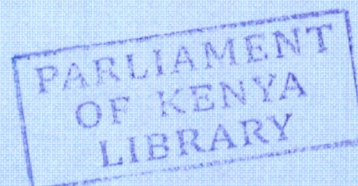


REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**



**REPORT**

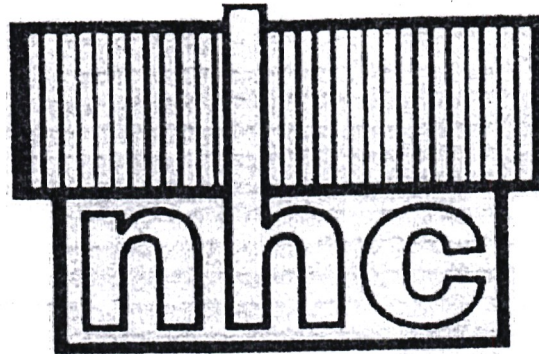
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF**  
**NATIONAL HOUSING CORPORATION**

**FOR THE YEAR ENDED**  
**30 JUNE 2013**



**National Housing Corporation**

**GROUP FINANCIAL  
STATEMENTS FOR  
THE YEAR ENDED  
30<sup>TH</sup> JUNE 2013**



**TABLE OF CONTENTS**

	Page
Corporate Information	I-iv
Statement of Directors' Responsibilities	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Accounting Policies	6-8
Notes Forming Part of the Financial Statement	9-22



**CORPORATE INFORMATION**

**Registered Office:**

National Housing Corporation  
NHC House  
Aga Khan Walk  
P.O. Box 30257 – 00100  
Nairobi

**Principal Bankers:**

Kenya Commercial Bank Ltd.  
Moi Avenue Branch  
P.O. Box 30081 – 00100  
Nairobi

National Bank of Kenya  
Moi Avenue Branch  
P.O. Box 41862 – 00100  
Nairobi

Co-operative Bank of Kenya  
Co-op House Branch  
P.O. Box 67881 – 00100  
Nairobi

**Auditors:**

The Auditor General  
Kenya National Audit Office  
P.O. Box 30084 – 00100  
Nairobi



## **OUR VISION**

A Decently Housed Nation

## **OUR MISSION**

To play a leading role in the efficient provision of adequate and affordable Housing and related services

## **OUR CORPORATE VALUES**

- ≈ Integrity
- ≈ Communication
- ≈ Teamwork
- ≈ Innovation and Creativity
- ≈ Customer Focus
- ≈ Professionalism
- ≈ Staff Development

## **PRINCIPAL ACTIVITIES**

National Housing Corporation (NHC) is established under the Housing Act, Cap. 117 of the Laws of Kenya

The principal roles of NHC are:

- ≈ Development of decent and affordable housing.
- ≈ Facilitation of Rural Housing development.
- ≈ Mobilization of Local and International capital for Housing development.
- ≈ Forging partnerships with Local Authorities, Counties, Cooperative Societies, Private Sector and other stakeholders in housing development.



**DIRECTORS**

Isaac B. Mogaka	Chairman
Peter W. Njuguna	Managing Director
Wilson K. Maina	Director
Elias K. Murithi	Director
Mohammed Noor Ali	Director
Grace Wanyonyi	Director
Mr. Henry Rotich	Cabinet Secretary The National Treasury
Ms Mariamu El Maawy	Principal Secretary Ministry of Lands, Housing and Urban Development
Mr. Humphrey Muhu	Alternate Director The National Treasury
Arch. Victor Ogutu	Alternate Director Ministry of Lands, Housing and Urban Development
Amb. Magdalene Wambua	Alternate Director Ministry of Lands, Housing and Urban Development
Mr. Charles Sikuku	Alternate Director Ministry of Lands, Housing and Urban Development

**BOARD COMMITTEES**

- Technical Committee
 

Eng. Wilson K. Maina	- Chairman
Mr. Mohamed Noor Ali	
Mr. Charles W. Sikuku	
Amb. Magdalene J. Wambua	
Arch. Victor O. Ogutu	
Mr. Peter W. Njuguna	
  
- Human Resources Committee
 

Mrs. Grace Wanyonyi	- Chairperson
Mr. Elias K. Murithi	
Mr. Charles W. Sikuku	
Amb. Magdalene J. Wambua	
Mr. Peter W. Njuguna	
  
- Finance and Business Development Committee
 

Mr. Elias K. Murithi	- Chairman
Mr. Humphrey Muhu	
Mrs. Grace Wanyonyi	
Mr. Charles W. Sikuku	
Mr. Peter W. Njuguna	
  
- Audit and Risk Committee
 

Mr. Mohammed Noor Ali	- Chairman
Mr. Humphrey Muhu	
Eng. Wilson K. Maina	
Arch. Victor O. Ogutu	



**MANAGEMENT**

Mr. Peter W. Njuguna	Managing Director
Mr. George G. Kinyanjui	General Manager Finance
Mr. Andrew Saisi	General manager EPS factory
Mr. Gideon M. Muange	General Manager Estates
Ms. Rosebella J. Langat	General Manager Business Development
Mr. Willis O. Ouma	General Manager Technical Services
Ms. Lydia T. Ng'ang'a	Corporation Secretary

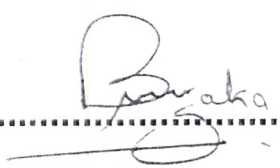
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The State Corporations Act, Cap 446, requires the Directors to prepare financial statements for each financial year, which include a statement of financial position showing in detail the assets and liabilities of the Corporation, a statement of comprehensive income, statement of Cash flows and such other statements that the Directors may deem necessary. It also requires the Directors to ensure the Corporation keeps proper books of account and other books and records in relation to the Corporation and to all the undertakings, funds, investments activities and property of the Corporation. They are also responsible for safeguarding the assets of the Corporation.

