

KENYA ASSOCIATION OF INVESTMENT GROUPS

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2010

KOKA KOIMBURI & CO

KENYA ASSOCIATION OF INVESTMENT GROUPS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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KENYA ASSOCIATION OF INVESTMENT GROUPS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
CORPORATE INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

PRINCIPAL PLACE OF BUSINESS

Mercantile House Koinange Street,  
1st Floor Room 103,  
P.O.Box 48525-00100,  
NAIROBI.

BANKERS

CFC Stanbic Bank Ltd,  
Kimathi Street,  
P.O.Box 75501-00200,  
NAIROBI.

Chase Bank Ltd,  
Village Market branch'  
P.O. Box 607-00621'  
VILLAGE MARKET, NAIROBI

SECRETARIES

Muturi Mwangi  
P.O Box 2680-00200  
NAIROBI

ADVOCATES

Muturi Mwangi & Co  
Advocates  
P.O.Box 2680-00200  
NAIROBI

AUDITOR

KOKA Koimburi & Co.  
4 Floor, Britak Centre  
Cnr. Ragati & Mara Roads  
P.O. Box 61120  
00200 Nairobi City Square  
KENYA.  
TEL: 020-2727121/2/3  
Email: info@scikt.co.ke  
Website: www.scikt.co.ke

KENYA ASSOCIATION OF INVESTMENT GROUPS  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

The directors submit their report and the audited financial statements for the year ended 30 September 2010 which show the state of the association's affairs.

1. INCORPORATION

The association is incorporated in Kenya under the societies Act. It has a non profit making and non political clause in its constitution.

2. PRINCIPAL ACTIVITY

The association has been established to provide an appropriate forum for the hundreds of investment groups all over the country to network and work together to achieve several objectives.

3. RESULTS

The results for the year are summarized below: -

	2010 Kshs	2009 Kshs
Deficit for the year	<u>(187,345)</u>	<u>(51,164)</u>

4. FINANCIAL STATEMENTS

At the date of this report, the directors were not aware of any circumstances which would have rendered the values attributed to the assets in the financial statements misleading.

5. RESERVES

The association's reserves are set out in note 9 to these financial statements.

6. BOARD MEMBERS

The board members who served during the year and to the date of this report were:

Tabitha Mwathi - Chief Executive Officer  
Patrick Kariuki - Chairman  
Vincent Abwao - Vice Chairman  
Muturi Mwangi - Secretary  
Anthony Mwaniki - Member (Resigned)  
Fred Nyayieka - Member  
Irene Mumo - Member

KENYA ASSOCIATION OF INVESTMENT GROUPS  
REPORT OF THE DIRECTORS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

7. DIRECTORS' BENEFITS

To the date of this report, no director has received or become entitled to receive any benefit other than directors' fees and amounts received under employment contracts for executive directors.

8. AUDITOR

The Association's Honorary Auditor, KOKA Koimburi & Co, has indicated willingness to continue in office as per the terms of the engagement.

By order of the Board

Muturi Mwangi

\_\_\_\_\_ 2011

KENYA ASSOCIATION OF INVESTMENT GROUPS  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

The Association's constitution requires the treasurer to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association, as at the end of the financial year and of its operating results for the year. It also requires the directors to ensure that the association keeps proper accounting records, which disclose, with reasonable accuracy, the financial position of the association. They are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free of material misstatements whether due to fraud or error, selecting and applying appropriate accounting policies and making reasonable estimates that are appropriate in the circumstances. The directors are also responsible for safeguarding the assets of the association.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the association and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the association will not remain a going concern for at least the next twelve months from the date of this statement.

The statement was approved by the board on \_\_\_\_\_ 2011 and signed on its behalf by: -

Chairman \_\_\_\_\_

Vice chairman \_\_\_\_\_

REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF  
KENYA ASSOCIATION OF INVESTMENT GROUPS

We have audited the financial statements of Kenya Association of Investment Groups set out on pages 6 to 17 which comprise the statement of financial position as at 30 September 2010, statement of comprehensive income, statement of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Societies Act. This responsibility includes: designing, implementing and maintaining internal control 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 independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and 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 judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of 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 project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the Association as at 30 September 2010 and of its deficit for the year then ended in accordance with International Financial Reporting Standards and the Societies Act.

