

**THE BRITISH BUSINESS ASSOCIATION OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2017**

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ORGANISATION INFORMATION

Executive Committee	Mr Graham Shaw	Chairman
	Ms Sonal Sejpal	Vice Chairman
	Ms Farida Sadique	Secretary and Chief Executive Officer (CEO)
	Mr Anthony Muthusi	Treasurer
	Ms Jane Karuku	
	Ms Radhika Moolraj	
	Mr Matthew Ward	
	Mr Yida Kemoli	
	Ms Marianne Mwaniki	
	Mr. Brian Muriuki	(Appointed: 31 July 2017)
Mr Stavros Spyropoulos	(Retired: 31 July 2017)	

Registered office
Bloom Centre,
7th Floor, Mara Road, Upper hill
P.O. Box 63423 - 00619
Nairobi
Kenya

Independent auditor
Baker Tilly Merali's
Certified Public Accountants
New Rehema House
Raphta Road, Westlands
P.O. Box 67486 - 00200
Nairobi
Kenya

Principal bankers
Investment & Mortgages Bank Limited
Parklands Branch
Parklands Road
P. O. Box 30238 - 00100
Nairobi
Kenya

Barclays Bank of Kenya Limited
Queensway House Business Centre
P. O. Box 30011-00100
Nairobi,
Kenya

REPORT OF THE EXECUTIVE COMMITTEE

The Executives Committee submit their report together with the audited financial statements for the year ended 30 September 2017. In accordance with the Society Act,

Incorporation

The entity is incorporated and domiciled in Kenya under the Kenyan Society Act as a Association. The address of the registered office is as set on page 1.

Principal activities

The entity is a trade association whose principal activity is to provide an open forum for free exchange of ideas in which members may identify, discuss and pursue common interest to members commercial activities.

Results of the year

The results for the year are shown on page 6.

Executive Committee

The Executive Committee who held office during the year and to the date of this report are set out on page 1.

Auditor

The Association's auditor, Baker Tilly Merali's, were appointed on 3rd July 2017 and has expressed willingness to continue in office.

By order of the Executive Committee

.....


Nairobi 05/12/2017

STATEMENT OF THE EXECUTIVE COMMITTEES' RESPONSIBILITIES

The Association Constitution and Rules requires the Executive Committee to prepare financial statements for each financial year that give a true and fair view of the financial position of the Association as at the end of the financial year and of its operating results for that year. It also requires the Executive Committee to ensure that the Association maintains proper accounting records that are sufficient to show and explain the transactions of the Association and disclose, with reasonable accuracy, the financial position of the association. The Executive Committee is also responsible for safeguarding the assets of the Association, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee accepts Responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Society Act. They also accept responsibility for:

- i) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Association's ability to continue as a going concern, the Executive Committee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Association's ability to continue as a going concern.

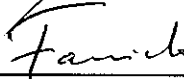
The Executive Committee acknowledges that the independent audit of the financial statements does not relieve them of it's responsibilities.

Approved by the Executive Committee on05/12/2017 and signed on its behalf by:

Chairman: Graham Shaw

Signature:  _____

Secretary: Farida Sadique

Signature:  _____

Treasurer: Anthony Muthusi

Signature:  _____

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF BRITISH BUSINESS ASSOCIATION OF KENYA**

Opinion

We have audited the accompanying financial statements of British Business Association of Kenya set out on pages 6 to 14 which comprise the Statement of financial position as at 30 September 2017, the Statement of comprehensive income, statement of changes in equity and Statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 30 September 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Society Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive Committee is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, 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 Executive Committee and those charged with Governance for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium- sized Entities and the requirements of the Kenyan Society Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

**REPORT OF THE INDEPENDENT AUDITOR (continued)
TO THE MEMBERS OF BRITISH BUSINESS ASSOCIATION OF KENYA**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee 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 Association'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 statements 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance 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.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that they may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

As required by the Kenyan Society Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii) in our opinion proper books of account have been kept by the Association, so far as appears from our examination of those books; and
- iii) the Association's statement of financial position and the statement of income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Madhav Bhandari. P/No. 1213