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 the International Financial Reporting and the generally accepted accounting practice, International Financial Reporting Standards (IFRS) and in the manner required by the State Corporations Act, Cap 446. 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 Corporation 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 the financial statements, as well as adequate systems of internal financial control.

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

Approved by the Board of Directors on <sup>27th</sup>.....**September 2013** and signed on its behalf by:

**Chairman:** .....  


**Managing Director:** .....  


# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)

P.O. Box 30084-00100  
NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL HOUSING CORPORATION FOR THE YEAR ENDED 30 JUNE 2013

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying consolidated financial statements of National Housing Corporation set out on pages 2 to 22, which comprise the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of its financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about 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 the 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 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1.0 Avoidable Expenditure - Purchase of Prime Land**

The Corporation advertised for Expression of Interest (EOI) on 13 December 2012 for purchase of prime land in Nairobi. Nineteen (19) bidders responded and after evaluation, the Management settled on a parcel of Land, L.R No. 209/19715, measuring 10 acres, located in Imara Daima area at an offer price of Kshs.800,000,000.

However, M/s Diamond Trust Bank informed the Corporation that the land identified for purchase was under charge with the Bank for a loan of Kshs.340,000,000 advanced to an Investment Company which, at that time, had outstanding balance of Kshs.42,499,772.18. The Corporation was also informed that a live high voltage power line passes through the land and that the actual size of the land is 9.87 acres, not 10 acres as indicated by the seller. In addition, a company of Advocates had issued a caveat emptor on the land on the grounds that whereas the seller had purchased the land from another company, its title was imperfect because initial seller's purported grant was fraudulently acquired.

The Corporation, on 25 April 2013, instructed the Ministry of Lands to carry out a valuation on the land. The Ministry gave the land a value of Kshs.730,000,000 and was paid a fee of Kshs.920,000 vide bankers cheque No.027831 dated 7 June 2013. This particular expenditure has been included in the consolidated statement of comprehensive income figure of Kshs.10,245,250 in respect to Consultancy General under Other Operating Expenses.

Although the Management stated that the valuation process was a critical matter that formed the basis for negotiation, the Corporation ended up spending Kshs.920,000 that could have been avoided had the Corporation exercised due diligence.

#### **2.0 Stalled Projects**

##### **2.1 Changamwe Infil Phase II**

A contract for the Changamwe Infil Phase II was awarded to M/s Dickways at a contract price of Kshs.189,698,208, for a contract period of 52 weeks commencing on 14 August 2012 to be completed on 11 September 2013. However, in September

2012, the National Environment Management Authority (NEMA) stopped the project citing failure by the Corporation to carry out and submit an Environmental Impact Assessment Report.

The Corporation paid NEMA Kshs.96,362.30 to obtain a license for the assessment and engaged M/s Mazingira and Engineering Consultants to carry out the assessment at a fee of Kshs.174,000. The Consultants advised that the assessment required wider public consultations and an in-depth analysis, both of which would take a long time.

Since then, the project has remained suspended. As at the time of suspension, the contractor had been paid a total of Kshs.38,387,434 which, together with the payments to NEMA and the consultants, brings the total expenditure to Kshs.38,657,796.30. The expenditure is included in the figure of Kshs. 911,974,296 – Housing Schemes in Progress in the consolidated statement of financial position.

No explanation has been provided for incurring expenditure before obtaining Impact Assessment Certificate from NEMA. The Corporation, therefore, did not obtain value for money for payments so far made towards the project.

## **2.2 Nyeri Mortgage Housing Scheme Phase II**

In May 2010, the Corporation awarded a contract to M/s Westcon Contractors for construction of 45 housing units under the Nyeri Mortgage Housing Scheme Phase II, at a contract sum of Kshs.112,590,500 commencing on 14 May 2010 to be completed on 13 June 2011.

However, after several extensions, the firm was unable to complete the project and the Corporation subsequently terminated the contract on 30 March 2012. As at the time of termination, the contractor had been paid a total of Kshs.57,932,759.90.

The contract was awarded to another contractor, M/s Island Home Developers at a contract sum of Kshs.61,346,731.70 commencing on 22 October 2012 to be completed on 5 June 2013. Consequently, the total contract cost rose to Kshs.119,279,491.60, Kshs.6,688,991.60 higher than the original cost of Kshs.112,590,500. As at 30 June 2013, the contractor had been paid a total of Kshs.14,979,444 vide payment voucher numbers 1315 (cheque Number 019955) and 2086 (cheque number 020714) for Kshs.5,702,116.20 and Kshs.9,277,327.80 respectively, charged under Housing Schemes in Progress figure of Kshs. 911,974,296 in the Consolidated Statement of Financial Position. As at that date, the contract had not been completed, although the completion period had elapsed.

