

REPUBLIC OF KENYA



*Paper Hard*  
*By the majority whip*  
*Com. Benjamin W. Mutahi*  
*Wednesday Morning*  
*Sitting*  
*7/11/2018*



OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
CIVIL SERVANTS HOUSING  
SCHEME FUND**

**FOR THE YEAR ENDED  
30 JUNE 2017**

**STATE DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**



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**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN  
DEVELOPMENT**

***(CIVIL SERVANTS HOUSING SCHEME FUND)***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2017**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)**

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## KEY ENTITY INFORMATION AND MANAGEMENT

### (a) Background information

The Civil Servants Housing Scheme Fund (CSHSF) was established when The Civil Servants Housing Scheme Fund Regulation, 2004 were gazetted through legal notice no. 98 dated 15<sup>th</sup> September 2004 under the housing act Cap 117. This was after the cabinet approved the establishment of the Fund. Further on the Civil Servants (Housing Scheme Fund) (Amendment) Regulation, 2015 were gazetted as legal notice No. 231 of 7<sup>th</sup> December 2015.

The establishment of the fund is in line with the National Housing Policy for Kenya 2004 (Sessional Paper No. 3). The policy among other things called for facilitation of employers to assist their employees to acquire housing. At the heart of Employer Assisted Housing is the idea that employees should be able to afford to live in the communities or neighbourhoods in which they work, and that there are multiple benefits to being able to do so.

The Cabinet Secretary in charge for the housing function is responsible for the general policy and strategic direction of the CSHSF whereas the principal secretary is the administrator of the Fund. The day to day activities of the CSHSF are handled through a secretariat.

### (b) Principal Activities

The Constitution under section 42 and 43 accords every person the right to a clean and healthy environment, and the right to accessible and adequate housing, and to reasonable standards of sanitation. The main objective of the Civil Servants Housing Scheme Fund is to facilitate access of housing to Civil Servants. The specific objectives for which the Fund was introduced as provided by legal notice No 98 on Civil Servants (Housing Scheme Fund) regulations include:-

- a) Providing housing loan facilities to civil servants for the purpose of either purchasing or constructing a residential house.
- b) Developing housing units for sale and for rental by civil servants and,
- c) Mobilizing funds for the implementation of the above.

*Mandate*

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Facilitates civil servants access affordable housing through provision of mortgage and loan facilities for housing purchase or construction; development of housing for sale and rental; mobilization of financial resources for housing delivery to civil servants; and estate management of fund houses.

*Vision of the Department:*

Excellent, Affordable, Adequate housing for Civil Servants.

*Mission of the Department:*

To facilitate and empower Civil Servants to own affordable housing in secure environments through loan facilities for development or purchase of houses.

**SCHEME MANAGEMENT COMMITTEE**

The Fund is administered by the Accounting Officer / Principal Secretary of the Ministry for the time being responsible for matters related to housing. Management of the Fund is overseen by the Scheme Management Committee (SMC) for the reporting period comprising:

- i. Officer administering the Fund,
- ii. Principal Secretary responsible for the National Treasury
- iii. Principal Secretary responsible for labour, social security and services
- iv. Principal Secretary responsible for human resource management and development
- v. Principal Secretary responsible for Infrastructure
- vi. Principal Secretary responsible for coordination of National Government.
- vii. The Attorney General.

The scheme is administered by the administrator through a secretariat which carries out the day to day activities of the Fund. The Officer in charge of the Fund Secretariat is also the Fund Director and Secretary of the SMC. The Director is assisted by project management, estate management and scheme accountant teams.

**(c) Fiduciary Management**

During the financial year under focus CSHSF operations were undertaken by the Fund Secretariat and administered by “the Officer Administering the Fund – the Principal Secretary, State Department for Housing and Urban Development, Ministry of Transport, Infrastructure, Housing and Urban Development. The Officer administering the Fund

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therefore hereby submits the report of the Fund and the financial statements for the year ended 30 June 2017 which show the state of the Fund affairs. The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal Secretary	- Arch Aidah N. Munano
2.	Director of Administration	- Ibrahim Hussein
3.	Director CSHSF	- Joseph Ngayai

**(d) Fiduciary Oversight Arrangements**

The overall oversight role of the Fund lies with the Parliamentary Public Accounts Committee. Pursuant to section 18 of the Government Financial Management Act, 2004 and section 9 (e) of the legal notice no. 168 (Legislative Supplement No. 51) of 22<sup>nd</sup> December 2006, the Fund Auditors remains the Auditor General of the Government of Kenya. Internal audit for the Scheme is carried by the audit section within the Ministry of Transport, Infrastructure, Housing and Urban Development

**(e) Entity Headquarters**

ARDHI House, Ground Floor, Ngong Road  
P.O. Box 30119-00100  
NAIROBI

**(f) Entity Contacts**

Telephone: (254) 2718050  
E-mail: [cshd@housingandurban.go.ke](mailto:cshd@housingandurban.go.ke)  
Website: [www.housingandurban.go.ke](http://www.housingandurban.go.ke)

**(g) Entity Bankers**

Kenya Commercial Bank Ltd,

Civil Servants Housing Scheme Fund  
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Milimani Branch  
A/C No. 1108696325  
P O Box 69695 - 00100  
NAIROBI

**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



**II. SCHEME MANAGEMENT COMMITTEE (SMC) MEMBERS OF THE CIVIL SERVANTS HOUSING SCHEME FUND (CSHSF)**

NAME	MEMBERSHIP DESCRIPTION.	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 Arch. Aidah N. Munano, CBS	Principal Secretary for Housing and Urban Development and Officer administering the Fund	Arch. Aidah Munano is the Principal Secretary for State Department for Housing and Urban Development. She is a career Civil Servant, has served the Government of Kenya in a number of capacities rising through the ranks to the position of Works Secretary. She possesses vast experience in the regulation of the built environment profession. Arch Munano, is a registered Architect and holds a Masters degree in Construction Management and Bachelors degree in Architecture.
 Margaret W. Muiiru, OGW	Representing the Principal Secretary, National Treasury.	Margaret W. Muiiru is an Administrative Officer in The National Treasury She holds a Bachelor of Arts- Political Science and Sociology and Advanced Public Administration She has 33 years' experience in the civil service
 Geoffrey Apollo Omondi	Representing the Principal Secretary, Labour	Geoffrey Omondi was born in 1959. He is a Deputy Labour Commissioner in the Ministry of East African Community, Labour, Social Protection. He previously worked as a Lecturer in Industrial Relations at Kenya Institute Personnel Management and Railway Training Institute. He holds a Master of Arts in Labour and Development Studies and Bachelor of Arts (Hons) in Political Science and Sociology.





