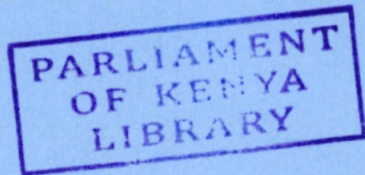


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 MAR 2026	DAY: THUR
TABLED BY: Hon. DICKEN BAHAMP	Copy leader of the Majority Party
CLERK-AT-THE-TABLE: MERCE OTUMO	

REPORT

OF

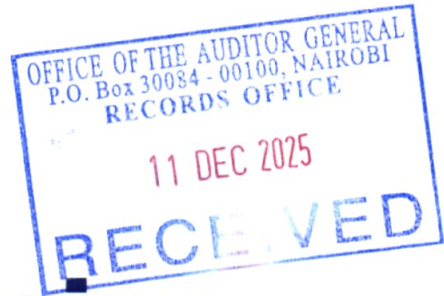
THE AUDITOR-GENERAL

ON

NATIONAL HOUSING DEVELOPMENT FUND

**FOR ELEVEN MONTHS PERIOD
ENDED 31 MAY, 2025**

NATIONAL HOUSING CORPORATION



National Housing Development Fund

Annual Report & Financial Statements

For the financial year ended May 31st, 2025
(Eleven Months)



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1. Abbreviations, Acronyms and Glossary of Terms

a. Abbreviations and Acronyms

AHP	Affordable Housing Programme
IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
NHC	National Housing Corporation
NHDF	National Housing Development Fund
PFM	Public Finance Management
PPP	Public Private Partnership
PSASB	Public Sector Accounting Standards Board
PS	Principle Secretary
REITS	Real Estate Investment Trusts
SDHUD	State Department of Housing and Urban Development

b. Glossary of Terms

Fiduciary management:

Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

2. Key Fund Information and Management

a. Background Information

The National Housing Corporation (NHC) is a statutory body established by an Act of Parliament Cap 117 of the Laws of Kenya. At Cabinet level, the Corporation is represented by the Cabinet Secretary for Lands, Public Works, Housing and Urban Development who is responsible for the general policy and strategic direction of the Corporation. The Corporation is in Kenya, with headquarters in Nairobi and has branches in Mombasa, Nakuru, Eldoret, Kisumu, Kitale, Isiolo and Nyeri.



b. Principle Activities



MISSION

To efficiently provide and facilitate access to innovative housing solutions to all through Research, Partnerships and Collaborations



VISION

A Decently Housed Nation



VALUES

Equity
Integrity
Team Work
Sustainability
Professionalism
Customer Focus
Innovation and Research

c. Board of Directors

The Directors who served the entity during the year were as follows:

NAME	POSITION
Hon. QS. Yusuf Chanzu, FAAK, FIQSK, CBS, OGW, HSC	Board Chairman (Non executive)
Hon. CPA John Mbadi Ng'ongo, EGH	Cabinet Secretary, The National Treasury and Economic Planning
Mr. Charles Hinga Mwaura, CBS, CA (SA)	Principal Secretary, State Department for Housing and Urban Development.
Eng. Gerald Kipkoech Rotich	<i>Independent Director</i>
Arch. Hindu Rashid Mzee	<i>Independent Director</i>
Adv. Joshua Odhiambo Nyamori	<i>Independent Director</i>
Mr. Bernard Parsaloi Torome	<i>Independent Director</i>
Arch. Jennifer W. Gathecha	<i>Independent Director</i>
CPA Yasin Haji Hussein	<i>Independent Director</i>
Mr. Feisal Mohammed	Alternate Director
Mr. George Augustine Arwa	Alternate Director to PS Housing and Urban Development
Qs. David Mathu Njuguna, MBS,	Managing Director/CEO
William K. B. Keitany	Corporation Secretary and General Manager Legal Services

Corporation Headquarters

NHC House,
Aga Khan Walk,
P.O. Box 30257 – 00100,
Nairobi, Kenya.

Corporation Bankers

1. Kenya Commercial Bank Ltd

Moi Avenue Branch,
P.O. Box 30081 – 00100,
Nairobi, Kenya.

2. National Bank of Kenya

Harambee Avenue Branch,
P.O. Box 41862 – 00100,
Nairobi, Kenya.

3. Co-operative Bank of Kenya

Co-op House Branch,
P.O. Box 67881 – 00100,
Nairobi, Kenya.

4. ABSA Bank

ABSA HQ Waiyaki Way,
P.O. Box 30120 – 00100,
Nairobi, Kenya.

Corporation Contacts

Telephone: +254 730 749 000
E-mail: info@nhckkenya.go.ke
Website: www.nhckkenya.go.ke

Independent Auditors

The Auditor General,
Office of the Auditor General,
P.O. Box 30084 – 00100,
Nairobi, Kenya.

Principal Legal Advisers

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

3. Board of Directors/Trustees



Hon. QS. Yusuf Chanzu, FAAK, FIQSK, CBS, OGW, HSC

Board Chairman (Non executive)

Hon. Chanzu is a seasoned quantity surveyor with over 22 years of work experience under the former Ministry of Public Works and Housing.

He holds a Master of Science degree in Construction Management (Corporate Strategy) from Heriott-Watt University, Edinburgh, Scotland and a Bachelor of Arts degree in Building Economics (Honors) from The University of Nairobi. He has also attended various high-level management and professional/technical courses locally and abroad.