## **2.3 Langata Housing Scheme Phases IV and V**

The above contract was awarded to M/s Lemma International Inc. at a contract sum of Kshs.902,146,260, commencing on 29 December 2010 to be completed on 27

December 2011. The contract period was later extended to October 2012 for Phase IV and April 2013 for Phase V. In July 2011, the Corporation paid the contractor an advance amount of Kshs.180,000,000.00. The contractor was paid a further Kshs.100,000,000 vide payment voucher number 67 (cheque number 001029) dated 21.11.12 bringing the total payments to Kshs.280,000,000 also included in the figure of Kshs. 911,974,296 – Housing Schemes in Progress. A progress report dated 25 July 2013 indicates that although the contract period had elapsed, only 64.52% of the work had been completed. No explanation has been given for failure to complete the projects as scheduled and no evidence has been provided in support of extension of contract period.

### **3.0 Property, Plant and Equipment**

**3.1** The Property, Plant and Equipment balance of Kshs.2,856,006,973 as at 30 June 2013 includes a Land and Building balance of Kshs.2,248,441,701. The figure includes Kshs.248,286,555.54 being the value for Likoni serviced plots and the EPS Factory at Mavoko amounting to Kshs.17,269,600 and Kshs.231,016,955.54 respectively. However, no ownership documents were made available for audit verification for both the Likoni serviced plots and Mavoko Land on which the EPS Factory Buildings stand. Consequently, the ownership of these properties could not be confirmed as at 30 June 2013.

**3.2** The Property, Plant and Equipment balance of Kshs.2,856,006,973 also includes Motor Vehicles balance of Kshs.29,240,826 as at 30 June 2013. The figure includes two motor vehicles Registration Numbers KBR 909K and KBN 909A valued at Kshs.7,560,000 and Kshs.2,560,000 respectively, whose logbooks were not made available for audit review. As a result, it has not been possible to ascertain the ownership of the vehicles.

**3.3** Note 13 to the financial statements reflects a figure of Kshs.64,362,908 under depreciation charge for the year while Note 6 reflects a figure of Kshs.56,630,407 against the same item. No explanation or reconciliation has been provided for the difference of Kshs.7,732,501 between the two sets of figures.

### **4.0 Investment in Research Development Unit**

**4.1** As similarly reported in 2011/2012, the Investment of the Corporation in Research Development Unit Company Ltd (a wholly owned subsidiary) totalled Kshs.99,457,797 as at 30 June 2013. However, no share certificate in support of the investment was availed for audit review and, as a result of which, it has not been possible to confirm the ownership of the company.

**4.2** The Statement of Comprehensive Income for the year ended 30 June 2013 for the Research Development Unit Company shows that the Unit reported a loss of Kshs.6,972,122 (2011/2012 - Kshs.15,755,578). The Corporation is not likely to

benefit from the Investment in the subsidiary unless the trend of losses is reversed. Further, the company's statement of financial position reflects a negative working capital of Kshs.2,220,448.

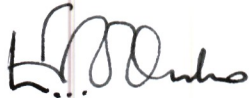
## **5.0 Debtors and Prepayments**

Note 20 to the financial statements reflects a balance of Kshs.118,921,396 under Rent arrears which increased substantially by Kshs.14,245,637, from Kshs.104,675,759 reported in 2011/2012. No explanation has been given for the huge increase in rent debtors and also no indication has been seen as to any measures the corporation has put in place to address the unsatisfactory state of affairs.

Further, according to the supporting schedule for Rent Debtors, the balance of Kshs.118,921,396 is net of several unexplained credit balances. No reason or reconciliation has been provided for the credit balances reflected against an item which under normal circumstances should show debit balances.

## **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements fairly present, in all material respects, the financial position of National Housing Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Housing Act, Cap 117 of the Laws of Kenya.



**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**10 September 2014**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2012/2013 Kshs.	2011/2012 Kshs.
<b>INCOME</b>			
TURNOVER	2	1,458,999,394	1,048,018,812
EPS Trading loss	3	(3,155,758)	
		<b>1,455,843,636</b>	<b>1,048,018,812</b>
<b>EXPENSES</b>			
INTEREST EXPENSE	4	1,389,200	1,391,511
STAFF COSTS	5	377,786,030	322,331,208
OTHER OPERATING EXPENSES	6	260,336,109	261,435,325
		<b>639,511,339</b>	<b>585,158,044</b>
<b>PROFIT BEFORE TAX</b>		<b>816,332,297</b>	<b>462,860,768</b>
TAX	23	246,991,326	148,519,876
<b>PROFIT AFTER TAX</b>		<b>569,340,971</b>	<b>314,340,892</b>
<b>APPROPRIATION</b>			
PROPOSED DIVIDENDS	7	57,631,309	33,009,647
RETAINED PROFITS		<b>511,709,662</b>	<b>281,331,245</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2013

