts from customers	834,471	448,958
Cash paid to suppliers and employees	<u>(882,405)</u>	<u>(421,686)</u>
Cash (utilised by)/generated from operations	<u>(47,934)</u>	<u>27,272</u>
Net movement in cash and cash equivalents	<u><u>(47,934)</u></u>	<u><u>27,272</u></u>
Change in cash and cash equivalents		
Balance at beginning of the year	27,272	-
Net movement	<u>(47,934)</u>	<u>27,272</u>
Balance at end of the year	<u><u>(20,662)</u></u>	<u><u>27,272</u></u>
The balance comprises:		
Cash on hand and at bank	-	27,272
Bank overdraft	<u>(20,662)</u>	<u>-</u>
	<u><u>(20,662)</u></u>	<u><u>27,272</u></u>

NOTE TO THE CASH-FLOW STATEMENT

A. RECONCILIATION OF SURPLUS FOR THE YEAR TO CASH
(UTILISED BY)/GENERATED FROM OPERATIONS

Operating surplus before working capital changes:

- Surplus for the year

	30,253	120,110
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Working capital changes:

- (Increase) in inventories
- (Increase) in receivables
- Increase in payables

	(100,100)	(95,388)
	(11,800)	(5,500)
	<u>33,713</u>	<u>8,050</u>

Cash (utilised by)/generated from operations

	<u><u>(47,934)</u></u>	<u><u>27,272</u></u>
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**THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
(Incorporated Association Not For Gain)**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities. The following are the principal accounting policies of the association, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and liabilities.

1.1 **Significant accounting judgements, estimates and assumptions**

Preparing financial statements in conformity with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities requires estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

- Asset lives and residual values

Plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, produce life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Impairment of trade receivables

This provision is calculated by identifying specific debtors to be impaired and by providing for all items exceeding a specific age, due to disputes with customers or to a lesser extent due to the inability of customers to pay.

- Trade payables - Provision for credit requests not allowed.

This provision is calculated by identifying specific requests for credit which might not be granted by the suppliers.

- Discounts allowed/received

Receivables and payables are stated net of discounts allowed/received. These amounts are based on estimates by management taking into account most recent trading information.

1.2 **Recognition of assets and liabilities**

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the association and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the association and the cost or fair value can be measured reliably.

Financial instruments are recognised when the association becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd)

31 DECEMBER 2007

1.3 Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised when the contractual rights to receive cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. However, if control in this situation is retained, the financial assets are recognised only to the extent of the continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.4 Property, plant and equipment

Property, plant and equipment are expensed in the year of acquisition, which is not in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities.

1.5 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.

1.6 Revenue

Donations and grants are accounted for when received, which is not in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities.

1.7 Financial instruments

- Initial recognition and measurement

Financial instruments are recognised when the association becomes a party to the transaction. Initial measurement is at cost, which includes transaction cost. Subsequent to initial recognition, these instruments are measured as follows:

- Financial assets

The association's principal financial assets are trade and other receivables and bank balances and cash.

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Bank balances and cash are measured at fair value, based on the relevant exchange rates at balance sheet date.

- Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Significant financial liabilities and equity instruments include trade and other payables, which are stated at their nominal value.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd)

31 DECEMBER

	2007 N\$	2006 N\$
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.		
3. CASH AND CASH EQUIVALENTS		
Nedbank Namibia Limited	-	22,065
Nedbank Namibia Limited	-	5,207
	<u>-</u>	<u>27,272</u>
4. BANK OVERDRAFT		
Nedbank Namibia Limited	20,741	-
Petty cash	(79)	-
	<u>20,662</u>	<u>-</u>
5. DIRECTORS' EMOLUMENTS		
For services as directors	83,550	38,000
For other services	-	2,492
	<u>83,550</u>	<u>40,492</u>
6. TAXATION		
The association is by virtue of its incorporation, exempt from the payment of taxation and, accordingly, no provision for taxation has been made.		
7. RELATED PARTY TRANSACTIONS		
BENN Cape Town		
• Transport and bikes received	-	10,859
Loan from director		
• M Linke	11,000	8,050
Motor vehicle bought from director		
• M Linke	58,100	-

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

Registration number:

P O Box 23150 • Windhoek • Namibia

28 January 2008

Grant Thornton Neuhaus
P O Box 2558
Windhoek
Namibia

Dear Sirs

**FINANCIAL STATEMENTS OF THE BICYCLING EMPOWERMENT NETWORK NAMIBIA
FOR THE YEAR ENDED 28 FEBRUARY 2007**

This representation letter is provided in connection with your audit of the financial statements of The Bicycling Empowerment Network Namibia (Incorporated Association Not For Gain) for the year ended 31 December 2007 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 (Incorporated Association Not For Gain) at 31 December 2007 and the results of its operations and cash flows for the year then ended in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities and the Companies Act of Namibia.

We acknowledge our responsibility for fair presentation in the financial statements in accordance with the Companies Act of Namibia and Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities applied on a basis consistent with the previous year 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 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 year.
4. The financial statements fairly present the results and cash flow information for the year 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.
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 year were not materially affected by transactions of an extraordinary or abnormal nature, or items relating to a prior year.
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. The accounting policies remained unchanged from the previous year.

11. The accounting policies comply with all the requirements of each applicable Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities 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 Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium-sized Entities.
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 fraud 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 year and the financial position at the balance sheet date.

Yours faithfully

DIRECTOR

DIRECTOR