KOKA Koimhuri & Co.  
Certified Public Accountants (K)  
Nairobi

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2011

KENYA ASSOCIATION OF INVESTMENT GROUPS  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 Kshs	2009 Kshs
INCOME	3	<u>1,537,828</u>	<u>3,227,779</u>
EXPENSES			
Administration and establishment	4	<u>1,725,173</u>	<u>3,278,943</u>
DEFICIT FOR THE YEAR	5	<u>(187,345)</u>	<u>(51,164)</u>

KENYA ASSOCIATION OF INVESTMENT GROUPS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2010

	Notes	2010 Kshs	2009 Kshs
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	<u>56,984</u>	<u>95,575</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	283,802	297,382
Cash and cash equivalents	8	<u>24,706</u>	<u>31,610</u>
		<u>308,508</u>	<u>328,992</u>
<b>TOTAL ASSETS</b>		<u><b>365,492</b></u>	<u><b>424,567</b></u>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>			
Reserves	9	<u>(137,375)</u>	<u>49,970</u>
<b>NON-CURRENT LIABILITIES</b>			
Due to related parties	11	<u>294,328</u>	<u>200,000</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<u>208,539</u>	<u>174,597</u>
<b>TOTAL RESERVES AND LIABILITIES</b>		<u><b>365,492</b></u>	<u><b>424,567</b></u>

The financial statements on pages 6 to 17 were approved for issue by the Board on

\_\_\_\_\_ 2011 and signed on its behalf by:-

\_\_\_\_\_ Chairman

\_\_\_\_\_ Vice chairman

KENYA ASSOCIATION OF INVESTMENT GROUPS  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Reserves
	Kshs
At 1 October 2008	101,134
Deficit for the year	<u>(51,164)</u>
At 30 September 2009	<u>49,970</u>
At 1 October 2009	49,970
Deficit for the year	<u>(187,345)</u>
At 30 September 2010	<u>(137,375)</u>

KENYA ASSOCIATION OF INVESTMENT GROUPS  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 Kshs	2009 Kshs
Cash flow from operating activities:			
Deficit for the year		(187,345)	(51,164)
Adjustment for:			
Gain on disposal		(500)	-
Depreciation		<u>14,091</u>	<u>29,154</u>
Operating surplus before working capital changes:		(173,754)	(22,010)
Increase in trade and other receivables		13,580	(119,588)
Increase in trade and other payables		<u>33,942</u>	<u>99,717</u>
Net cash generated from operations		<u>(126,232)</u>	<u>(41,881)</u>
Cash flows from investing activities:			
Disposal of property, plant and equipment		25,000	-
Purchase of property, plant and equipment		<u>-</u>	<u>(63,500)</u>
Net cash used in investing activities		<u>25,000</u>	<u>(63,500)</u>
Cash flows from financing activities:			
Proceeds from loans		<u>94,328</u>	<u>-</u>
Net cash generated from financing activities		<u>94,328</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>(6,904)</u>	<u>(105,381)</u>
Movement in cash and cash equivalents:-			
At the start of the year		31,610	136,991
Increase		<u>(6,904)</u>	<u>(105,381)</u>
At the end of the year	8	<u>24,706</u>	<u>31,610</u>

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below: - These policies have been consistently applied over the years unless otherwise stated:

a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost basis of accounting as modified by the revaluation of certain property, plant and equipment and presented in the translated currency (Kenya shillings (Kshs) rounded to the nearest shilling.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment and complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 2.

*Adoption of revised international financial reporting standards*

The following new and revised standards and interpretations became effective for the first time and have been adopted by the association where relevant to its operations. The comparative figures have been restated as required in accordance with the relevant requirements.

- IFRS 1 Amendment Capital Disclosures - The amendment to IAS 1 introduces disclosure about the level of the association's capital and how it manages its capital.
- IFRS 7 – Financial Instruments: Disclosure. IFRS 7 introduces new disclosures relating to financial instruments. It requires the disclosures of quantitative and qualitative information about exposure risk arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk including sensitivity analysis to market risk.

At the date of approval of these financial statements the following revised standards and interpretation were in issue:

- IFRS 8 – Operating Segments
- IFRIC 10 – Interim Financial Reporting and Impairment
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – IAS 18 Revenue: Customer Loyalty Programs
- IFRIC 14 – IAS 19 Employee Benefits: Effect of Minimum Funding Requirement on Asset Ceiling

The adoption of these standards and interpretation will have no material impact on the financial statements of the association.

b) Property, plant, equipment and depreciation

Property, plant and equipment are initially stated at cost, less accumulated depreciation and any impairment in value.