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	<p>Representing the Principal Secretary, Public Service and Youth Affairs</p>	<p>Michael Wesley Ojiambo was born in 1958. He is a Director of Administration in the State Department of Public Service and Youth. He holds Bachelor of Arts Degree and MBA in Strategic Management. He has attended Strategic Leadership Development and Advanced Public Administration. He is a member of Kenya Association of Public Administrators. He has worked in various Ministries and has 35 years of experience.</p>
	<p>Representing the Principal Secretary, Infrastructure</p>	<p>John W. Gitu is the Director, Human Resource and Development in the State Department of Infrastructure. He holds Masters of Science (MSc) in Human Resource Management, Bachelor of Arts Degree, Post Graduate Diploma in Human Resource Management. He is a registered member of the Institute of Human Resource Management. He is a Human Resource Practitioner with over 25 years' experience.</p>
	<p>Representing the Principal Secretary, Interior</p>	<p>Arthur Osiya was born in 1967. He is a Secretary/National Administration in the State Department for Interior, Ministry of Interior and Coordination of National Government. He holds Bachelor of Arts, Government and Philosophy (Hons). He has attended various training as follows: Crisis Intervention in the Community, Masha, Israel; Strategic Leadership Development Programme; He previously worked as a County Commissioner and District Commissioner. He has 27 years of experience.</p>
	<p>Representing the Attorney General</p>	<p>Christine is an advocate of the High Court of Kenya with a Bachelor of Laws (LL. degree and Master of Laws (LL.M) from the University of Nairobi, a Post Graduate Diploma in Legal Studies from the Kenya School of Law and a member of the Law Society of Kenya. She is a Principal State Counsel at the Office of the Attorney General and Department of Justice, currently under the Government Transactions Division with experience international Commercial Law, International Law and Land Laws.</p>

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	<p>Secretary, Housing</p>	<p>Patrick Bucha was born in 1964. He is Secretary, Housing in the State Department for Housing and Urban Development.</p> <p>He holds a Master of Arts in Building Management, Bachelor of Arts in Building Economics and currently undertaking PhD in Leadership and Governance.</p> <p>He is a registered Quantity Surveyor with Board of Registration for Architects and Quantity Surveyors. He has 27 years of experience.</p>
<p>Patrick Mwenda Bucha, MBS</p>	<p>Director CSHSF and Secretary of the SMC.</p>	<p>Joseph Mutua Ngayai was born in 1958. He is the Director, Civil Servants Housing Scheme Fund. He boasts of over 33 years' experience in Estate (Property) Management and Construction Management.</p> <p>He holds a Master's degree in Construction Management and a Bachelor's degree in Land Economics. He is a Member of the Institution of Surveyors of Kenya (Building Surveyors Chapter).</p>
		<p>Joseph Mutua Ngayai</p>

**PROFILES OF SECRETARIAT MEMBERS OF THE CIVIL SERVANTS HOUSING SCHEME FUND (CSHSF)**

NAME	AREA OF RESPONSIBILITY	KEY ACADEMIC AND PROFESSIONAL QUALIFICATION.
 <p><b>Mr. Joseph Mutua Ngayai</b></p>	<p>Director, Civil Servants Housing Scheme Fund and officer in charge of the Fund Secretariat.</p>	<ul style="list-style-type: none"> <li>• MSc. Construction Management</li> <li>• BA(Hons) Land Economics</li> <li>• Member of the Institution of Surveyors of Kenya (MISK)</li> </ul>
 <p><b>Mr. Simon O. Opondo</b></p>	<p>Project Manager</p>	<ul style="list-style-type: none"> <li>• MSc Architecture, MAAK</li> <li>• Registered Architect</li> </ul>
 <p><b>Mr. Christopher Matere Khaoya</b></p>	<p>Ag. Estate Manager</p>	<ul style="list-style-type: none"> <li>• Master of Urban Management</li> <li>• B.A. Land Economics</li> <li>• Full Member of the Institution of Surveyors of Kenya (ISK)</li> </ul>
 <p><b>Daniel Kinuthia Mwangi</b></p>	<p>Scheme Accountant</p>	<ul style="list-style-type: none"> <li>• Msc Finance</li> <li>• B Com Finance</li> <li>• CPA(K)</li> </ul>

## **CABINET SECRETARY'S STATEMENT**

### *The Cabinet Secretary's Report*

To ensure adequate and affordable access to housing to civil servants, the civil servants housing scheme regulations were reviewed through the civil Servants Housing Scheme Fund Amendment Regulations 2015. Key amendments were: -

- i. The Loan repayment period was prolonged from 18 years to 20 years to facilitate low monthly loan repayments by beneficiaries.
- ii. Maximum loan facilitation under the Scheme was raised from Kshs 5,000,000 to between Kshs 4,000,000 and 20,000,000 depending on one's job group.
- iii. Introduction of provisions for engagement of partners in construction projects to take advantage of private sector resources through Public Private Partnerships (PPP).
- iv. Down payment for construction loans was lowered from 30% to 10% to ensure high initial costs don't deter civil servants from accessing housing loans.
- v. The Scheme was limited to employees working in a Ministry within National Government

## **REPORT OF THE PRINCIPAL SECRETARY**

### *Administrator of Fund Report*

The management of the Fund is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The management of the Fund further accepts the 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.