Hon. Chanzu is a Fellow of the Institute of Quantity Surveyors of Kenya (IQSK), Fellow Architectural Association of Kenya (FAAK), corporate member of the Architectural Association of Kenya (Quantity Surveying Charter), registered quantity surveyor with the Board of Registration of Architects and Quantity Surveyors—Kenya (BORAQ's), an Associate of the Chartered Institute of Arbitrators and a member of the Kenya Institute of Management (KIM).

Following his distinguished career, Hon. Chanzu has been honored by the Head of State with the First-Class Chief of Burning Spear (CBS), Order of the Grand Warrior (OGW) and Head of State Commendation (HSC) awards.



Hon. CPA John Mbadi Ng'ongo, EGH

Cabinet Secretary, The National Treasury and Economic Planning

Before his appointment, Hon. Mbadi had an extensive career in public service, most recently serving as a nominated Member of Parliament (MP) and the Chairperson of the Public Accounts Committee in the National Assembly.

The CS has a rich history in legislative leadership, having served as the elected Member of Parliament. His experience extends to roles such as Assistant Minister in the Office of the Prime Minister and Leader of Minority in the National Assembly. Throughout his parliamentary tenure, he was a member of numerous key House committees.

Notably, he was also a member of the Legislative Taskforce responsible for drafting the Public Finance Management Act of 2012.

In addition to his political and legislative accomplishments, Hon. Mbadi is a seasoned finance professional with 28 years of experience. He has held the position of Accountant at The University of Nairobi and served as the Chair of Medair East Africa.

Hon. Mbadi holds a Bachelor of Commerce degree with a specialization in Accounting from The University of Nairobi, and is a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK).

His professional affiliations extend to the Architectural Association of Kenya (AAK), the Institute of Quantity Surveyors of Kenya, and the Chartered Institute of Arbitration.

CSMbadi's contributions have been recognized with honours such as the Chief of the Order of the Burning Spear (CBS) and Elder of the Order of the Golden Heart of Kenya (EGH).



Mr. Charles Hinga Mwaura, CBS, CA (SA)

Principal Secretary, State Department for Housing and Urban Development

Mr. Hinga is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from the Kenyatta University and a Bachelor of Accounting Science (Honors) from the University of South Africa.

His core competencies include project and structured finance and dealing in structuring and business development. He has successfully led a number of landmark advisory mandates including the R1.5 billion City of Johannesburg Broadband Network Project, PRASA restructuring and recapitalization plan, Phase 1B of Rea Vaya Rapid Bus Transportation System and Integrated Rapid Transport Network Project.

Until his appointment as the principal secretary, he was the group chairman of an advisory boutique with presence in South Africa and Kenya.



Eng. Gerald Kipkoeh Rotich

Independent Director

Eng. Rotich is a professional mechanical engineer with 20 years of progressive experience in design of mechanical building services, supervision of mechanical installations and contract administration, majorly in the private sector.

He holds a Bachelor of Science, Mechanical Engineering from the Jomo Kenyatta University of Agriculture and Technology, JKUAT.

Eng. Rotich is a member of the Institution of Engineers of Kenya (IEK) and a registered consulting engineer with the Engineers Board of Kenya (EBK).

He is the chairman of the Audit Committee of the Board.



Arch. Hindu Rashid Mzee

Independent Director

Arch. Hindu is a professional architect with over 10 years experience in the field of architecture. She holds a Bachelor of Architectural Studies, and Bachelor of Architecture degree from The University of Nairobi.

Arch. Hindu has worked in the County Government of Mombasa, Department of Lands, Housing and Physical Planning as the Principal Housing Officer, and Nippon Koei Company Ltd as part of the JICA design team undertaking the design of the Mombasa Special Economic zone.

Arch. Hindu is a member of the Architectural Association of Kenya (AAK) and a registered architect with the Board of Registration of Architects and Quantity Surveyors, Kenya (BORAQS).



Adv. Joshua Odhiambo Nyamori

Independent Director

Advocate Joshua Odhiambo Nyamori is an advocate of the High Court of Kenya with over 23 years of experience working in the development sector in Kenya and the East African region.

He has a rich history in resource mobilization, technical advisory on community-based activities and consulting on law matters.

He holds a Bachelor of Law (LLB) and a Bachelor of Education (Arts) Economics and Business from The University of Nairobi.

He also holds a Post Graduate Diploma in Law from the Kenya School of Law, a Diploma in Banking from the College of Banking and Finance of Kenya. Currently, he is pursuing Master of Laws (LLB) from The University of Nairobi.

Adv. Nyamori has worked at regional, national and grassroots level with focus on designing, implementing and evaluating participatory governance, civil society strengthening and youth empowerment for diverse clients including AFD, USAID, Danida and the Government of Kenya.

He has undertaken training in policy advocacy, political communications and marketing, citizens' participation in political processes among others. He is the chairman of the Human Resource Committee of the Board.



Mr. Bernard Parsaloi Torome

Independent Director

Hon. Parsaloi is a skilled professional with over 20 years of experience in strategic management, human resource and civil service administration.

He holds a Bachelor of Arts in Human Resource Management from the Greta University and a Diploma in Human Resource Management from the same university.

He has also attended trainings in governance, leadership, integrity and administration.

Hon. Parsaloi has served as a councillor, Masikonde ward, Narok Township and later as the Member of County Assembly (MCA), Narok Town Ward. He has also served the Narok County Assembly as the Majority Leader, and was voted the best MCA in Narok County in 2021 and 2022.



