

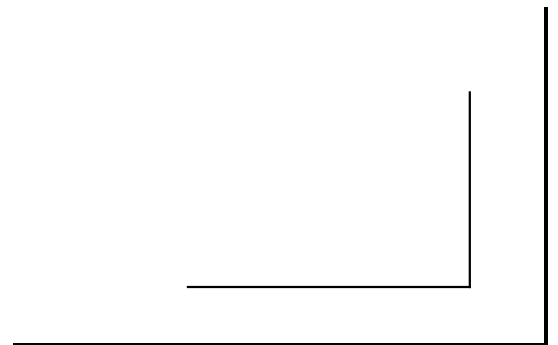


**Grant Thornton**  
Neuhaus

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

**ANNUAL FINANCIAL STATEMENTS**

**29 FEBRUARY 2008**



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

**ANNUAL FINANCIAL STATEMENTS**

**29 FEBRUARY 2008**

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**I N D E X**

	Pages
General Information	2
Statement of responsibilities by the directors	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 – 14

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

**GENERAL INFORMATION**

**29 FEBRUARY 2008**

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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	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
AUDITORS	Grant Thornton Neuhaus

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

**STATEMENT OF RESPONSIBILITIES BY THE DIRECTORS**

**29 FEBRUARY 2008**

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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 company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed 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 28 February 2009 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 14, which have been prepared on the going concern basis, were approved by the directors on 5 November 2008 and are signed on their behalf by:

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DIRECTOR

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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 29 February 2008, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other

#### **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

#### **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

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

#### **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 29 February 2008 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

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#### **GRANT THORNTON NEUHAUS**

Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Windhoek

3 November 2008

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

**REPORT OF THE DIRECTORS**

**29 FEBRUARY 2008**

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The directors herewith present their annual report, which forms part of the audited annual financial statements of the association for the year ended 29 February 2008.

**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  
5 November 2008

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

**BALANCE SHEET**

**AT 29 FEBRUARY**

	<u>Notes</u>	<u>2008 N\$</u>	<u>2007 N\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	180,851	-
<b>Current assets</b>			
		268,741	212,788
Inventories		101,712	195,488
Deposit		5,500	5,500
Prepaid rent		-	11,800
Vat control account		5,836	-
Cash and cash equivalents	3	155,693	-
		<u>449,592</u>	<u>212,788</u>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Accumulated funds</b>			
		295,144	150,363
Opening balance		150,363	120,110
(Deficit)/Surplus for the year		144,781	30,253
<b>Non-current liabilities</b>			
Interest-bearing borrowings	4	127,390	-
<b>Current liabilities</b>			
		27,058	62,425
Accruals		9,065	30,763
Director's loan - M J Linke		4,000	11,000
Current portion of interest-bearing borrowings	4	13,993	-
Bank overdraft	5	-	20,662
		<u>449,592</u>	<u>212,788</u>
<b>Total funds and liabilities</b>			

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

**INCOME STATEMENT**

**FOR THE YEAR ENDED 29 FEBRUARY**

	Notes	2008 N\$	2007 N\$
REVENUE FROM SALES		523,251	436,198
COST OF SALES		<u>611,342</u>	<u>297,922</u>
(LOSS)/GROSS PROFIT		(88,091)	138,276
OTHER INCOME		1,149,081	410,073
Ambulance project		251,923	46,002
Donations and grants received	6	875,973	363,021
Other income		20,615	-
Interest received		570	1,050
<b>TOTAL INCOME</b>		1,060,990	548,349
<b>EXPENDITURE</b>		916,209	518,096
Accounting fees		7,791	-
Administration		8,341	6,211
Advertising and promotion		2,923	2,472
Ambulance		69,155	14,087
Audit fees		7,763	-
Bank charges		11,492	4,035
Catholic Aids Action project		-	695
Computer expenses		14,016	-
Consulting fees		150	195
Depreciation		2,557	-
Directors' emoluments	7	96,090	83,550
Insurance		4,673	-
Interest paid		2,847	-
Licences and permits		3,700	2,756
Motor vehicle expenses		9,768	77,760
Postage and courier		3,972	4,994
Protective clothing		326	2,052
Rent		128,070	104,719
Repairs and maintenance		31,672	19,280
Salaries and wages		376,775	113,698
Staff expenses		29,014	5,919
Stationery		21,099	11,405
Subscriptions		549	-
Team BEN Namibia		1,036	-
Telephone and internet		20,847	28,178
Training		25,286	-
Travel and accommodation		34,203	25,141
Workshop equipment		2,094	10,949
<b>SURPLUS for the year</b>		<u>144,781</u>	<u>30,253</u>

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

**CASH-FLOW STATEMENT**

**FOR THE YEAR ENDED 29 FEBRUARY**

	2008 N\$	2007 N\$
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	1,678,296	834,471
Cash paid to suppliers and employees	<u>(1,459,916)</u>	<u>(882,405)</u>
Cash generated from/(utilised by) operations	<u>218,380</u>	<u>(47,934)</u>
<b>Cash flows from investing activities:</b>		
Investment to maintain or expand operations:		
• Additions to property, plant and equipment	<u>(183,408)</u>	<u>-</u>
<b>Cash flows from financing activities:</b>		
Interest-bearing-borrowings raised	<u>141,383</u>	<u>-</u>
<b>Net movement in cash and cash equivalents</b>	<u><u>176,355</u></u>	<u><u>(47,934)</u></u>
<b>Change in cash and cash equivalents</b>		
Balance at beginning of the year	(20,662)	27,272
Net movement	<u>176,355</u>	<u>(47,934)</u>
Balance at end of the year	<u><u>155,693</u></u>	<u><u>(20,662)</u></u>
<b>The balance comprises:</b>		
Cash on hand and at bank	155,693	-
Bank overdraft	<u>-</u>	<u>(20,662)</u>
	<u><u>155,693</u></u>	<u><u>(20,662)</u></u>