The Fund has at 30<sup>th</sup> June 2017 accomplished the following: -

#### **a. Non-strategic government houses sold in Nairobi**

<b>S/No</b>	<b>Estate</b>	<b>Number of units</b>	<b>Description</b>
1	Kileleshwa	208	Maisonettes
2	Mugoya	144	Maisonettes

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3	Nairobi West	71	Maisonettes
4	Rubia	280	Maisonettes
5	Kibera High Rise Flats	294	Flats
6	Mayfair (Kariokor)	15	Bungalows
7	Kongoni Flats (South 'C')	18	Flats
8	Sungura Road Flats (South 'C')	24	Flats
9	Kabras Road Flats (South 'B')	7	Flats
10	Mukenia Road Flats (South 'B')	20	Flats
11	Parklands	1	Bungalow
	<b>Total</b>	<b>1,082</b>	

**b. Houses directly financed by the Fund**

- A total of 25 civil servants were financed by the CSHSF to purchase housing units sold by the National Housing Corporation (NHC) in Madaraka estate.
- A total of 7 civil servants were financed by the CSHSF to purchase housing units sold by the National Social Security Fund (NSSF) in Embakasi and Langata estates.

**c. Sale of newly constructed houses in Nairobi**

A total of 747 housing units were constructed through the Fund and sold on outright and tenant purchase basis in Nairobi as presented in Table below:

**Constructed houses sold in Nairobi**

S/No	Estate	Number of Units	Description
1.	Ngara	559	Flats
2.	Kilimani	50	
3.	Kileleshwa, Nyeri Road	40	
4.	Kileleshwa, Makueni Road	22	
5.	Kileleshwa, Gichugu Road	26	
6.	Jogoo Road, infill	50	
	<b>TOTAL</b>	<b>747</b>	

**d) Granting of Mortgage Loans to Civil Servants**

The fund had as at 30<sup>th</sup> June, 2017 facilitated 896 civil servants with mortgage loans for construction and purchase amounting to Kshs.3.5 billion through Kenya Commercial Bank (KCB) and Housing Finance (HF) Group as shown in the table below:

<b>A.</b>	<b>S/No</b>	<b>Financial Institutions</b>	<b>Number of Civil Servants</b>	<b>Amount (Kshs.)</b>
	1	Kenya Commercial Bank	538	2,139,764,442
	2	Housing Finance	358	1,379,223,506
		<b>Total</b>	<b>896</b>	<b>3,518,987,948</b>

**e) Houses Constructed and Rented to Civil Servants**

Out of the houses developed through the Fund a total of 411 housing units have been reserved for rental to civil servants as tabulated below

<b>S/No</b>	<b>Estate</b>	<b>Number of Units</b>	<b>Description</b>
1.	Ngara Estate	96	Flats
2.	Shauri Moyo	140	
3.	Jogoo Road	175	
	<b>TOTAL</b>	<b>411</b>	

In total CSHSF has facilitated 3,168 civil servants to access housing.

**f) Commercial Premises**

**Development of Ngara housing project comprised the housing units and;**

- a) Shopping Centre comprising of ten shopping spaces
- b) Nursery School complex

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The facilities are let out to rent paying tenants.

During financial year 2016/2017, the Fund achieved the following.

- i. Started construction of 250 houses for sale to Civil servants in Kisumu. The development comprises 60 one bedroom units, 120 two bedroom units and 70 three bedroom units. The houses were 82% complete as at 30<sup>th</sup> June 2017.
- ii. The department issued loans to Civil Servants amounting to Kshs700 Million for purchase of construction of residential houses.
- iii. Funds raised for the year amounted to Kshs. 365,073,733.40 broken into; Government grant through National Treasury amounting to Kshs 50,000,000.00 and Revenue reserve at the end of financial year Kshs. 315,073,733.40.

The performance of the department in the year 2016 – 2017 was good. However, there is room for improvement. There is a need to make use of Public Private Partnerships (PPP) to ensure more houses are constructed. There is also need to use cheaper and faster construction technologies in order to achieve adequate housing for Civil Servants.

### *Challenges*

The above was achieved amidst various challenges that hindered the fast realization of the funds objectives;

- i. Insufficiency of funds owing to low Government allocations against approved allocations which limited the number of applications financed and commencement of new projects
- ii. Delay in release of allocated funds which hinders project planning and execution.
- iii. Grabbing of land earmarked for construction projects by private individuals or developers
- iv. Delayed remittance of mortgage funds by ministries and County Governments.
- v. Delay in completion of construction projects which defers realization of funds for use in other projects.
- vi. Lengthy procedure in procurement of projects under Public Private Partnership arrangements

There is need for the department to liaise with the National Land Commission to establish the status of government land reserved for housing purposes. Where government land identified for development has been irregularly allocated the titles should be cancelled. Land banks should be set aside for future housing development.

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*A going concern*

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

**REPORT OF THE SCHEME COMMITTEE**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the *Civil Servants Housing Scheme Fund's* affairs.

**Principal activities**

The key strategic priorities for the year were

- i. Facilitation of at least 200 civil servants with loans to buy or construct residential houses.
- ii. Commencement of Kisumu Shauri Moyo Housing project to comprise 250 one, two and three bedrooms houses at a cost of Kshs 764 million
- iii. Initiation of Public Private partnership process for construction of Park Road and Starehe Estate
- iv. Amendment of the Civil Servants Housing Scheme Fund regulations
- v. Raise funds for the fund activities and prudent management of the finances.

**Results**

The results of the entity for the year ended June 30, 2017 are set out on page 17 to 42.

**Directors**

The members of the scheme committee who served during the year are shown on page 9.

**Auditors**

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2017 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



**Arch. Aidah N. Munano**

Principal Secretary

State Department of Housing and Urban Development

Date:.....

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)*) require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *Civil Servants Housing Scheme Fund* for that year. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the *Civil Servants Housing Scheme Fund's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – *entities should quote applicable legislation as indicated under*). The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2017, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The *Civil Servants Housing Scheme Fund's* financial statements were approved by the Board on \_\_\_\_\_ 2017 and signed on its behalf by:

  
Arch. Aidah N. Munano

Principal Secretary

  
Joseph Mutua Ngayai

Director/CSHSF

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON CIVIL SERVANTS HOUSING SCHEME FUND - STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Civil Servants Housing Scheme Fund-State Department of Housing and Urban Development set out on pages 17 to 42, which comprise statement of financial position at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows, statement of comparative budget and actual amounts for the year 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Civil Servants Housing Scheme Fund-State Department of Housing and Urban Development as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

In addition, as required under Article 229 (6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalents

##### 1.1 Bank Overdraft

The statement of financial position as at 30 June 2017 reflects cash and cash equivalents balance of Kshs.2,375,548,142.82 which has been arrived at after netting off cash and cash balances totaling Kshs.2,500,000,000 with an overdraft of – Kshs.124,451,857.18. No satisfactory explanation has been provided for this treatment.