Arch. Jennifer W. Gathecha

Independent Director

Arch. Gathecha is a seasoned architect and projects manager with a wealth of experience spanning over 30 years.

She holds a Bachelor of Arts in Architecture from The University of Nairobi, and has undertaken several professional and leadership trainings. Arch. Gathecha is currently a consultant architect at the Precise Architectural Consultants Ltd. She has previously worked in the Civil Service under the Ministry of Public Works serving in leadership positions and managing projects.

She is credited with managing project works at the Kenya School of Government, refurbishing of Government offices and buildings like the National Intelligence Service headquarters, as well as supervising the implementation of public works in Nyandarua and Homa Bay counties.

She is a member of the Architectural Association of Kenya (AAK) and the Board of Registration of Architects and Quantity Surveyors (BORAQS).

She is the chairman of the Technical Committee of the Board.



CPA Yasin Haji Hussein

Independent Director

CPA Hussein is a seasoned accountant with over 15 years of progressive experience in management and operations. He holds an MBA (Executive) in Entrepreneurship from Moi University, a Bachelor of Business Studies (Hons) in Accounting from the Islamic University in Uganda and a Diploma in Purchasing and Supplies Management from the Kenya Institute of Management. He has also attended training in Corporate Governance and Best Practices for Audit Committees.

CPA Hussein is currently the Business Development Director at the Josiah, Salah and Associates. He is also the Finance Director at the Ten Commodities Wholesale Limited. He has previously served as the Managing Director of Amana Petroleum (K) Ltd and a member of the National Standard Council.

CPA Hussein, a Certified Public Accountant-Kenya, a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and an associate member of the Kenya Institute of Management (KIM).

He is the Chairman of the Finance, Strategy and Business Development Committee of the Board.



Mr. Feisal Mohammed

Alternate Director

Mr. Mohamed is a public financial management specialist with an interest in public policy and public finance.

He holds a MSc in Political Economy from the London School of Economics and a Bachelor's Degree in Financial Mathematics and is a member of the Institute of Certified Investment and Financial Analysts (ICIFA).

Mr. Mohamed heads the Global Fund Programme at The National Treasury and has previously worked at the Office of the Controller of Budget.



Mr. George Augustine Arwa

Alternate Director to PS Housing and Urban Development

Mr. Arwa is an accomplished civil servant with over 25 years of administrative and professional experience. He has specialized in Land surveying, Physical Planning, Environmental Management, Research & Development and GIS Operations.

He holds a Master's Degree in Environmental Planning and Management, a Bachelor of Arts in Urban and Regional Planning, a Bachelor of Philosophy in Land Surveying, and a Diploma and Higher Diploma in Land Surveying.

He has previously held leadership roles including heading multiple district survey offices, served as Assistant Director of Survey and Deputy Director of Survey in the Ministry of Lands and Physical Planning.

Currently, he serves as a Director at the State Department for Housing and Urban Development as well as the National Coordinator of KISIP 2.

He joins the NHC Board as an alternate Director representing the Principal Secretary, State Department for Housing and Urban Development.



Qs. David Mathu Njuguna, MBS,

Managing Director/CEO

QS. David Mathu Njuguna, MBS is an accomplished construction and management professional in both public and private sectors. He has over 15 years experience of local and global knowledge in public policy, strategy, innovation, business development, fundraising & partnerships, research & capacity building and environmental sustainability.

QS. Mathu holds a BA in Building Economics (Quantity Surveying/Cost Engineering) from the University of Nairobi, Master of Science in Procurement and Logistics from the Jomo Kenyatta University of Agriculture & Technology, a Master of Public Policy and Management (MPPM) from the Strathmore Business School and is currently a doctoral researcher in Management Science and Engineering at the Harbin Institute of Technology, China. In 2024, he was ranked co-winner in the Young African Business Leader of the Year Awards by the African Leadership Magazine. In 2023, he was ranked 1st Runners Up- Best People Focused MD/CEO by the Institute of Human Resource Management-IHRM.

In 2010, he was ranked the overall best quantity surveying candidate nationally in the Board of Registration of Architects and Quantity Surveyors of Kenya's professional examinations and was ranked among the Top 40 under 40 men in 2022. Following his contribution in service delivery, QS. Mathu was honored by the Head of State with the Moran of the Order of the Burning Spear (MBS) award.

He is a registered Quantity Surveyor with the Board of Registration of Architects & Quantity Surveyors of Kenya (BORAQS), corporate member of the Institute of the Quantity Surveyors of Kenya (IQSK), Full member of the Kenya Institute of Supplies Management (KISM) and a professional diploma member of the Chartered Institute of Purchasing and Supply (CIPS-UK).

QS. Mathu has previously held Senior Management positions the immediate last one being at the National Construction Authority where he was General Manager Construction Research, Business Development, Training and Capacity Building and is a past council member of the Institute of Quantity Surveyors of Kenya (IQSK).



Mr. William K. B. Keitany,

Corporation Secretary and General Manager, Legal Services

Mr. Keitany holds a Bachelor of Laws (LLB) degree from The University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law.

He is an advocate of the High Court, a Certified Public Secretary, a member of the Law Society of Kenya, and a member of the Institute of Certified Public Secretaries of Kenya. He has a wide experience spanning over 20 years in matters of Administration and Law.