Baker Tilly Merali's
Certified Public Accountants
P.O. Box 67486 - 00200, Nairobi

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The British Business Association of Kenya

Financial Statements

For the year ended 30 September 2017

STATEMENT OF INCOME AND EXPENDITURE

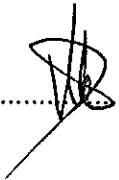
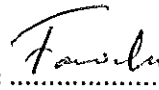
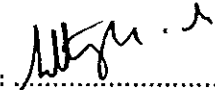
	Notes	2017 Kshs	2016 Kshs
Income			
Corporate membership	2	9,113,635	6,279,300
Consultant membership	3	742,000	695,500
OBNI Chamber support received	4	12,682,128	5,978,167
Events- net surplus	5	<u>93,090</u>	<u>741,856</u>
Total income		<u>22,630,853</u>	<u>13,694,823</u>
Other income	6	<u>4,000,323</u>	<u>820,308</u>
Expenses			
OBNI chamber support expenses	14	10,593,772	6,866,585
Administrative expenditure	15	<u>3,409,047</u>	<u>1,681,117</u>
Total expenses		<u>14,002,819</u>	<u>8,547,702</u>
Surplus for the year		12,628,357	5,967,429
Tax expense	11	<u>(382,849)</u>	<u>(246,092)</u>
Accumulated fund transferred to member equity		<u><u>12,245,508</u></u>	<u><u>5,721,337</u></u>

The British Business Association of Kenya
 Financial Statements
 For the year ended 30th September 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	2017 Kshs	2016 Kshs
ASSETS			
Non current asset			
Property, plant and equipment	8	158,375	-
Current assets			
Receivables	7	857,752	692,454
Cash and cash equivalent	9	23,155,451	8,212,959
		24,013,203	8,905,413
Total assets		24,171,578	8,905,413
Represented By Equity and Liabilities			
Reserves			
Members equity		19,776,216	7,530,708
Current liabilities			
Trade and other payables	10	4,162,576	1,130,586
Tax payable	11	232,786	244,119
		4,395,362	1,374,705
Total equity and liabilities		24,171,578	8,905,413

The financial statements on pages 6 to 14 were approved and issued by the Executive Committee on
 05/12/2017 2017 and were signed on its behalf by:

Chairman:  Secretary:  Treasurer: 

The British Business Association of Kenya
Financial Statements
For the year ended 30th September 2017

STATEMENT OF CASH FLOW

	Note	2017 Kshs	2016 Kshs
Operating activities			
Surplus for the year and before working capital changes		12,628,357	5,967,429
Adjustments for:			
Depreciation of property, plant and equipment		67,875	-
Interest received		<u>(552,145)</u>	<u>(281,534)</u>
Cashflow before changes in working capital		12,144,087	5,685,895
Changes in working capital			
(Increase)/Decrease in receivables		(165,298)	(692,454)
Increase in payables		<u>3,031,990</u>	<u>786,436</u>
Net cash generated from operations		15,010,779	5,779,877
Interest earned		552,145	281,534
Income tax paid		<u>(394,182)</u>	<u>(1,973)</u>
Net cash generated from operating activities		<u>15,168,742</u>	<u>6,059,438</u>
Net cash generated from investments			
Purchase of property, plant and equipment		<u>(226,250)</u>	-
Net cash generated from investing activities		<u>(226,250)</u>	-
Net increase in cash and cash equivalent		<u>14,942,492</u>	<u>6,059,438</u>
Movement in cash and cash equivalent			
Cash and cash equivalents at beginning of the year		8,212,959	2,153,521
Net cash generated from operating activities		<u>14,942,492</u>	<u>6,059,438</u>
Cash and cash equivalents at the end of the year		<u>23,155,451</u>	<u>8,212,959</u>

The British Business Association of Kenya

Financial Statements

For the year ended 30th September 2017

STATEMENT OF CHANGES IN EQUITY

	Members Equity Kshs	Total Kshs
Year ended 30 September 2017		
As at 1 October 2016	7,530,708	7,530,708
Surplus for the year	<u>12,245,508</u>	<u>12,245,508</u>
As at 30 September 2017	<u><u>19,776,216</u></u>	<u><u>19,776,216</u></u>
Year ended 30 September 2016		
As at 1 October 2015	1,809,371	1,809,371
Surplus for the year	<u>5,721,337</u>	<u>5,721,337</u>
As at 30 September 2016	<u><u>7,530,708</u></u>	<u><u>7,530,708</u></u>