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*Report of the Auditor General on the Financial Statements of Civil Servants Housing Scheme Fund - State Department of Housing and Urban Development for the Year Ended 30 June 2017*

In addition, the reflected cash book balance of Kshs.-124,451,857.18 (Overdraft) differs with the audited cash book balance of Kshs.-463,720,505.27 resulting to a variance of Kshs.339,268,648.09 which has not been explained and/or reconciled.

### **1.1 Un-reconciled Cash and Bank Items**

Examination of the bank reconciliation statement as at 30 June 2017 revealed long outstanding balances in the bank reconciliation totaling Kshs.184,750,652.35 as receipts in cash book not in the bank. The receipts in cash book not in the bank includes Kshs.13,347,366.95 balance relating to the previous financial year and earlier years. The bank reconciliation statement also shows unexplained payments in bank not in cash book amounting to Kshs.10,354,685.75. These payments have been effected without the necessary payment vouchers being posted to the cash book.

Further, the bank reconciliation statement reflects a balance of Kshs.59,498,951.45 being payments in cashbook not in bank which includes Kshs.12,741,658.45 relating to financial year ended 30 June 2016 and earlier years.

In the circumstance, it has not been possible to confirm the accuracy and completeness of cash and cash equivalents balance of to Kshs.2,375,548,142.82 as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Civil Servants Housing Scheme Fund-State Department of Housing and Urban Development and in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion Section, I have determined that there are no other Key Audit Matters to communicate in our report.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting, unless the

management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

### **Auditor-General's Responsibility for the Audit of the Financial Statements**

The audit 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 my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 revenue statements.

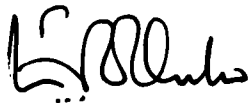
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 my 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, and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's 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 Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- 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 and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**28 September 2018**

Civil Servants Housing Scheme Fund  
 Reports and Financial Statements  
 For the year June 30, 2017

**CIVIL SERVANTS HOUSING SCHEME FUND  
 (CSHSF)  
 STATEMENT OF FINANCIAL PERFORMANCE  
 For the year ended 30 June 2017**

	Note	2016-2017	2015-2016
<b>Revenue from exchange transactions</b>			
Mortgage Interest	6 (a)	144,364,339.68	127,065,127.58
Finance income - external investments	6 (b)	190,210,310.75	167,574,164.37
Rental revenue from facilities and equipment	6 (c)	56,739,253.20	54,021,753.40
Other income	6 (d)	761,821.00	3,835,400.00
<b>Total revenue</b>		<b>392,075,724.63</b>	<b>352,496,445.35</b>
<b>Expenses</b>			
Secretariat/Boards and Committees	8(a)	10,967,881.00	19,019,409.05
Repairs and maintenance	8(b)	2,322,837.70	406,234.35
General expenses	8(c)	39,008,435.51	25,028,618.15
Depreciation and amortization expense	7	24,622,837.02	25,957,717.03
<b>Total expenses</b>		<b>77,001,991.23</b>	<b>70,411,978.58</b>
<b>Surplus/( deficit) for the period</b>		<b>315,073,733.40</b>	<b>282,084,466.77</b>

The notes set out on pages 25 to 42 forms an integral part of the Financial Statements

**Arch. Aidah N. Munano**

Principal Secretary/Officer Administering the Fund

State Department of Housing & Urban Development

**Joseph Mutua Ngayai**

: Director/CSHSF

Signature.....

Date.....9.05.2018.....

Signature.....

Date.....9/5/18.....

**CIVIL SERVANTS HOUSING SCHEME FUND (CSHSF)**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2017

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,375,548,142.82	2,532,245,964.30
Current portion of long-term receivables from exchange transactions	10(a)	970,428,517.00	628,816,471.81
		<b>3,345,976,659.82</b>	<b>3,161,062,436.11</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	7,228,317.73	7,937,632.43
Investments( Land and building unallocated)	10(b)	2,467,334.00	6,667,334.00
Investment property	12	879,295,650.57	901,841,692.89
Long term receivables from exchange transactions	10(c)	4,395,505,431.85	4,093,505,334.71
		<b>5,284,494,734.15</b>	<b>5,009,951,994.03</b>
<b>Total assets</b>		<b>8,630,471,393.97</b>	<b>8,171,014,430.14</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	13	130,315,208.75	94,654,794.41
<b>Total liabilities</b>		<b>130,315,208.75</b>	<b>94,654,794.41</b>
<b>Net assets</b>		<b>8,500,156,185.22</b>	<b>8,076,359,635.73</b>
Revenue Reserves		<b>1,992,925,307.10</b>	<b>1,680,351,256.61</b>
Accumulated surplus (capital reserves)		<b>6,507,230,878.12</b>	<b>6,393,792,927.28</b>
<b>Total net assets and liabilities</b>		<b>8,500,156,185.22</b>	<b>8,076,359,635.73</b>

Civil Servants Housing Scheme Fund  
Reports and Financial Statements  
For the year June 30, 2017

The financial statements were approved and signed on behalf of the Scheme management committee

By;

**Arch. Aidah N. Munano**

Principal Secretary / Officer administering the Fund  
State Department of Housing & Urban Development

**Joseph Mutua Ngayai**

:Director/CSHSF

Signature.....

Signature.....

Date .. 9.05.2018 .....

Date ..... 9/5/18 .....

**CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)**

**STATEMENT OF CHANGES IN NET ASSETS**

**For the year ended 30 June 2017**

	<b>Revenue reserve</b>	<b>Capital Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Balance as at 30 JUNE 2015</b>	1,058,887,189.42	5,989,826,216.18	7,048,713,405.60
Government contribution capital injection movement	-	743,000,000.00	743,000,000.00
Property validation and rental collections reserves	-	-1,215,699.50	-3,431,151.34
Accounts payable 10% deposits reserves	-	-766,890.00	-766,890.00
Reserves on Sale of Houses	-	4,544,352.76	6,759,804.70
Surplus/(deficit) for the period	282,084,466.77	-	282,084,466.77
<b>Balance as at 30 JUNE 2016</b>	<b>1,340,971,656.19</b>	<b>6,735,387,979.54</b>	<b>8,076,359,635.73</b>
Surplus for the period	315,073,733.40	-	315,073,733.40
Government contribution capital injection movement	-	50,000,000.00	50,000,000.00
Property validation and rental collections reserves movement	-	17,605,509.00	17,605,509.00
Accounts payable 10% deposits reserves movement	-	43,616,990.00	43,616,990.00
Reserves on Sale of Houses	-	-2,499,682.91	-2,499,682.91
<b>Balance as at 30 JUNE 2017</b>	<b>1,656,045,389.59</b>	<b>6,844,110,795.63</b>	<b>8,500,156,185.22</b>

Civil Servants Housing Scheme Fund  
 Reports and Financial Statements  
 For the year June 30, 2017

**CIVIL SERVANTS HOUSING  
 SCHEME FUND(CSHSF)  
 STATEMENT OF CASHFLOW  
 For the year ended 30 June 2017**

		Kshs 2016-2017	Kshs 2015-2016
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Mortgage Interest	6 (a)	144,364,339.68	127,065,127.58
Finance income External Investments	6 (b)	190,210,310.75	167,574,164.37
Rental Revenue from facilities and Equipment	6 (c)	56,739,253.20	54,021,753.40
Other Incomes	6 (d)	761,821.00	3,835,400.00
<b>Total Receipts</b>		<b>392,075,724.63</b>	<b>352,496,445.35</b>
<b>Payments</b>			
Secretariat/Boards and Committees	8(a)	10,967,881.00	19,019,409.05
Repairs and Maintenance	8(b)	2,322,837.70	406,234.35
General Expenses	8(c)	39,088,435.51	25,028,618.15
<b>Total Payments</b>		<b>52,379,154.21</b>	<b>44,454,261.55</b>
<b>Net cash flows from operating activities</b>		<b>339,696,570.42</b>	<b>308,042,183.80</b>
Debtors/ Accounts receivable		-28,874,801.20	-12,357,968.65
Trade and other payables		35,660,414.34	15,322,807.21
Work in Progress		-312,779,243.99	-252,463,601.00
<b>Net cash flows from operating activities</b>		<b>33,702,939.57</b>	<b>58,543,421.36</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, ,plant, ,equipment &intangible	11	-1,367,480.00	-1,072,115.05
Land & Building( Unallocated)		4,200,000.00	14,636,666.00
Mortgage Recoverable Scheme		188,787,196.78	218,110,758.70
Mortgage Recoverable S&L		-402,267,898.66	-278,735,320.66
Mortgage Recoverable HFCK		-85,077,468.43	-6,595,926.45
Group Insurance Recoverable		-3,397,926.83	-3,559,015.70
<b>Net cash flows used in investing activities</b>		<b>-299,123,577.14</b>	<b>-57,214,953.16</b>

Civil Servants Housing Scheme Fund  
 Reports and Financial Statements  
 For the year June 30, 2017

**Cash flows from financing activities**

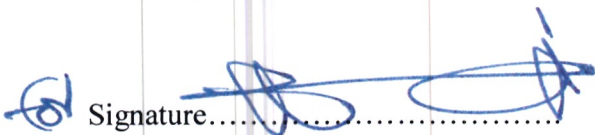
Government grants as capital injection		50,000000.00	743,000,000.00
Deposits		17,605,509.00	1,215,699.50
Accounts Payable (10% deposits)		43,616,990.00	766,890.00
Housing reserve on sale		2,499,682.91	4,544,352.76
<b>Net cash flows used in financing activities</b>		<b>108,722,816.09</b>	<b>745,561,763.36</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>-156,697,821.48</b>	<b>746,890,231.56</b>
<b>Cash and cash equivalent 1JULY 2016</b>	9(a)	2,532,245,964.30	1,785,355,732.76
<b>Cash and cash equivalent 30 JUNE 2017</b>	9(b)	<b>2,375,548,814,142.82</b>	<b>2,532,245,965.30</b>

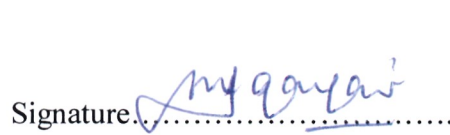
**Arch. Aidah N. Munano**

Principal Secretary/Officer administering the Fund  
 State Department of Housing & Urban Development

**Joseph Mutua Ngayai**

: Director/CSHSF

Signature.....

Signature.....

Date.....9.05.2018.....

Date.....9/5/18.....

**CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2017**

	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>
	<b>2016-2017</b>	<b>2016-2017</b>	<b>2016-2017</b>	<b>2016-2017</b>	<b>2016-2017</b>
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance in the Bank	349,921,016.50	0.00	349,921,016.50	349,921,016.50	0.00
Funds on short call from the Bank	2,500,000,000.00	0.00	2,500,000,000.00	2,500,000,000.00	0.00
Expected collection From Mortgage & Rent	450,000,000.00	0.00	450,000,000.00	757,015,702.32	307,015,702.32
Budgeted Allocation For the Year	50,000,000.00	0.00	50,000,000.00	50,000,000.00	0.00
	<b>3,349,921,016.50</b>	<b>0.00</b>	<b>3,349,921,016.50</b>	<b>3,349,921,016.50</b>	<b>307,015,702.32</b>
<b>Expenses</b>					
Boards and Committees	25,000,000.00	-5,000,000.00	20,000,000.00	10,967,881.00	9,032,119.00
Conferences and Seminars	3,000,000.00	3,000,000.00	6,000,000.00	3,915,140.00	2,084,860.00
Official Entertainment	1,500,000.00	0.00	1,500,000.00	891,365.00	608,635.00
Travel & Sundry Items	4,000,000.00	0.00	4,000,000.00	3,995,262.00	4,738.00
Accommodation	7,000,000.00	5,000,000.00	12,000,000.00	7,412,127.00	4,587,873.00
Advertisement Awareness	12,000,000.00	0.00	12,000,000.00	6,753,665.30	5,246,334.70
Publishing and Printing Services	500,000.00	0.00	500,000.00	35,640.00	464,360.00
General Office Supplies	5,000,000.00	0.00	5,000,000.00	1,759,785.00	3,240,215.00
Group Insurance for Mortgage Protection	20,000,000.00	-6,000,000.00	14,000,000.00	11,264,548.00	2,735,452.00
Purchase of plant and equipment	3,000,000.00	-1,000,000.00	2,000,000.00	1,381,680.00	618,320.00
Purchase of office Furniture and fittings	3,000,000.00	-1,000,000.00	2,000,000.00	0.00	2,000,000.00
Telephone & Mobile services	150,000.00	0.00	150,000.00	12,000.00	138,000.00