4. Management Team



Qs. David Mathu Njuguna, MBS,

Managing Director/CEO

QS. David Mathu Njuguna, MBS is an accomplished construction and management professional in both public and private sectors. He has over 15 years experience of local and global knowledge in public policy, strategy, innovation, business development, fundraising & partnerships, research & capacity building and environmental sustainability.

QS. Mathu holds a BA in Building Economics (Quantity Surveying/Cost Engineering) from the University of Nairobi, Master of Science in Procurement and Logistics from the Jomo Kenyatta University of Agriculture & Technology, a Master of Public Policy and Management (MPPM) from the Strathmore Business School and is currently a doctoral researcher in Management Science and Engineering at the Harbin Institute of Technology, China. In 2024, he was ranked co-winner in the Young African Business Leader of the Year Awards by the African Leadership Magazine. In 2023, he was ranked 1st Runners Up- Best People Focused MD/CEO by the Institute of Human Resource Management-IHRM.

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Mr. William K. B. Keltany,

Corporation Secretary and General Manager, Legal Services

Mr. Keltany holds a Bachelor of Laws (LLB) degree from The University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law.

He is an advocate of the High Court, a Certified Public Secretary, a member of the Law Society of Kenya, and a member of the Institute of Certified Public Secretaries of Kenya. He has a wide experience spanning over 20 years in matters of Administration and Law.



CPA Joel Gatune,

General Manager, Finance and Accounts

CPA Gatune has over 15 years' experience drawn from the private sector in Corporate Financial Management, Accounting and Audit and possesses significant business leadership experience and expertise.

Joel holds a Bachelor of Arts in Economics (First Class Honors) and a Master of Business Administration both from the University of Nairobi.

He is a member of the Institute of Certified Public Secretaries, the Institute of Certified Public Accountants, the Institute of Directors and the Chartered Institute of Arbitrators.



Eng. Thomas Ofwa,

General Manager, Construction and Project Management

Eng. Ofwa has over 25 years experience in design, construction supervision and contract management for civil/structural engineering projects.

He holds a BSc., MSc. in Civil Engineering from the University of Nairobi and an MBA from Kenyatta University and is currently pursuing his PhD in Civil Engineering at the University of Nairobi. He is a registered consulting engineer with the Engineers Board of Kenya, a corporate member of the Institution of Engineers of Kenya, a member of the American Society of Civil Engineers and a member of the Chartered Institute of Arbitrators (Kenya).



Mr. John Washington Agutu

General Manager Estates Management

Mr. Agutu is a registered valuer and estate agent by the Valuers Registration Board and Estates Agents Registration Board respectively and is a full member of the Institution of Surveyors of Kenya.

He is an accomplished real estate professional who holds a Master of Arts in Housing Administration and Bachelor of Arts (Land Economics) (Hons), from the University of Nairobi. He has 24 years' experience in estate management, housing development, financing and valuations accumulated while working for the central government, private sector and the National Housing Corporation.



Mr. Edwin Njeru,

Ag General Manager Internal Audit and Risk Assurance

Mr. Njeru has over 15 years' experience drawn from the banking sector in Internal Audit and possesses significant business leadership experience and expertise.

Edwin holds a BSc Mathematics (First Class Honors), Master of Business Administration (Finance Option) and a Master of Science Mathematics all from the University of Nairobi. He is also a Certified Public Accountant (CPA), Certified Internal Auditor (C.I.A.) as well as a Certified Internal Audit Quality Assessor (CQA).

He is a member of the Institute of Certified Public Accountants and the Institute of Internal Auditors.



Mr. Daniel Gitau

Ag General Manager Corporate Services

Mr. Daniel Gitau has over 18 years of experience in HR management, strategic planning, and organizational development with significant expertise in implementing HR policies and frameworks, performance management, compensation and employee development. Daniel holds a Bachelor of Arts Social Sciences (Public Administration) from Moi University, Higher National Diploma in Human Resource Management, Master of Business Administration (Strategic HR Management) from Mt. Kenya University and is a Full Member of the Institute of Human Resource Management (IHRM).



Mr. Solomon Gichohi

Ag Manager Supply Chain Management

Mr. Solomon Gichohi is a seasoned supply chain professional with over 15 years of diverse experience spanning both public and private sector Procurement.

Solomon holds a Master degree in Supply Chain Management from The University of Nairobi, a Bachelor's degree in Procurement from Mount Kenya University, a Diploma in Supplies Management from Kenya Institute of Management and a Chartered Institute of Procurement & Supply (CIPS) Diploma. He is also CPA II certified and a member of the Kenya Institute of Supply Chain Management (KISM).

5. Fiduciary Management Report

Introduction

National Housing Corporation (NHC) is committed to protecting the managing assets entrusted to it in the best interest of the Kenyan public. The Corporation is also focused on protecting the assets and resources entrusted to us. This report outlines the management team that is charged with fiduciary management and the Corporation's compliance with regulatory requirements.

Risk Management and Compliance

The National Housing Corporation regularly assesses its liquidity, credit and market risks to reduce the Corporation's exposure. The risk management practices adopted by the Corporation have resulted to safeguarded assets and a financially stable corporation.

The Corporation adhered to all the requisite regulatory requirements including the Public Finance Management Act, Public Procurement and Disposal Act, Treasury Circulars and any other government circulars.