<b>CAPITAL EMPLOYED</b>		<b>2012/2013</b>	<b>2011/2012</b>
	<b>Notes</b>	<b>Kshs</b>	<b>Kshs</b>
LONG TERM BORROWING	8	1,218,807,146	1,777,976,178
EQUITY	9	6,936,000,000	6,936,000,000
RDU COMPANY LTD	10	137,529,105	137,529,105
UNREALISED GAIN ON HSE SALE	11	529,586,160	404,999,870
RETAINED PROFITS	12	1,864,775,717	1,366,137,365
		<b>10,686,698,128</b>	<b>10,622,642,518</b>
<b>REPRESENTED BY</b>			
<b>NON CURRENT ASSETS</b>			
PROPERTY, PLANT AND EQUIPMENT	13	2,856,006,973	2,313,606,754
LONG TERM LOANS ADVANCED	14	3,970,977,458	3,546,981,999
INVESTMENT	15	104,657,797	104,657,797
GOVERNMENT SECURITIES	16	200,232,000	201,621,200
		<b>7,131,874,228</b>	<b>6,166,867,750</b>
<b>CURRENT ASSETS</b>			
HOUSING SCHEMES IN PROGRESS	17	911,974,296	4,113,292,860
LOAN AMOUNTS RECEIVABLE	18	3,061,147,369	1,348,562,637
INVENTORIES	19	207,638,430	10,082,197
DEBTORS & PREPAYMENTS	20	103,203,749	514,383,262
CASH & CASH EQUIVALENTS	21	883,607,200	1,061,687,210
		<b>5,167,571,044</b>	<b>7,048,008,166</b>
<b>TOTAL ASSETS</b>		<b>12,299,445,272</b>	<b>13,214,875,916</b>
<b>LIABILITIES</b>			
TRADE & OTHER PAYABLES	22	1,353,854,762	2,474,374,159
PROPOSED DIVIDENDS	7	90,640,956	33,009,647
TAXATION	23	168,251,426	84,849,592
<b>TOTAL LIABILITIES</b>		<b>1,612,747,144</b>	<b>2,592,233,398</b>
<b>NET ASSETS</b>		<b>10,686,698,128</b>	<b>10,622,642,518</b>

CHAIRMAN.....

DATE.....

27th September 2013

MANAGING DIRECTOR.....

DATE.....

27th September 2013

The notes on pages 9 to 22 form part of these accounts.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2013

	EQUITY	RDU PROJECT	UNREALISED GAIN ON SALE OF HOUSES	RETAINED PROFIT	TOTAL
	Ksh	Ksh	Ksh	Ksh	Ksh
<b>1ST JULY 2011</b>	<b>6,936,000,000</b>	<b>137,529,105</b>	<b>433,291,541</b>	<b>1,028,315,570</b>	<b>8,535,136,216</b>
Prior Year Adjustments				(7,650,255)	(7,650,255)
House Equalisation Reserve				64,140,805	64,140,805
Unrealised Profit			2,205,866		2,205,866
Realised Gain			(30,497,537)		(30,497,537)
Profit for the year				281,331,245	281,331,245
<b>30TH JUNE 2012</b>	<b>6,936,000,000</b>	<b>137,529,105</b>	<b>404,999,870</b>	<b>1,366,137,365</b>	<b>8,844,666,340</b>
<b>1ST JULY 2012</b>	<b>6,936,000,000</b>	<b>137,529,105</b>	<b>404,999,870</b>	<b>1,366,137,365</b>	<b>8,844,666,340</b>
Prior Year Adjustments				(37,466,877)	(37,466,877)
Unrealised Gain			124,586,291		124,586,291
House Equalisation Reserve				68,198,546	68,198,546
Dividends paid for 2010/2011				(43,802,979)	(43,802,979)
Proposed Dividends for the year				(57,631,309)	(57,631,309)
Profit after tax for the year				569,340,971	569,340,971
<b>30TH JUNE 2013</b>	<b>6,936,000,000</b>	<b>137,529,105</b>	<b>529,586,161</b>	<b>1,864,775,717</b>	<b>9,467,890,983</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2012/2013 KSh	2011/2012 KSh
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	25	1,600,454,125	(680,794,556)
Tax paid		(162,461,573)	(210,781,694)
Net cash from operating activities		<b>1,437,992,552</b>	<b>(891,576,250)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets	13	(594,625,171)	(369,306,176)
Loans advanced		(187,990,560)	(316,996,253)
Tenant purchase		(744,596,618)	(167,692,869)
Cash proceeds from disposal of assets		1,347,660	116,700
Retirement of Treasury Bonds		-	109,000,000
Redemption of Long term loans		164,826,472	179,910,068
Repayment by Tenant Purchasers		347,937,665	250,348,743
Net cash from/ investing activities		<b>(1,013,100,552)</b>	<b>(314,619,787)</b>
<b>FINANCING ACTIVITIES</b>			
Long term loan borrowed		1,683,924,238	1,777,976,178
Long term loan repayment		(2,243,093,269)	
Dividends paid		(43,802,979)	(21,580,958)
Net cash used in financing activities		(602,972,010)	1,756,395,220
<b>Decrease in cash and cash equivalents</b>		<b>(178,080,010)</b>	<b>550,199,183</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
At start of the year		1,061,687,210	511,488,027
<b>At end of year</b>	21	<b>883,607,200</b>	<b>1,061,687,210</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year except as stated below:

#### Adoption of new and revised international financial reporting standards

In 2005 several new and revised standards became effective for the first time and have been adopted by the Corporation where relevant to its operations. The adoption of these new and revised standards had no effect on the amounts reported for the current or prior year. This only resulted in changes in presentation and disclosure:

- IAS 16 has required the disclosure of comparative figures for movements in property and equipment
- IAS 24 has required the disclosure of the compensation of key management personnel.

#### a. BASIS OF PREPARATION

The financial statements are presented in Kenya Shillings (Kshs.) and prepared under the historical cost convention, as modified by the carrying of certain investments at fair value.

The preparation of financial statements in conformity with generally accepted accounting principles and IFRS requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

#### b. PLANT, EQUIPMENT AND MOTOR VEHICLES

All items of plant, equipment and motor vehicles are recorded at cost less depreciation.