Courier and postal services	150,000.00	0.00	150,000.00	34,840.00	115,160.00
Library services	500,000.00	0.00	500,000.00	445,196.00	54,804.00
Training Expenses	2,500,000.00	5,000,000.00	7,500,000.00	5,258,752.20	2,241,247.80
Purchase of software programme	6,000,000.00	0.00	6,000,000.00	387,100.00	5,612,900.00
Supplies of accessories for computer & printers	1,000,000.00	0.00	1,000,000.00	509,815.51	490,184.49
Maintenance of equipment	500,000.00	0.00	500,000.00	603,326.00	103,326.00
Maintenance of offices	1,000,000.00	0.00	1,000,000.00	0.00	1,000,000.00
Bank charges	500,000.00	0.00	500,000.00	283,101.00	216,899.00
Refurbishment of office	2,000,000.00	0.00	2,000,000.00	0.00	2,000,000.00
Contracted guards and cleaning services	1,500,000.00	0.00	1,500,000.00	228,800.00	1,271,200.00
Membership Fees, Dues and subscriptions	800,000.00	0.00	800,000.00	798,896.00	1,104.00
Repairs and Maintenance of Land and Building	10,000,000.00	0.00	10,000,000.00	1,719,511.70	8,280,488.30
Surveying of scheme properties	20,000,000.00	0.00	20,000,000.00	6,372,950.00	13,627,050.00
<b>Total Expenditure Operations</b>	<b>130,600,000.00</b>	<b>0.00</b>	<b>130,600,000.00</b>	<b>87,037,059.23</b>	<b>43,562,940.77</b>
<b>Development Budget</b>					
Proposed Fees for Building Consultancy Services	62,000,000.00	0.00	62,000,000.00	17,773,549.40	44,226,451.00
Building Construction	984,000,000.00	0.00	984,000,000.00	295,005,694.59	688,994,305.41
Statutory Fees and other charges	5,000,000.00	0.00	5,000,000.00	0.00	5,000,000.00
Loans to civil servants	1,000,000,000.00	0.00	1,000,000,000.00	700,000,000.00	300,000,000.00
Purchase of land	200,000,000.00	0.00	200,000,000.00	0.00	200,000,000.00
<b>Total expenditure Development</b>	<b>2,381,600.00</b>	<b>0.00</b>	<b>2,381,600,000.00</b>	<b>1,012,779,243.99</b>	<b>1,368,820,756.01</b>

## NOTES TO THE FINANCIAL STATEMENT

### 1. GENERAL INFORMATION

Civil Servants Housing Scheme Fund is established by and derives its authority and accountability from housing Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is

- a) Providing housing loan facilities to civil servants for the purpose of either purchasing or constructing a residential house.
- b) Developing housing units for sale and for rental by civil servants and,
- c) Mobilizing funds for the implementation of the above.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
<b>IPSAS 33: First time adoption of Accrual Basis IPSAS</b>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.</p> <p>The entity adopted IPSAS in the year ended 30 June 2015 and therefore provisions of first time adoption of accrual basis does not apply to the entity.</p>
<b>IPSAS 34: Separate Financial Statements</b>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and</p>

Standard	Impact
	<p>associates when an entity prepares separate financial statements.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p><b>IPSAS 35:</b> Consolidated Financial Statements</p>	<p><b>Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> <li>- Its power over the other entity</li> <li>- Its exposure or rights to variable benefits from involvement with the other entity</li> <li>- Its ability to control the nature, timing and amount of benefits from the other entity.</li> </ul> <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p><b>IPSAS 36:</b> Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p>The entity does not have investments in associates or joint ventures.</p>
<p><b>IPSAS 37: Joint Arrangements</b></p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</p>
<p><b>IPSAS 38: Disclosure of Interests in Other</b></p>	<p><b>(Effective for annual periods beginning on or January 1, 2017)</b></p>

Standard	Impact
Entities	<p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>The entity does not have an interests in other entities and therefore the standard does not apply.</p>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
<p><b>IPSAS 39:</b> Employee Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2018</b></p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>
<p><b>IPSAS 40:</b> Public Sector Combinations</p>	<p><b>Applicable: 1<sup>st</sup> January 2019:</b></p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.</p>

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2017

## NOTES TO THE FINANCIAL STATEMENT (Continued)

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

##### i) Revenue from exchange transactions

###### *Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

###### *Interest income*

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### *Dividends*

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

###### *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

#### b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly on June, 2016. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

### **c) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

### **d) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

### **e) Financial instruments**

#### ***Financial assets***

#### ***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

### ***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

### ***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### ***Financial liabilities***

#### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

## **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **f) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### **Contingent liabilities**

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### **Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### **g) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. These includes Government contribution capital (grant from the parent ministry), property validation (sale of non-strategic houses), rental collection reserves (rent from houses owned by the scheme), accounts payables 10% deposits (deposits from clients awaiting allocation of houses) and reserves on sale of houses (profit from sale of houses developed). The policy of the scheme is to plough them back to grow the fund.