Internal Controls and Governance

Internal controls are intended to prevent errors and irregularities, identify problems and ensure that corrective action is taken. The Corporation continues to implement effective internal control processes to ensure accuracy in its reporting, safeguard its assets and prevent fraud. The controls are reviewed regularly to ensure their effectiveness.

Key Achievements

The Corporation's financial performance has continued to grow over the years. In the year under review, the Corporation reported an 18% increase in its net profit and revenues. The Corporation's total asset base was Kes. 22.5 billion as at 31st May 2025.

Conclusion

The National Housing Corporation is committed in its fiduciary responsibility by upholding due diligence and ensuring that the Corporation assets are protected and utilized in the best interest of its stakeholders. The Corporation will therefore continue to strengthen its risk management, internal controls, governance and financial performance to ensure long-term sustainability.

Fiduciary Management

NAME	POSITION
Managing Director/CEO	Qs. David Mathu Njuguna, MBS
Ag. General Manager, Corporate Services	Mr. Daniel Gitau
General Manager, Construction and Project Management	Eng. Thomas Ofwa
General Manager, Finance and Accounts	CPA Joel Gatune
General Manager, Estates Management	Mr. John Washington Agutu
Manager, Supply Chain Management	Mr. Solomon Gichohi

6. Fiduciary Oversight Arrangements

i. Audit, Risk & Compliance Committee

The purpose of the Audit Committee is to provide a structured, systematic oversight of the organization's governance, risk management and internal control practices. The Committee assists the Board and Management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors and other providers of assurance.
- Values and ethics.
- Financial reporting.

The Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

S/No.	NAME	POSITION
1.	Eng. Gerald Rotich	Chair
2.	Adv. Joshua Nyamori	Member
3.	Feisal Mohamed	Member
4.	Arch. Jennifer Gathecha	Member
5.	CPA. Yasin Hussein	Handing over

ii. Finance, Strategy and Business Development Committee

The primary purpose of this committee is to determine the Corporation's investment strategy and to consider the proposed strategic investments and make recommendations to the Board. It also maintains an interactive strategic planning, implementation and monitoring process with management. The committee further addresses all the procurement matters at the corporate level.

The Committee also reviews and recommends corporate strategy, external factors, corporate developments, policies, and guidelines.

S/No.	NAME	POSITION
1.	CPA. Yasin Mohamed	Chair
2.	CPA. Feisal Mohamed	Member
3.	Hon. Bernard Parsaloi	Member
4.	Arch. Rashid Hindu	Member
5.	Qs. David Mathu	MD/CEO
6.	Adv. Joshua Nyamori	Handing over
7.	Arch. Jennifer Gathecha	Handing over

iii. Parliamentary Oversight Committees

1. The Housing, Urban Planning and Public Works Committee of Parliament

The Committee oversees: Housing; public works; urban planning; metropolitan affairs; housing development; and built environment. It comprises members of Parliament.

2. The Public Accounts Committee of Parliament

The Committee is an audit committee established by Standing Order No. 205. It is responsible for the examination of the accounts of all government agencies and ministries showing the appropriations of the sum voted by the House to meet the public expenditure and of such other accounts as audited and reported on by the Auditor General. It comprises members of Parliament.

Other Oversight Committees

iv. Technical Committee

This Committee is responsible for reviewing proposed projects and its implementation procedures to ensure adequacy and efficiency. It further reviews cost appraisals during construction and project quarterly reports. The committee not only ensures that an environment to promote research and development in building technologies is created but also assesses the impact of technology on projects.

S/No.	NAME	POSITION
1.	Arch. Jennifer Gathecha	Chair
2.	CPA. Yasin Hussein	Member
3.	Hon. Bernard Parsaloi	Member
4.	Qs. D. Mathu	MD/CEO
5.	Mr. John Muya (Retired in April)	Member
6.	Eng. Gerald Rotich	Handing over
7.	Arch. Hindu Rashid	Handing over

v. Human Resource & Administration Committee

The Human Resource & Administration committee's primary role is to support the Company's strategic plan of ensuring there is an empowered, motivated and productive workforce. Further, it recommends the remuneration for non-executive directors, appraise the performance of senior management and determine their remuneration as well as establish the overall staff remuneration budget. The committee also ensures the implementation and compliance with the human resource policies and procedures and recommends to the Board relevant reviews.

The committee further addresses all the ICT, public relations, and legal matters at the corporate level.

S/No.	NAME	POSITION
1.	Adv. Joshua Nyamori	Chair
2.	Arch. Rashid Hindu	Member
3.	Eng. Gerald Rotich	Member
4.	Mr. John Muya	Retired in April
5.	Jennifer Gathecha	Handing over
6.	Qs. David Mathu	MD/CEO

7. Chairman's Report



Dear Kenyans,

The dream of home ownership is one that resonates deeply with all of us. A home represents a haven of security, a testament to hard work and a place where memories are etched into the very walls. However, achieving this dream requires careful planning, discipline and the power of saving.

We recognize that the path to owning a home is daunting especially during these hard economic times, but it is our firm belief that with the right guidance and perseverance, this goal is attainable for all who aspire to achieve it. Saving to own a home requires a strategic approach, one that starts with setting clear financial goals and crafting a comprehensive savings plan tailored to individual circumstances, and the Boma Yangu platform is tailored to achieve this goal.