Depreciation is calculated on the reducing balance basis, at the following annual rates:

- Computer System	- 30%
- Furniture, Fittings & Equipment	- 20%
- Motor Vehicles	- 25%
- Buildings	- 2.5%
- EPS Buildings	- 2.5%
- EPS Plant and Machinery	- 5%

Gains and losses on disposal of motor vehicles are determined by reference to their carrying amounts and are taken into account in determining the operating profit.

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
**FOR THE YEAR ENDED 30 JUNE 2013****c. OTHER INVESTMENTS**

The Corporation has investments in securities issued by the Kenya Government. Any premium or discount is amortized through statement of comprehensive income, based on the life of the investment.

**d. INVESTMENT INCOME**

Investment income is stated net of investment expenses. Interest is recognized as income in the period in which it is earned.

**e. TRANSLATION OF FOREIGN CURRENCIES**

The transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. The differences arising from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

**f. RETIREMENT BENEFIT OBLIGATIONS**

The Corporation operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Corporation and the employees.

The Corporation also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Corporation's obligation under the scheme is limited to specific monthly contributions legislated from time to time and were fixed at Sh.200 per employee.

The Corporation's contribution to the defined contribution retirement benefit scheme and to the NSSF in respect of current service is charged to the statement of comprehensive income in the year.

**g. CASH AND CASH EQUIVALENT**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and short term deposits, highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

**h. INVENTORIES**

Consumable stocks are valued at the lower of cost and net realizable value, on the basis of first in first out.



**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
**FOR THE YEAR ENDED 30 JUNE 2013**

**i. REVENUE RECOGNITION**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable. A provision for doubtful debts is made when collection of the full amount is no longer probable.

**j. HOUSING SCHEMES IN PROGRESS**

These refer to capital works in progress relating to housing projects under construction. Costs include construction costs to date and all direct and indirect expenses incurred in respect of a particular project.

The amounts are transferred to the appropriate property category either as tenant purchase or as rental schemes once the project is completed and closed.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**
**2. TURNOVER**

The sources of income are as stipulated below:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Interest	559,011,326	584,182,464
Rents	200,449,519	193,958,081
Professional Fees	25,651,374	61,512,227
Gain on Sale of Houses	660,131,157	188,817,794
RDU Sales	-	2,887,613
Other Income	13,756,018	16,660,633
	<b>1,458,999,394</b>	<b>1,048,018,812</b>

**3. EPS TRADING LOSS**
**Manufacturing Account**

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Raw Materials	19,196,905	-
Direct labour	12,788,775	-
Other Factory Overheads	20,902,886	-
<b>Prime costs</b>	<b>52,888,566</b>	-
Fixed Factory Overheads	12,353,636	-
Cost of WIP	(6,373,843)	-
<b>Cost of Finished panels</b>	<b>58,868,359</b>	-



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**Trading profit & loss**

	2012/2013 Ksh.	2011/2012 Ksh.
<b>Sales</b>	1,273,759	-
<b>Cost of Goods Sold</b>		
Cost of Finished stock	58,868,359	-
Closing Stock of finished panels	(55,213,899)	-
<b>Cost of goods sold</b>	<b>3,654,460</b>	-
Gross loss	(2,380,701)	-
Other Income	1,979,275	-
	<b>(401,426)</b>	-
Selling and Marketing costs	1,122,395	-
Administration Expenses	1,631,937	-
	2,754,332	-
<b>Trading Loss</b>	<b>(3,155,758)</b>	-

**4. INTEREST EXPENSE**

The interest expense is made up of:

	2012/2013 Ksh.	2011/2012 Ksh.
Bond Premiums Amortised	1,389,200	1,391,511

**5. STAFF COSTS**

Staff costs comprise the following:

	2012/2013 Ksh.	2011/2012 Ksh.
Retirement Benefit Costs	39,550,486	36,899,948
Salaries & Emoluments	338,235,544	285,431,260
	<b>377,786,030</b>	<b>322,331,208</b>

The number of persons employed by the Corporation as at 30.06.2013 was 270 (as at 30.06.2012: 256).



**NOTES TO THE FINANCIAL STATEMENTS ( continued )**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

**6. PROFIT BEFORE TAX**

Profit before tax is stated after charging:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
Depreciation	56,630,407	44,398,597
Directors Expenses	12,650,162	15,265,038
Auditors Remuneration	1,420,960	1,056,000
	<b>70,701,529</b>	<b>60,719,635</b>
<b>Other Operating Expenses</b>		
Property & Estates	40,633,300	40,361,791
Motor Vehicle Expenses	7,720,620	9,853,993
Repairs of Equipment	4,321,349	6,514,398
Travelling General	7,710,509	10,400,601
Printing & Stationery	8,222,979	12,073,489
Office rents	19,025,645	18,951,689
Postage & Telephones	3,906,934	4,537,560
Advertising	9,227,232	7,597,639
Insurance	5,487,867	4,185,552
Bank Charges	3,040,739	2,469,351
Library Expenses	777,665	1,045,175
Staff Uniforms	442,455	525,727
Exhibition	238,106	232,942
Training	3,980,443	12,715,055
Bad Debts Provision- General	9,893,079	15,832,595
Post Contract Payments	29,126,395	982,109
Debt Collection Expenses	4,432,606	4,010,503
Legal Charges	4,157,177	12,129,628
Staff Sports Club	641,765	925,561
Consultancy General	10,245,250	8,999,603
Direct Costs - RDU	192,905	9,109,135
Medical in Patient	5,732,729	7,504,897
Donations	408,378	671,237
Entertainment	10,068,453	9,085,460
	<b>189,634,580</b>	<b>200,715,690</b>
	<b>260,336,109</b>	<b>261,435,325</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**7. PROPOSED DIVIDEND**

In 2012/2013, a provision of Ksh.57, 631,309 has been made (2011/2012: Ksh.33, 009,647) at 10% of the after tax profits.