### **h) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**i) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**k) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods  
State all judgements, estimates and assumptions made: e.g

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

The condition of the asset based on the assessment of experts employed by the Entity

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

## 1) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

6. Finance Income- external investments	2016-2017	2015-2016
	Kshs	Kshs
<b>6 (a) Mortgage Interest</b>		
Mortgage interest	65,793,405.30	71,668,751.30
Mortgage interest S&L	36,184,460.50	20,531,970.80
Mortgage interest HFCK	42,386,473.88	34,864,405.48
	<b>144,364,339.68</b>	<b>127,065,127.58</b>
<b>6(b) Finance Income</b>		
Finance Income External Investments	190,210,310.75	167,574,164.37
<b>6 (c) Rental Revenue</b>		
Rental Revenue from Facilities and Equipment	56,739,253.20	54,021,753.40
<b>6 (d) Other Income</b>		
Sale of Tender Documents	149,000.00	0
Sale of Forms	257,000.00	159,000.00
Other income, rentals and agency fees	355,821.00	3,675,800.00
	<b>761,821.00</b>	<b>3,835,400.00</b>

<b>8.General Expenses</b>	<b>2016-2017</b>	<b>2015-2016</b>
	Kshs.	Kshs.
<b>Expenses</b>		
(a)Secretariat/Boards & Committee	10,967,881.00	19,019,409.05
<b>Sub Total</b>	<b>10,967,881.00</b>	<b>19,019,409.05</b>
<b>(b)General Expenses</b>		
Conference & Seminars	3,915,140.00	2,582,000.00
Membership Fees	798,896.00	750,150.00

Official Entertainment	891,365.00	1,246,316.00
Travel & Sundry Items (e.g. Taxi)	3,995,262.00	2,667,364.05
Accommodation	7,412,127.00	4,237,050.00
Advertisement Awareness	6,753,665.30	8,809,528.20
Publishing and Printing Services	35,640.00	396,500.00
General Office Supplies	1,759,785.00	3,280,580.00
Telephone & Mobile Services	12,000.00	59,500.00
Courier & Postal Services	34,840.00	5,000.00
Library Services	445,196.00	247,240.00
Training Expenses	5,258,752.20	63,090.00
Guards and Cleaning Services	222,800.00	209,000.00
Surveying of Scheme properties	6,372,950.00	0.00
Bank Charges	283,101.50	308,808.55
Purchase of software programme	387,100.00	0.00
Supplies & accessories of computer	509,815.51	139,780.00
Purchase of plant and Equipment	0.00	0.00
<b>Sub Total</b>	<b>39,088,435.51</b>	<b>25,001,906.80</b>
<b>( c )Repairs and Maintenance</b>		
Maintenance of Equipment	603,326.00	344,590.80
Refurbishment of Residential Building	1,719,511.70	61,643.55
Office Maintenance	0.00	26,711.35
<b>Sub Total</b>	<b>2,322,837.70</b>	<b>432,945.70</b>
<b>Depreciation and Amortization</b>		
7.Depreciation Expenses	<b>24,622,837.02</b>	<b>25,957,717.03</b>
<b>Total Expenses</b>	<b>77,001,991.23</b>	<b>70,411,978.58</b>

<b>(a) Cash and cash equivalents</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash-books balances	-124,451,857.18	32,245,964.30
Short-term deposits	2,,500,000,000.00	2,500,000,000.00
<b>Total cash and cash equivalents</b>	<b>2,375,548,142.82</b>	<b>2,532,245,964.30</b>

#### **9 (b). Detailed analysis of the cash and cash equivalents**

<b>Financial Institution</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
National Bank of Kenya	2,000,000,000.00	2,500,000,000.00
Housing Finance of Kenya	500,000,000.00	-
Others- cashbook balances	-124,451,857.18	32,245,964.30
<b>Grand total</b>	<b>2,375,548,142.82</b>	<b>2,532,245,964.30</b>

#### **10.Receivables from exchange transactions**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>

##### **(a )Current portion of long-term receivables from exchange transactions**

##### **Work-in-progress**

Construction	562,004,591.40	266,998,896.81
Consultant	129,011,641.63	111,238,092.23
Statutory fees & other charges	5,060,027.00	5,060,027.00
Retention	0.00	0.00

##### **Debtors/Accounts receivable**

Debtors(P/s Lands & Lands )	109,647,557.72	109,647,557.72
Rent and service charge Arrears	138,332,578.15	113,317,269.95
Service charge arrears	26,372,121.10	22,554,628.10
<b>Total current receivables</b>	<b>970,428,517.00</b>	<b>628,861,471.81</b>

##### **Long term receivable from exchange**

**Transaction**

Mortgage recoverable from the Scheme	1,516,164,164.28	1,704,899,361.06
Mortgage recoverable from HFCK	1,062,388,277.03	977,310,808.60
Mortgage recoverable from KCB (S&L)	1,772,942,906.69	1,370,675,008.03
Group insurance	44,008,083.85	40,610,157.02
	<b>4,395,505,431.85</b>	<b>4,093,505,334.71</b>
(b) Investments( Land and building unallocated)	2,467,334.00	6,667,334.00
<b>(c) Total Non-current receivables</b>	<b>4,397,972,765.85</b>	<b>4,100,174,980.71</b>

## 11. Property, plant and equipment

Cost	Computers & other Equipment		Motor-vehicles		Furniture and Fittings		Land and Buildings		Total	
		Kshs		Kshs		Kshs		Kshs		Kshs
At 1 July 2016		42,070,566.58		4,016,157.00		7,690,831.00		1,002,379,368.02		1,056,156,922.60
Additions		851,080.00		-		-		-		851,080.00
Disposals		-		-		-		-		-
Transfer/adjustments		-		-		-		-		-
<b>At 30 June 2016</b>		<b>42,921,646.58</b>		<b>4,016,157.00</b>		<b>7,690,831.00</b>		<b>1,002,379,368</b>		<b>1,057,008,002.60</b>
<b>Depreciation and impairment</b>										
At 1 July 2016		-37,074,859.38		-3,846,534.00		-4,918,528.73		-100,537,675.13		-146,377,597.28
Depreciation		-1,698,163.45		-42,405.74		-336,225.51		-22,546,042.32		-24,622,837.02
Disposals		-		-		-		-		-
Impairment		-		-		-		-		-
Transfer/adjustment		-		-		-		-		-
<b>At 30 June 2017</b>		<b>-38,773,022.83</b>		<b>-3,888,939.78</b>		<b>-5,254,754.24</b>		<b>-123,083,717.45</b>		<b>-171,000,434.30</b>
<b>Netbook values</b>										
<b>At 30 June 2017</b>		<b>4,148,623.75</b>		<b>127,217.22</b>		<b>2,436,076.76</b>		<b>879,295,650.57</b>		<b>886,007,568.30</b>
<b>At 30 June 2016</b>		<b>4,995,707.20</b>		<b>169,622.96</b>		<b>2,772,302.27</b>		<b>901,841,692.89</b>		<b>909,779,325.32</b>