As the principal implementer of housing projects and programmes; we at the National Housing Corporation are determined to make housing more affordable by lobbying for waivers from government that will lead to lower construction costs. We are also promoting smart and sustainable developments that will be affordable to maintain to the end purchaser. Additionally, we are supporting initiatives that provide down payment assistance and affordable financing options, enabling more families to take that crucial step towards owning a home.

Through the Boma Yangu portal, we are encouraging the saving culture to enable savers access workable options towards homeownership. In our efforts to support Kenyans on this journey, the Corporation has implemented initiatives designed to make homeownership more accessible. Our affordable housing agreements such as the rent to own (Tenant Purchase) and Rural Loans facility are all aimed at providing you with opportunities to step onto the property ladder. We understand the challenges faced by fellow Kenyans and as such, the Corporation is committed to creating an environment where their aspirations will flourish.

Through strategic partnerships with the private sector and the county governments, we aim to increase the availability of affordable housing units ensuring that the Kenyans dream is not out of reach for those who work hard and strive for a better life.

In conclusion, the road to owning a home is one that requires dedication and patience but it is a journey well worth undertaking. By setting clear financial goals, making strategic choices and taking advantage of available resources, we can turn dreams of homeownership into a reality. The Corporation aims at setting footprint in every County hence urges Kenyans to take the bold step towards making savings towards their home ownership journey.

Thank you.

A handwritten signature in blue ink, consisting of several loops and a long, sweeping line extending upwards and to the right.

Hon. QS. Yusuf Chanzu, FAAK,
FIQSK, CBS, OGW, HSC.

Chairman of the Board of Directors

8. Report of The Fund Administrator



Fund Overview for the Financial Year 2024/2025

This period was marked by unprecedented challenges, both at macro and micro levels, which have tested our resilience and ingenuity over the last two years.

The financial year 2025 presented us with a multitude of obstacles, chief among them being the pervasive market volatility and economic disruptions on both global and local fronts. The fluctuations in market conditions, coupled with geopolitical uncertainties, have posed formidable challenges to our country's financial stability and by extension the pension Fund in Kenya.

In Kenya, we grappled with the effects of delayed rainfall, which not only impacted agricultural productivity but also exacerbated inflationary pressures across various sectors. Furthermore, the government's heightened appetite for borrowing to finance its budget added strain to an already burdened economic environment, driving up interest rates and further complicating the debt instruments.

In the face of these adversities, I am immensely proud of the steadfastness and resourcefulness demonstrated by the board of directors. The board became more vigilant and proactive in managing members of the public deposit, implementing prudent strategies to mitigate risks and safeguard members' interests.

Fund Performance

The value of the Fund stood at Kshs. 1,084,938,901 as at 31 May 2025, there was a 41 % increase in the total fund membership and a 93% growth in the number of people who were contributing to the fund. This is an indication that Kenyans have a desire to own a home and are willing to save towards the home ownership goal.

In the year 2024, the Affordable Housing Board was established under the Affordable Housing Act 2024, Laws of Kenya. The Board is responsible for managing the Affordable housing fund and in light of this, the Management of the voluntary contribution fund has transited from National Housing Corporation to the Affordable Housing Board. The transition date was 31st May 2025. We trust the Affordable Housing Board will continue offering prudential management of the fund according to its mandate.

A handwritten signature in blue ink, appearing to read 'DM', with a horizontal line above and below it.

QS. David Mathu, MBS
Managing Director/CEO

9. Corporate Governance Statement

- **Separation of Duties**

The independence of the Board and that of the Corporation's corporate management is achieved through the separation of functions and responsibilities of the Chairman from those of the Managing Director. This helps the Corporation achieve an appropriate balance of power, increased accountability and improved decision making.

- **Responsibilities of Directors**

Ultimately, the Board determines the Corporation's strategic objectives, values, key policies and procedures in accordance with best established practice. It is responsible for establishing and maintaining the overall internal control of the financial, operational and compliance functions, as well as, monitoring performance of the executive management.

The Board has delegated the authority for day-to-day management of the Corporation to the Managing Director. However, it retains overall responsibility for the Corporation's financial performance, compliance with the laws and regulations, and monitoring of its operations as well as ensuring competent management of the Corporation's business.

The Board sets the strategic intent of the Corporation's objectives and values. It ensures that procedures and policies are in place to protect the Company's assets and reputation. The Board reviews the strategic direction and adopts business plans proposed by Management.

- **Board Composition**

The Board of Directors comprise of nine (9) members: non-executive chairman who is an independent director, six other independent directors and two directors from the public sector representing the Ministry of National Treasury and Economic Planning and State Department for Housing & Urban Development (Ministry of Lands, Public Works, Housing and Urban Development). The Directors have a wide range of skills and experience and each contributes independent judgment and knowledge to Board discussions.

- **Board Meetings – Information for Directors**

The Directors are provided with appropriate and timely information on the Corporation's activities. Equally, Board Members have free access to Management through the Chairman and Managing Director. Regular presentations are made by management to the Board. Board Committees and directors may seek briefing from management on specific matters as well as seek independent professional advice.

- **Oversight Role of the Board**

The Board provides strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst reviewing and monitoring proper corporate governance.

The Board retains full and effective control over the Corporation and monitors management's implementation of the set strategic plans. It ensures compliance of relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the code of ethics. It strives to act above and beyond the minimum requirements, and benchmark performance against best practices. In accordance with the principles of good corporate governance, each director undertakes to act in the best interest of the Corporation. Each director is also fully aware that the Board is responsible for determining the Corporation's vision, mission and values, deciding the strategic objectives and ensuring establishment of the organizational structure and procedures to achieve the set objectives.