**8. LONG TERM BORROWING**

The corporation balance of amounts borrowed at a close of the years was ksh.1, 218,807,146 which was mainly through contractors financing arrangement for the construction of Langata IV & V and Madaraka B & D. Further the Corporation paid off the liabilities with Co-operative bank of Kenya Ltd and National bank of Kenya during the year to a tune of Kshs. 1,683,924,238.

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Cooperative Bank of Kenya	-	649,155,744
National Bank of Kenya	-	502,536,431
EPCO Builders Ltd	667,397,256	419,511,113
LEMNA International Inc	551,409,890	206,772,890
	<b>1,218,807,146</b>	<b>1,777,976,178</b>

In these Financial Statements long term loans refers to amounts borrowed or advanced and payable over a period exceeding 12 months.

**9. EQUITY**

The Corporation is formed under the Housing Act, Cap 117 and is fully owned by the Government of Kenya. There was no capital injection in the year under review as part of the approved capital injection of Kshs 4.8 billion in the capital restructuring process.

	<b>2012/2013</b>	<b>2011/2011</b>
	<b>Ksh.</b>	<b>Ksh.</b>
GOK Block Equity	6,936,000,000	6,936,000,000
<b>TOTAL</b>	<b>6,936,000,000</b>	<b>6,936,000,000</b>

**10. RDU COMPANY LIMITED**

The RDU project was handed over to the Corporation from GOK in March 2002 when the British Government had given the following grants, which formed part of RDU Co. Ltd equity.

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
DFID Grant	8,091,308	8,091,308
DFID Project Grant	29,980,000	29,980,000
NHC Investment	99,457,797	99,457,797
	<b>137,529,105</b>	<b>137,529,105</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**
**11. UNREALISED GAIN ON SALE OF HOUSES**

This is the gain on sale of Tenant Purchase schemes, which will be realized over the life of the Tenant Purchase loans. The balance on the balance sheet date was Ksh.529, 586,160.

**12. RETAINED PROFITS**

The make up of this is as follows:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Opening balance	1,366,137,365	1,028,315,570
Prior Year Adjustments	(37,466,877)	(7,650,255)
Proposed Dividends for the year	(57,631,309)	(33,009,647)
Dividends for the 2010/2011	(43,802,979)	
Profit after tax for the year	569,340,971	314,340,892
House Equalization Reserve	68,198,546	64,140,805
<b>Closing balance</b>	<b>1,864,775,717</b>	<b>1,366,137,365</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**13. PROPERTY, PLANT & EQUIPMENT MOVEMENT SCHEDULE**

	<b>LAND &amp; BUILDINGS</b>	<b>EPS Production PLANT &amp; MACHINERY</b>	<b>MOTOR VEHICLES</b>	<b>PLANT &amp; EQUIPMENT</b>	<b>FURNITURE &amp; FITTINGS</b>	<b>COMPUTER SYSTEM</b>	<b>TOTAL</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b><u>COST</u></b>							
AT 1ST JULY 2011	2,053,876,767	-	59,920,338	63,345,966	35,338,549	79,568,721	2,292,050,341
Additions	331,844,989	-	1,692,000	349,715	18,462,675	16,956,797	369,306,176
Disposals/ Adjustments	(37,136,338)	-	-	-	-	-	(37,136,338)
<b>AT 30th JUNE 2012</b>	<b>2,348,585,418</b>	<b>-</b>	<b>61,612,338</b>	<b>63,695,681</b>	<b>53,801,224</b>	<b>96,525,518</b>	<b>2,624,220,179</b>
AT 1ST JULY 2012	2,348,585,418	-	61,612,338	63,695,681	53,801,224	96,525,518	2,624,220,179
Additions	310,494,110	507,373,727	12,107,407	11,192,694	5,427,554	3,876,236	850,471,728
Disposals/ Adjustments	(243,910,802)	-	(3,152,052)	(86,400)	-	(152,300)	(247,301,554)
<b>AT 30th JUNE 2013</b>	<b>2,415,168,726</b>	<b>507,373,727</b>	<b>70,567,693</b>	<b>74,801,975</b>	<b>59,228,778</b>	<b>100,249,454</b>	<b>3,227,390,353</b>
<b><u>DEPRECIATION</u></b>							
At 1st July 2011	113,082,301	-	28,869,617	36,175,203	28,832,525	59,255,182	266,214,828
Charge for the Year	22,488,685	-	7,416,223	4,895,533	2,370,361	7,227,795	44,398,597
<b>AT 30th JUNE 2012</b>	<b>135,570,986</b>	<b>-</b>	<b>36,285,840</b>	<b>41,070,736</b>	<b>31,202,886</b>	<b>66,482,977</b>	<b>310,613,425</b>
At 1st July 2012	135,570,986	-	36,285,840	41,070,736	31,202,886	66,482,977	310,613,425
Charge for the Year	32,075,579	6,391,211	7,581,652	5,525,374	4,543,140	8,245,952	64,362,908
On Disposal	(919,540)	-	(2,540,625)	(34,505)	-	(98,283)	(3,592,953)
<b>AT 30th JUNE 2013</b>	<b>166,727,025</b>	<b>6,391,211</b>	<b>41,326,867</b>	<b>46,561,605</b>	<b>35,746,026</b>	<b>74,630,646</b>	<b>371,383,380</b>
<b><u>NET BOOK VALUE</u></b>							
At 30th June 2012	2,213,014,432	-	25,326,498	22,624,945	22,598,338	30,042,541	2,313,606,754
<b>AT 30th June 2013</b>	<b>2,248,441,701</b>	<b>500,982,516</b>	<b>29,240,826</b>	<b>28,240,370</b>	<b>23,482,752</b>	<b>25,618,808</b>	<b>2,856,006,973</b>