1 General information

The British Business Association of Kenya is domiciled in Kenya where it is incorporated under the Kenyan Society Act, as a associations of Members. The address of its registered office and principal place of business is stated at page 1. The principal activities of the Association are is to provide an open forum for free exchange of ideas in which members may identify, discuss and pursue common interest to members commercial activities.

a) Basis of preparation

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. The 2015 Amendments to the Standard were applied (early) in 2016. The financial statements are presented in Kenya Shillings (KSh), rounded to the nearest shilling. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

b) Currency

The financial statements are presented in Kenya Shillings (Kshs) and rounded off to the nearest one shilling, which is also its functional currency.

c) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates and methods:

Computers and accessories 30% p.a on straight line

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain/ loss on disposal of property, plant and equipment's are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating surplus.

NOTES TO THE FINANCIAL STATEMENTS (continued)

d) Trade and other receivables

Trade receivables are carried at original invoiced amount less specific provision for all known doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified when all the reasonable steps to recover them have been taken without success.

e) Taxation

Taxation is provided for on interest income and trade services income. The rest of the income is exempt from taxation.

f) Cash and cash equivalents

For the purpose of the cash flow statement cash and cash equivalents comprise cash in hand and cash at bank net of bank overdraft.

g) Revenue recognition

Income comprises of subscriptions, membership joining fees, British High Commission Grants and amounts charged to members for participation in the associations activities.

- Subscriptions income is recognised when earned
- Entrance and activities fees are received when earned
- British High Commission grant (IBNi Grant) are recognised on accrual basis for reimbursement of expenses
- Interest income is recognised on time proportion basis, with consideration of the effective interest method

h) Retirement benefit obligation

The Association and its employee contribute to the Natural Social Security fund (NSSF) a statutory defined contribution Scheme registered under NSSF act .The Association contribution to the defined contribution Scheme are charged to profit or Loss in the year to which they relate.

i) Payables

Payables are recorded at their undiscounted amount of cash and cash equivalents expected to be paid or the fair value of the consideration received in exchange of the obligation.

j) Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

The amount recognised as a provision is the best estimate of the present value of expenditures expected to be incurred to settle the obligation using a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in profit or loss under finance costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

			2017 Kshs	2016 Kshs
2 Corporate membership				
Subscriptions			7,128,600	3,040,000
New membership			1,985,035	3,239,300
			<u>9,113,635</u>	<u>6,279,300</u>
3 Consultant membership				
Subscriptions			448,000	433,000
New membership			294,000	262,500
			<u>742,000</u>	<u>695,500</u>
4 OBNI Chamber support received				
OBNI Grant			<u>12,682,128</u>	<u>5,978,167</u>
5 Events				
	<u>Income</u>	<u>Expense</u>	<u>Net</u>	<u>Net</u>
Breakfast	805,571	703,000	102,571	787,784
Lunches	202,450	183,375	19,075	-
Joint events	-	-	-	32,849
Golf day	-	-	-	(28,000)
X- Mas party	374,350	399,011	(24,661)	(74,837)
AGM	138,250	150,050	(11,800)	(13,000)
Jazz Event	-	-	-	12,000
Coast chapter	95,900	87,995	7,905	-
Sponsorship event	-	-	-	25,060
	<u>1,616,521</u>	<u>1,523,431</u>	<u>93,090</u>	<u>741,856</u>
6 Other income			2017 Kshs	2016 Kshs
Interest income			552,145	281,534
Product sales			16,000	-
Trade Service (Net)			3,432,178	538,774
			<u>4,000,323</u>	<u>820,308</u>
7 Receivables				
Due from OBNI Grant			857,752	442,454
Due from Sterling member			-	250,000
			<u>857,752</u>	<u>692,454</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Property, plant and equipment