- **Conflict of Interest**

The Directors are duty-bound to act honestly and in the best interests of the Corporation. Any business transacted with the Corporation must be fully disclosed to the Board consideration and approval. A Director must refrain from discussing or voting on matters with a potential for conflict of interest.

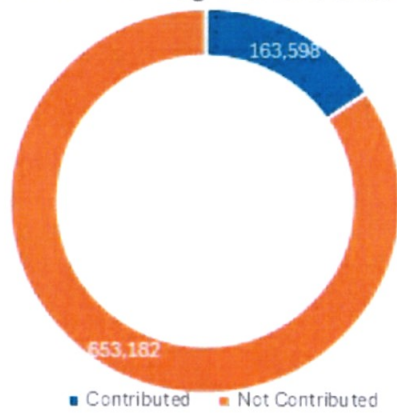


10. Management Discussion and Analysis

Fund Membership

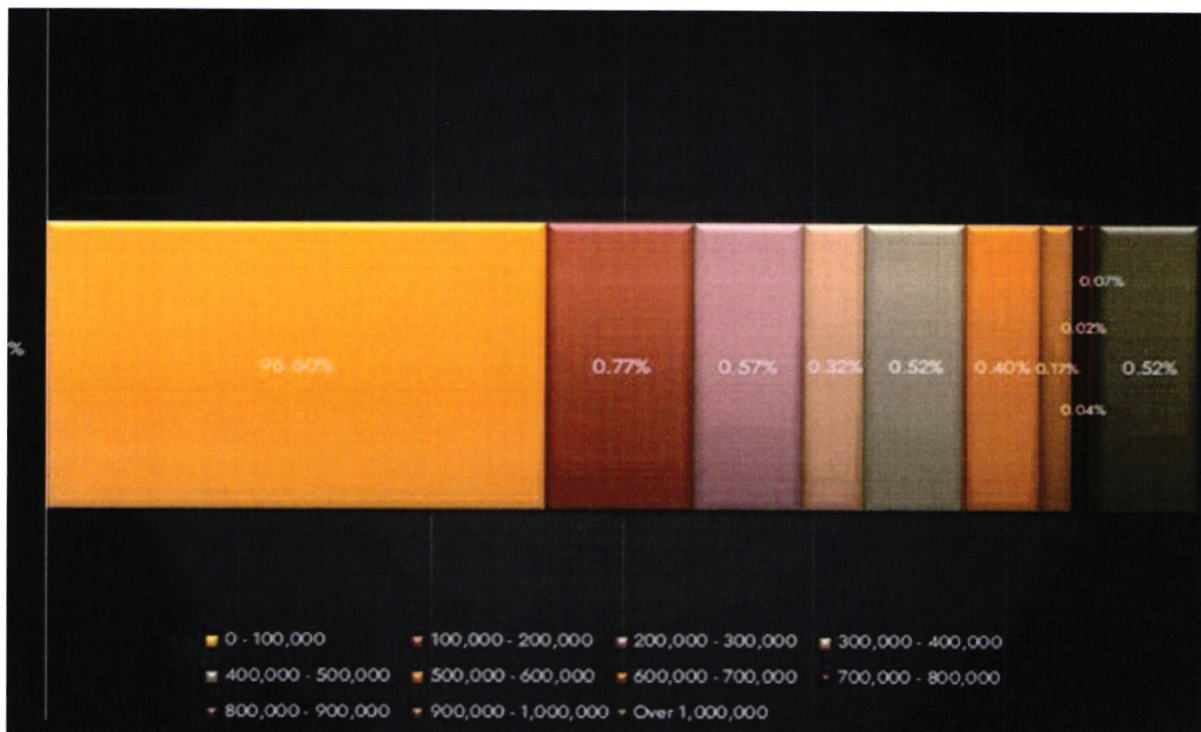
The Boma Yangu portal is the platform through which the Corporation receives deposits from members of the public towards the purchase of an affordable housing unit. There were 816,780 registered members in the Boma Yangu Portal as at 31st May 2025. 20.03% (163,598) of the total registered members have put in their deposits to the fund, the remaining 79.97% of the members have never made any contributions. A summary of distribution of contributors is also presented below.

Number of Registered members



Summary distribution of accumulated Savings

Majority of the members 160,534 in number had accumulated savings below Kshs. 100,000, they represent 98.13% of the total members. In addition, 46 members have contributed above Kshs. 1 million representing 0.03% of the total members.



The following is a detailed analysis of the membership movement of the fund for the period under review.

	May 2025	June 2024
Contributing Members		
At the Start of the Year	77,290	44,209
New Entrants	106,552	33,861
Exiting Members	(1,366)	(780)
At the End of the Period	182,476	77,290
Non-Contributing Members		
At the Start of the Year	447,163	323,101
New Entrants	154,053	124,062
At the End of the Period	601,216	447,163
Total Fund Membership	783,692	524,453

There is a 41.8% increase in the total fund membership. There is also a 93.2% growth in the number of people who are contributing to the fund. This is an indication that Kenyans have a desire to own a home and are willing to save towards the home ownership goal.