Depreciation on other fixed asset items at KSh.64, 362,908 has also been charged in the statement of comprehensive income. The increase in the carrying value of Land and buildings was due to the transfer of the cost of EPS Buildings and Likoni Serviced plot from Work in progress to Land and buildings category.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**
**14. LONG TERM LOANS ADVANCED**

These include loans to Local Authorities, Rural Housing Loans, Car Loans and Tenant Purchase Loans.

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Local Authorities	67,454,463	81,939,310
Rural Housing Loans	643,587,061	602,090,451
Staff Loans	551,590,253	553,241,986
	<b>1,262,631,777</b>	<b>1,237,271,747</b>
<b>TENANT PURCHASE</b>		
Schemes at redemption	2,708,345,681	2,309,710,252
	<b>2,708,345,681</b>	<b>2,309,710,252</b>
	<b>3,970,977,458</b>	<b>3,546,981,999</b>

Tenant Purchase Houses can be repossessed for reallocation in cases where purchasers default on the provisions of the Tenant Purchase agreement.

**15. INVESTMENTS**

These are investments held with;

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
<b>CONSOLIDATED BANK OF KENYA</b>		
4% Non-Cum Pref. Shares of Sh.20.00 each.	4,100,000	4,100,000
Ordinary Shares of Sh.20 each	1,100,000	1,100,000
<b>RDU CO. LIMITED</b>		
Ordinary Shares of Sh.20 each	99,457,797	99,457,797
	<b>104,657,797</b>	<b>104,657,797</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

The shares in Consolidated Bank of Kenya are valued at cost. They arose following take-over of some troubled financial institutions by the Government. These institutions were Jimba Credit, Union Bank and Business Finance Ltd.

**16. GOVERNMENT SECURITIES**

These are investments in Treasury Bonds with the following maturity profile at year end:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
In 5 to 10 Years	200,000,000	213,896,000
Discount on Maturities	-	(487,305)
Amortised Discount	232,000	487,305
Amortised premium	-	(12,274,800)
	<b>200,232,000</b>	<b>201,621,200</b>

The discount and premiums on purchase of the securities has been written down to the Profit And Loss Account, based on the lifespan of a particular security.

**17. HOUSING SCHEMES IN PROGRESS**

These are valued at cost and comprise:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Tenant Purchase	654,263,437	762,502,159
Outright sale	98,124,948	2,575,073,624
EPS Factory	-	706,608,646
Other Projects	159,585,911	69,108,431
	<b>911,974,296</b>	<b>4,113,292,860</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**18. LOAN AMOUNTS RECEIVABLE**

	<b>2012/2013</b> <b>Kshs.</b>	<b>2011/2012</b> <b>Kshs.</b>
<b>Rural Housing Loans</b>		
Amounts Due	405,800,842	355,470,791
Provision for bad and doubtful debts	(63,041,761)	(58,869,349)
	<b>342,759,081</b>	<b>296,601,442</b>
Local Authorities	916,187,121	822,972,289
Staff loans	27,715,531	21,780,489
Tenant Purchase	24,701,346	207,208,417
Overnight sale Debtors	1,749,784,290	-
	<b>3,061,147,369</b>	<b>1,348,562,637</b>

A general Provision for Bad debts is provided for Rural Housing Loans. Local Authority loans are secured on the properties.

**19. INVENTORIES**

Inventories have been valued at the lower of cost and net realisable value (NRV), and are made up of:

	<b>2012/2013</b> <b>Ksh</b>	<b>2011/2012</b> <b>Ksh</b>
Stock of Unsold Houses	-	3,447,758
Consumable Stores-NHC	2,400,303	2,644,416
Stock of Finished Panels- EPS	55,213,899	
Consumable Stores-EPS	2,788,800	-
Stock of Raw materials-EPS	136,537,196	
Work In Progress at EPS	6,373,843	
Work In Progress at RDU Co. Ltd	3,544,047	2,782,831
Stock of Timber and other RDU Stores	780,342	1,207,192
	<b>207,638,430</b>	<b>10,082,197</b>



**NOTES TO THE FINANCIAL STATEMENTS** (Continued)  
**FOR THE YEAR ENDED 30 JUNE 2013**

**20. DEBTORS AND PREPAYMENTS**

These are made up of:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Rent Arrears	118,921,396	104,675,759
Provision for bad debts on Rents	(55,922,567)	(37,401,291)
Due from House purchasers	-	389,728,351
Sundry Debtors	51,948,123	69,123,646
Provision for bad debts on RDU debtors	(11,743,203)	(11,743,203)
	<b>103,203,749</b>	<b>514,383,262</b>

A general provision on bad debts has been made at 10% of the rent debtors and at 30% on the RDU debtors. Included in sundry debtors is excess interest of Kshs. 1,454,267 erroneously charged by Co-operative bank Limited on the loan balance as at the Balance Sheet date. This amount was refunded in the month of July 2013.