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Property, plant, equipment and depreciation (Continued)

Increases in the carrying amount arising from revaluation are credited to a revaluation reserves in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserves. All other decreases are charged to the income statement.

Depreciation is calculated on the reducing balance basis, at annual rates estimated to write off carrying values of the property, plant and equipment over their expected useful lives.

The rates in use are:

Furniture and Equipment	12.5%
Computers	30.0%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If any such indications exist and where the carrying values exceed the recoverable amount, property, plant and equipment are written down to their recoverable amounts

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus/ (deficit). On disposal of revalued assets, amounts in the revaluation reserves relating to the asset are transferred to retained earnings.

c) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, trade and other receivables, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

d) Revenue recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the association and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized.

*Rendering of services*

Income from seminar fees and sponsorship is recognized when clients are billed.

*Membership Subscriptions*

Income is recognized when an individual or group registers as a member.

*Other income*

Recognized on receipt of income.

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

The association's cost of computer memory is not separated from the computer equipment because it was purchased with the computers.

h) Employment benefits

Pension obligations

The association contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs 200 per employee per month, with the association contributing a similar amount.

The association's contributions to the above scheme are charged to the income statement in the year to which they relate.

i) Other employee entitlements

The association has no policies relating to employee entitlements to gratuity and long service awards. Employees take their leave in the year it is due.

j) Trade and other receivables

Trade and other receivables are recognized at anticipated realizable value less an allowance for any uncollectible amounts. A specific provision is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have been taken without success.

k) Trade and other payables

Trade and other payables are stated at their nominal value.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash in hand.

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above.

m) Provisions

A provision is recognized in the balance sheet when the association has a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefits will be required to settle the obligation and it can be reliably estimated.

n) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Related parties

In the normal course of business the association enters into transactions with related parties. The related party transactions are at arms length.

p) Interest bearing borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowings.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized costs using the effective interest rate method. The borrowings are from members and were provided at no interest.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances:

i) Critical accounting estimates and assumptions.

*Property, plant and equipment*

Critical estimates are made by the directors in determining depreciation rates for the property, plant and equipment. The rates are set out in note 1 (b) above.

ii) Critical judgments in applying the entity's accounting policies.

In the process of applying the association's accounting policies, management has made judgments in determining:

- Whether assets are impaired
- The classification of assets

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010	2009
	Kshs	Kshs
3. INCOME		
Corporate Subscription	390,000	510,000
Individual Subscription	220,000	495,500
Sponsorship	-	1,650,000
Seminar fees	-	220,200
DVD Sales	25,600	21,000
Consultation fees	-	330,000
Interest Income	-	1,079
Advertising income	34,800	-
Event income	798,928	-
Gain on disposal of property, plant and equipment	500	-
Registration fees	58,000	-
Payables written off	<u>10,000</u>	<u>-</u>
	<u>1,537,828</u>	<u>3,227,779</u>
4. EXPENDITURE		
Advertising	-	152,268
Bank Service Charges	12,365	23,314
DVD Writting	17,415	28,692
Depreciation	14,091	29,154
Gifts	24,720	42,410
Hire of Equipment	-	13,700
Hire of Venue	-	208,100
Events and Meeting Expenses	134,596	223,931
Office supplies	44,379	43,077
Postage and Delivery	18,750	43,007
Printing and Stationery	99,508	216,557
Rent	267,960	252,056
Allowances	-	22,200
Salaries	643,100	915,000
Wages	69,000	136,414
Statutory cost expenses	2,600	2,400
Telephone and communication	208,753	239,346
Transport	120,768	327,120
Professional and legal fees	-	180,000
Video coverage	-	50,632
Web hosting charges	-	16,000
Subscription	-	40,000
Audit fees	-	10,000
Cleaning	-	11,650
Stamp duties	-	4,850
Licenses and permits	7,200	10,000
Repairs and maintenace	-	500
Medical expenses	-	36,565
Insurance	7,653	-
Newspapers & periodicals	9,660	-
Sales and marketing	<u>22,655</u>	<u>-</u>
	<u>1,725,173</u>	<u>3,278,943</u>