**NOTE TO THE CASH-FLOW STATEMENT**

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

Surplus for the year	144,781	30,253
Adjusted for:		
• Depreciation	<u>2,557</u>	<u>-</u>
Operating surplus before working capital changes	147,338	30,253
Working capital changes:		
• Decrease/(increase) in inventories	93,776	(100,100)
• Decrease/(increase) in receivables	5,964	(11,800)
• (Decrease)/increase in payables	<u>(28,698)</u>	<u>33,713</u>
Cash generated from/(utilised by) operations	<u><u>218,380</u></u>	<u><u>(47,934)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**29 FEBRUARY 2008**

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1. ACCOUNTING POLICIES

The annual financial statements, set out on pages 5 to 14, 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 company, 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 financial assets and liabilities where the fair value and amortised cost basis of accounting is adopted.

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:

Judgements made by management:

- 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, product 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.

- Provision for obsolete inventory

This provision is calculated by identifying specific slow-moving items and by providing for all items exceeding a specific age.

- Provision for impairment of trade receivables

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

- Provision for 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.

- Provision for 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.

Sources of estimation uncertainty:

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

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

**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

**29 FEBRUARY 2008**

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**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 company 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 company and the cost or fair value can be measured reliably.

Financial instruments are recognised when the company 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.

**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 Financial assets**

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified as at fair value through profit or loss are expensed.

Investments classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Held for trading investments are classified as financial assets at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Trade and other receivables are classified as 'loans and receivables' and are measured at amortised cost less impairment losses, which are recognised in profit or loss.

Other investments are classified as available-for-sale financial assets. These investments are carried at fair value with any gains or losses being recognised directly in equity. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. Impairment losses are recognised in profit or loss. Any reversal of impairment losses is recognised directly in equity.

Cash and cash equivalents are measured at fair value, with changes in fair value being recognised in profit or loss.



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

**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

**29 FEBRUARY 2008**

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**1.8 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, but is in accordance with the organisation's constitution.

**1.9 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**1.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at fair value. Cash and cash equivalents comprise 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. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

**1.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transactions costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest-rate method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**1.12 Borrowing costs**

Borrowing costs are recognised as an expense when incurred.

**1.13 Leases**

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee:

Financial leases, which transfer to the company substantially, all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property of, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

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

**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

**29 FEBRUARY**

**1.14 Provisions**

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

**1.15 Post-balance sheet events**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

	2008 N\$	2007 N\$
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Motor vehicle comprises:		
<b>Opening carrying amount</b>	-	-
At cost	-	-
Accumulated depreciation	-	-
Additions	183,408	-
Depreciation	(2,557)	-
<b>Closing carrying amount</b>	180,851	-
At cost	183,408	-
Accumulated depreciation	(2,557)	-
Details of the fixed assets are recorded in a register, which may be inspected at the office of The Bicycling Empowerment Network of Namibia.	180,851	-
<b>3. CASH AND CASH EQUIVALENTS</b>		
Nedbank Namibia Limited	155,693	-
<b>4. INTEREST-BEARING BORROWINGS</b>		
Hire-purchase loan in favour of Nedbank Namibia Limited, secured by a motor vehicle, repayable in 54 equal monthly instalments of N\$3 609,85, bearing interest at 14,25% per annum. The final instalment was payable on 29 February 2008.	141,383	-
Less: Short-term portion repayable within next twelve months, transferred to current liabilities	(13,993)	-
	127,390	-

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

**NOTES TO THE FINANCIAL STATEMENTS (Contd)**

**29 FEBRUARY 2008**

	2008 N\$	2007 N\$
5. BANK OVERDRAFT		
Nedbank Namibia Limited	-	20,741
Petty cash	-	(79)
	<u>-</u>	<u>20.662</u>
6. DONATIONS AND GRANTS RECEIVED		
Anglican AIDS Program	13,722	
C L Hopkins	26,800	
Canada High Commission	200,000	
IBIS Yelula	80,062	
ITDP	89,124	
Legal Assistance Centre	15,000	
Nakara	10,956	
Netherlands Consulate Namibia	90,020	
OATIN	54,619	
Rodale Institute	19,676	
Rotary Club Bramhill Woodford	53,144	
Souter Charitable Trust	13,844	
Tour D'Afrique	17,500	
Trail Creek Foundation Link Inc. USA	21,398	
US Embassy	110,779	
Wesley College	19,233	
Zambezi Vocational Training Centre	16,531	
Other	23,565	
	<u>875.973</u>	
7. DIRECTORS' EMOLUMENTS		
For services as directors	96,090	83,550
For other services	-	-
	<u>96.090</u>	<u>83.550</u>
8. TAXATION		
The association is by virtue of its incorporation, exempt from the payment of taxation and, accordingly, no provision for taxation has been made.		
9. RELATED PARTY TRANSACTIONS		
Loan from director		
• M Linke	<u>4.000</u>	<u>11.000</u>
Motor vehicle bought from director		
• M Linke	<u>-</u>	<u>58.100</u>
Directors' emoluments		
• M Linke	<u>96.090</u>	<u>83.550</u>