**21. CASH AND CASH EQUIVALENTS**

For purposes of the cash flow statement, cash and cash equivalents represent cash and bank balances and investments in 91-day Treasury Bills. These were:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
NHC Bank accounts	879,715,087	958,856,050
Treasury Bills	-	100,586,230
	<b>879,715,087</b>	<b>1,059,442,280</b>
RDU Limited Bank account	3,892,113	2,244,930
	<b>883,607,200</b>	<b>1,061,687,210</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**
**22. TRADE AND OTHER PAYABLES**

These comprise:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
House Deposits	640,396,987	2,147,947,719
TP Service Charge	17,624,610	2,191,178
Contractors	555,877,949	217,941,466
Sundry Creditors	139,955,216	106,293,796
	<b>1,353,854,762</b>	<b>2,474,374,159</b>

House deposits are amounts received from prospective house purchasers in respect of the various housing schemes. The amounts are treated as creditors until the houses are completed and handed over to purchasers. Tenant Purchase service charge is amounts accrued and payable by house tenant purchasers to cater for maintenance of common areas and insurance of properties against fire and perils.

The amounts due to contractors relate to amounts accrued in respect of the ongoing and completed housing projects, the sundry creditors comprise amounts owed to suppliers of goods and services, un-apportioned credits in Local Authorities, Agent and VAT Holding Accounts among others.

**23. TAXATION**

A provision of Kshs. 246,991,326 was made during the year. However, total instalment tax of ksh.145, 308,922 based on 2011/2012 profits was paid. The total tax paid in the year is Kshs 162,461,573 comprising instalment tax of Kshs.145, 307,922 and final assessment tax for the previous year of Kshs.17, 153,651.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**

**24. RELATED PARTY TRANSACTIONS**

**(a) Staff Loans**

The amounts outstanding (balances not due) on loans to officers of the Corporation are:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
Tenant Purchase Loans	383,255,858	184,595,902
Car Loans	31,798,400	44,687,085
Computer Loans	945,995	434,654
House loans	511,245,859	529,585,102
	<b>927,246,112</b>	<b>759,302,743</b>

These loans have been advanced per the terms prescribed in the terms of employment and the Corporation Regulations.

**(b) Directors Expenses**

The directors' expenses were KSh.12, 650,162. (2011/2012: Kshs. 15,265,038).

**(c) Remuneration of Key Management**

Included in the Staff Cost in Note 3 are the salaries and benefits of top management as follows:

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh</b>	<b>Ksh</b>
Salaries & Benefits	11,357,906	15,273,202

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013**
**25. CASH GENERATED FROM OPERATING ACTIVITIES**

	2012/2013 Ksh.	2011/2012 Ksh.
<b>CASHFLOW GENERATED FROM OPERATIONS</b>		
<b>Net Profit (Loss) before Tax</b>	816,332,297	462,860,768
<b>Adjustments:</b>		
<b>For items not involving movement of cash</b>		
Depreciation	64,362,908	44,398,597
Unrealised gain on sale of houses	124,586,291	2,205,866
Realised gain on sale of houses	-	30,497,537
Bad Debts Provisions	9,893,079	15,832,595
Adjustment on T Bonds premium	1,389,200	1,518,120
House Equalization Account	68,198,546	64,140,805
(Gain )or loss on disposal of fixed assets	(629,270)	-
Adjustments of Fixed Assets	-	(37,136,338)
Prior year adjustments	(37,466,878)	(7,650,255)
<b>Operating profit before working capital</b>	<b>1,046,666,173</b>	<b>576,667,695</b>
<b>Working capital adjustments:</b>		
(Increase) in debtors & prepayments	411,179,513	514,630,981
Decrease (Increase) in inventories	(197,556,233)	2,994,062
(Decrease) Increase in creditors	(1,120,519,397)	(270,460,549)
Housing schemes in progress	3,173,268,801	(1,611,149,860)
Arrears on loan charges	(1,712,584,732)	106,523,115
<b>Working capital changes</b>	<b>553,787,952</b>	<b>(1,257,462,251)</b>
<b>NET CASH GENERATED FROM OPERATIONS</b>	<b>1,600,454,125</b>	<b>(680,794,556)</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2013****26. REDEMPTION OF LONG TERM LOAN**

Long term loans includes loans to Local Authorities, Rural Housing Loans and staff loans. See Note 14,

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Ksh.</b>	<b>Ksh.</b>
<b>LONG TERM LOANS</b>		
<b>TENANT PURCHASE</b>		
At Start	2,309,710,252	2,392,370,377
Advances	744,596,618	167,692,869
Repayments	(347,937,665)	(250,352,994)
<b>At 30th June</b>	<b>2,706,369,205</b>	<b>2,309,710,252</b>
<b>OTHER LOANS</b>		
At Start	1,237,271,747	1,107,847,907
Advances	187,990,566	316,996,253
Repayments	(160,654,060)	(187,572,413)
<b>At 30th June</b>	<b>1,264,608,253</b>	<b>1,237,271,747</b>
	<b>3,970,977,458</b>	<b>3,546,981,999</b>