KENYA ASSOCIATION OF INVESTMENT GROUPS  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 Kshs	2009 Kshs	
5. SURPLUS FOR THE YEAR			
The surplus for the year is stated after charging:-			
Depreciation of property, plant and equipment (Note 6)	<u>14,091</u>	<u>29,154</u>	
6. PROPERTY, PLANT AND EQUIPMENT			
	Furniture & equipment Kshs	Computers Kshs	Total Kshs
At 1 October 2008			
Cost	34,049	52,000	86,049
Accumulated depreciation	(5,320)	(19,500)	(24,820)
Net book amount	<u>28,729</u>	<u>32,500</u>	<u>61,229</u>
Year ended 30 September 2009			
Opening net book amount	28,729	32,500	61,229
Additions	18,500	45,000	63,500
Depreciation charge for the year	<u>( 5,904)</u>	<u>(23,250)</u>	<u>(29,154)</u>
Closing net book amount	<u>41,325</u>	<u>54,250</u>	<u>95,575</u>
At 1 October 2008			
Cost	52,549	97,000	149,549
Accumulated depreciation	<u>(11,224)</u>	<u>(42,750)</u>	<u>(53,974)</u>
At 30 September 2009	<u>41,325</u>	<u>54,250</u>	<u>95,575</u>
Year ended 30 September 2010			
Opening net book amount	41,325	54,250	95,575
Additions	-	-	-
Disposal	-	(25,500)	(25,500)
Depreciation charge for the year	<u>(5,166)</u>	<u>(8,925)</u>	<u>(14,091)</u>
Closing net book Amount	<u>36,159</u>	<u>19,825</u>	<u>55,984</u>
At 30 September 2010			
Cost	52,549	97,000	149,549
Accumulated depreciation	(16,390)	(26,175)	(68,065)
Disposal	-	<u>(50,000)</u>	<u>(50,000)</u>
Net book amount	<u>36,159</u>	<u>20,825</u>	<u>56,984</u>

KENYA ASSOCIATION OF INVESTMENT GROUPS  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 Kshs	2009 Kshs
7. TRADE AND OTHER RECEIVABLES		
Amounts falling due within one year:		
Trade receivables	222,400	234,000
Deposits	61,402	61,402
Sundry debtors	<u>-</u>	<u>1,980</u>
	<u>283,802</u>	<u>297,382</u>
8. CASH AND CASH EQUIVALENTS		
Cash in hand	17,206	18,028
Cash at bank	<u>7,500</u>	<u>13,582</u>
	<u>24,706</u>	<u>31,610</u>
9. RESERVES		
At 1 October	49,970	101,134
Surplus for the year	<u>(187,345)</u>	<u>(51,164)</u>
Balance carried forward	<u>(137,375)</u>	<u>49,970</u>
10. EMPLOYEE BENEFITS EXPENSE		
The following items are included within employee benefits expense:		
Retirement benefits costs:		
National Social Security Fund	<u>1,200</u>	<u>2,400</u>
11. RELATED PARTY TRANSACTIONS		
Loan from board members:		
Balance at the beginning of the year	200,000	200,000
Loan advanced during the year	<u>94,328</u>	<u>-</u>
Balance at the end of the year	<u>294,328</u>	<u>200,000</u>

The Loan from the board members was provided interest free to enable the association start operations. The loan does not have a fixed repayment period.

KENYA ASSOCIATION OF INVESTMENT GROUPS  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

12. TRADE AND OTHER PAYABLES

	2010	2009
	Kshs	Kshs
Amounts falling due within one year:		
Trade payables	133,403	174,597
Accruals (Payroll liabilities)	<u>75,136</u>	<u>-</u>
	<u>208,539</u>	<u>174,597</u>

13. CURRENCY RISK

The association operates wholly within Kenya and its assets and liabilities are reported in the local currency. It therefore held no significant foreign currency exposure as at 30 September 2010.

14. EMPLOYEES

There was only one permanent employee in the association during the year.

15. CAPITAL RISK MANAGEMENT

The capital structure of the Association consists of cash and cash equivalents and equity comprising reserves and amounts due to related parties as disclosed in the notes. In order to maintain or adjust the capital structure, the Association may return subscription fees to members, issue new subscriptions, or sell assets to reduce debt.

The entity is not subject to any external imposed capital requirements

16. RISK MANAGEMENT OBJECTIVES AND POLICIES

*Financial risk management*

The Association's activities expose it to a variety of financial risks: market risk including credit risk and liquidity risk. The Association's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the association's financial performance.

*Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to members and clients, including outstanding receivables.

Individual limits are based on internal or external information in accordance with limits set by management. The utilization of credit limits is regularly monitored. No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties.

Exposure to risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.