**CIVIL SERVANTS HOUSING SCHEME  
FUND(CSHSF)  
NOTES TO THE FINANCIAL STATEMENTS**

<b>12. Investment property</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Shauri Moyo /Jogoo 315 Units(Conversion Cost)	572,739,443.00	572,739,443.00
Ngara Desai Road Rental 96 Units 2&3 Bedroom(Conversion Cost)	429,639,926.00	429,639,926.00
Accumulative Depreciation	-123,083,717.45	100,537,675.13
<b>Closing balance at 30 June 2017</b>	<b>879,295,650.57</b>	<b>901,841,692.89</b>

**13. Trade and other payables from exchange transactions**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Commissioner of V.A.T	0.00	0.00
Creditors/Accruals	0.00	0.00
10% Retention	-124,791,740.83	-88,761,784.92
Commissioner Of Income Tax	0.00	0.00
Service Charge	-2,654,322.52	-3,116,823.09
Rent Security Deposits	-2,115,887.00	-2,115,887.00
Bank Loan Repayment	-753,258.40	-660,299.40
<b>Total trade and other payables</b>	<b>-130,315,208.75</b>	<b>-94,654,794.41</b>

**14. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks. The funds overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b>	<b>Fully performing</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2017</b>		
Receivables from exchange transactions	970,464,517	970,464,517
Bank balances	2,375,548,143	2,375,548,143
<b>Total</b>	<b>3,346,012,660</b>	<b>3,346,012,660</b>
<b>At 30 June 2016</b>		
Receivables from exchange transactions	628,816,472	628,816,472
Bank balances	2,532,245,964	2,532,245,964
<b>Total</b>	<b>3,161,062,436</b>	<b>3,161,062,436</b>

### (i) Credit risk (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The scheme's committee sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's committee, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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

	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2017</b>		
Trade payables	124,791,741	124,791,741
Provisions	5,523,468	5,523,468
<b>Total</b>	<b>130,315,209</b>	<b>130,315,209</b>
<b>At 30 June 2016</b>		
Trade payables	88,761,785	88,761,785
Provisions	5,893,009	5,893,009
<b>Total</b>	<b>94,654,794</b>	<b>94,654,794</b>

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Financial Risk Management (Continued)

#### *Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

#### *Sensitivity analysis*

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 2,337,888,143 (2016: Kshs 2,532,245,964 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 116,894,407.

### Capital Risk Management

The objective of the entity's capital risk management is to safeguard the scheme committee's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2016-2017	2015-2016
	Kshs	Kshs
Retained earnings	1,656,045,390	1,340,971,656
Capital reserve	6,844,110,796	6,735,387,980
<b>Total funds</b>	<b>8,500,156,186</b>	<b>8,076,359,636</b>
Total borrowings	-	-
Less: cash and bank balances	(2,375,548,143)	(2,532,245,964)
Net debt/(excess cash and cash equivalents)	6,124,608,043	5,544,113,672
<b>Gearing</b>	<b>72%</b>	<b>69%</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 15. Related Party Balances

#### a) Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related to

- i) The National Government;
- ii) The Parent Ministry;

#### b) Related party transactions

	2017	2016
	Kshs	Kshs
Transfers from related parties'	50,000,000	743,000,000
	=====	=====

### 16. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

### 17. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of State department of Housing. Its ultimate parent is the Government of Kenya.

### 18. Currency

The financial statements are presented in Kenya Shillings (Kshs).

### 19 Movements of the reserves.

Government capital injection of kshs.50, 000,000

Property validation and rental collections reserves movement of kshs. 17,605,509

Accounts payables 10% deposits reserves movement of kshs. 43,616,990

Reserves on sale of houses of kshs. (2,499,683).

XIV. Appendix 1

INTER-ENTITY TRANSFERS

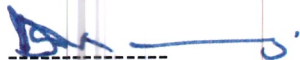
ENTITY NAME:				
<b>Break down of Transfers from the State Department of Housing</b>				
<b>FY 16/17</b>				
a.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	State Department of Housing	18/01/2017	25,000,000	2016/2017
	State Department of Housing	24/04/2017	12,500,000	2016/2017
	State Department of Housing	17/05/2017	12,500,000	2016/2017
		<b>Total</b>	<b>50,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Scheme Accountant

Civil Servants Housing Scheme Fund

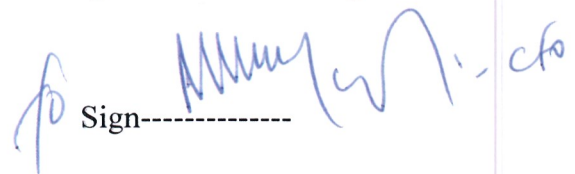
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Head of Accounting Unit

State Department of Housing

Sign



XV. Appendix 2

RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/rec ognized		
	as per bank statement	Nature: Recurrent/Developm ent/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferr ed Income
State Department of Housing	18 <sup>th</sup> January 2017 25,000,000	Development	25,000,000	-	25,000,000	-
State Department of Housing	24 <sup>th</sup> April 2017 12,500,000	Development	12,500,000	-	12,500,000	-
State Department of Housing	17 <sup>th</sup> May 2017 12,500,000	Development	12,500,000	-	12,500,000	-
<b>Total</b>			50,000,000	-	50,000,000	-