	2017	2016
	Computers	Computers
	Kshs	Kshs
Year ended 30 September		
Cost		
At start of year	-	-
Additions	226,250	-
At end of year	<u>226,250</u>	<u>-</u>
Depreciations		
At start of year	-	-
Charge for the year	67,875	-
At end of year	<u>67,875</u>	<u>-</u>
Net book value	<u>158,375</u>	<u>-</u>
	2017	2016
	Kshs	Kshs

9 Cash and cash equivalents

Cash in hand	5,040	1,578
Cash at Bank	10,132,808	2,586,326
Mpesa and Pesa pal	428,082	356,919
Fixed deposit	12,589,521	5,268,136
	<u>23,155,451</u>	<u>8,212,959</u>

10 Payables

Accounts Payable (A/P)	301,384.00	114,375
Payroll liabilities	34,192	23,411
Accrued audit fees	135,000	92,800
Advance subscriptions received	3,692,000	900,000
	<u>4,162,576</u>	<u>1,130,586</u>

11 Taxation

The Association is exempt from corporate taxation under Section 21 of the Income Tax Act. During the year, the association received interest income on Fixed Deposit Receipts placed with I&M Bank. This interest and trade services income is subject to tax at the rate of 30%.

a) Balance sheet

a) Statement of comprehensive income

Current income tax expense	<u>382,849</u>	<u>246,092</u>
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b) Statement of financial position

Tax account is as follows

As at 1st October	244,119	-
Current tax	382,849	246,092
Withholding tax paid	(89,212)	(1,973)
Income tax paid	<u>(304,970)</u>	<u>-</u>

As at 30 september	<u>232,786</u>	<u>244,119</u>
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12 Country of Incorporation

The Association was established in Year 2004 under the Societies Act. The main purpose of the Association is the advancement of British business interests in Kenya.

13 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year

SCHEDULE OF EXPENDITURE

	2017 Kshs	2016 Kshs
14 OBNI Expenses		
OBNI Administrative support	1,380,000	613,440
OBNI Consultancy support	6,310,200	4,902,500
OBNI Events	470,005	135,853
OBNI Overseas Travel	1,907,004	795,599
Office expenses	167,315	80,052
Office Rent	220,711	339,141
Other staff cost	138,537	-
	<u>10,593,772</u>	<u>6,866,585</u>
15 Administative expenditure		
Audit fees	135,000	92,800
Bank and Mpesa charges and commision	110,181	43,840
Deprecion of property, plant and equipment	67,875	-
Donation	174,000	-
Entertainment	77,117	57,940
Executive Committee expenses	180,580	-
Foreign exchange gain	(146,425)	-
IT Support & Website development	553,609	141,049
Legal and professional fees	-	66,210
Marketing and chamber expansion expenses	1,205,096	395,490
Mobile phone expenses	80,500	53,100
Newspapers	13,800	5,880
NSSF- Employer contribution	7,200	6,400
Other Association Membership fees	95,000	91,667
Penalties	-	11,536
Salaries and wages	642,031	681,005
Travel and mileage expenses	213,483	34,200
	<u>3,409,047</u>	<u>1,681,117</u>

1 Income tax computation

	Trade service income Kshs	Sale of products Kshs	Interest income Kshs	Total Kshs Kshs
Gross income receivable	3,432,178	16,000	552,145	4,000,323
Less: Associated expenses				
Travel expenses	(1,344,161)	-	-	(1,344,161)
Salaries and wages	<u>(1,380,000)</u>	<u>-</u>	<u>-</u>	<u>(1,380,000)</u>
 Net taxable income	 <u>708,017</u>	 <u>16,000</u>	 <u>552,145</u>	 <u>1,276,162</u>
 Tax expense @ 30%	 <u>212,405</u>	 <u>4,800</u>	 <u>165,644</u>	 <u>382,849</u>

2 Tax payable

	2017 Kshs	2016 Kshs
As at 1st October	244,119	-
Current tax	382,849	246,092
Withholding tax paid	(89,212)	(1,973)
Income tax paid	<u>(304,970)</u>	<u>-</u>
 As at 30 september	 <u>232,786</u>	 <u>244,119</u>