Fund Value

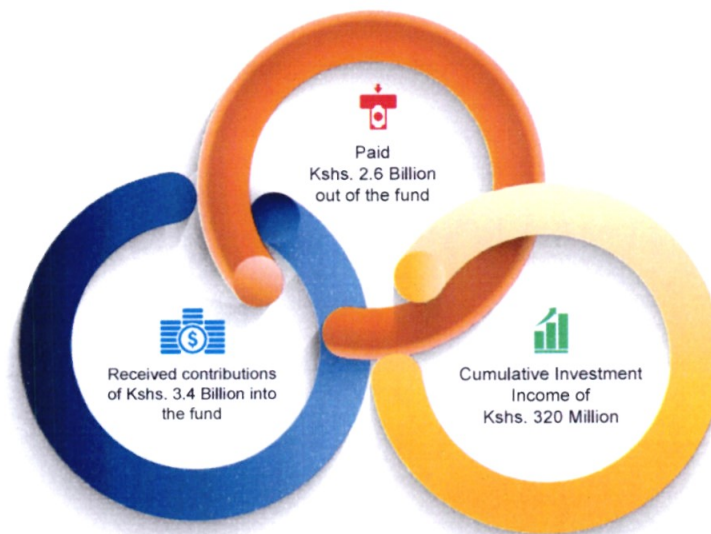
The value of the Fund stood at Kshs. 1.086 billion as at 31.05.2025 and are held by the Custodian in the collection and custody accounts. The table below shows the summarized status of the funds held.

PORTFOLIO	AMOUNT HELD (Kshs)
Cash Balance - Collection Account	205,129,907
Treasury Bills Held	881,495,535
Total Value of the Fund	1,086,625,442

Summary of funds held in Collection and Custody Accounts

Contributions and Withdrawals

Since inception of the fund, the Corporation has so far received Kshs. 3.4 billion and Kshs. 2.6 billion has been paid out of the fund. The contributions have earned cumulative investment income of Kshs. 320 million.



Beneficiaries of the Parkroad Scheme

The Corporation is pleased to report that 597 Boma Yangu members are now homeowners at the Parkroad Affordable Housing project which was the first flagship project under AHP completed in December 2020.



Typologies of units Constructed

Typology	Size (SQM)	No of Units	Selling Price
3BR	80	260	4,000,000.00
3BR	60	546	3,550,000.00
2BR	60	228	3,000,000.00
2BR	40	273	2,000,000.00
1BR	30	63	1,500,000.00

The project comprises 1370 no. residential units and 43 no. Commercial shops. Allocation to the units was done to members of the public, State agencies and the Civil Servants Housing Scheme as per the summary in the table below.

Allocation of Parkroad

Allocation	No. of Units allocated
Civil Servants Housing Scheme	548
Public Agencies	225
Boma Yangu - Members of the Public	597
Total No. Of Units	1370

The beneficiaries of Parkroad all paid the initial deposit to the fund (Boma Yangu). The purchasers were given the option to purchase a housing unit through the tenant purchase scheme, cash or mortgage. All offers to Public Agencies were on cash & mortgage.

Those who received offers to pay within 90days (cash/mortgage terms) also paid the balances to the Fund. However, those who received offers on Tenant Purchase continue to pay the monthly installments directly to the Corporation. It also important to note members of the public continue to save as they await allocation of upcoming projects.

The following is a detailed analysis of the allocation by terms of payment

Allocation by Terms of Payment

Allocation	No. of Units allocated	Remarks	
Civil Servants Housing Scheme	548	Mortgage	
Public Agencies	225	Cash & Mortgage	
Boma Yangu - Public	597	361	TPS Terms
		236	Cash & Mortgage
Total No. Of Units	1370		

Out of the total Kshs. 1.084 billion fund value Kshs. 764.2 million relates to the savings made by the members of public who are yet to be allocated a housing unit. The other amounts of Kshs. 320.7 million is net investment income earned by the fund to date. This is summarized in the table below;

Summary fund value

ITEM	AMOUNT (Kshs)
Members yet to be allocated houses	764,232,668
Net Investment Income	320,706,233
House allottees	0
Fund Value	1,084,938,901

11. Environmental and Sustainability Reporting

Sustainability is at the core of NHC's mission. The Corporation believes in creating a better future for all by investing in initiatives that promote environmental, social, and economic well-being.

Through this report we will be outlining, the Fund's promise to sustainability and also highlight our efforts in making a positive impact through the voluntary contributions from Kenyans.

Social Responsibility

Ethical Practices: The Fund upholds ethical practices in investments decisions by ensuring that all investments are made in companies that adhere to the principles of corporate social responsibility, human rights and fair labor practices.

Governance and Transparency

Accountability and Stakeholder Engagement: The Fund maintains transparent and accountable governance structures. The Fund also values input from its members and stakeholders and therefore it constantly seeks their feedback and collaboration for purposes of improving on its sustainability practices and performance.

Impact Measurement and Reporting

Regular Reporting: The Fund upholds transparency and is committed to being accountable and seeks to continuously improve.

Conclusion:

The National Housing Development Fund recognizes the need to uphold sustainability so as to ensure that we shape a better future for the generations to come. As we continue on our sustainability journey, the Fund assures its stakeholders of its commitment in maximizing the members returns while maintaining the highest standards of integrity, transparency, and accountability.

12. Report of the Trustees/Directors

The Directors submit their report together with the audited financial statements for the year ended 31st May 2025, which show the state of the National Housing Corporation's affairs.

i. Principal activities

The principal activities 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 the County Governments, Cooperative Societies, Private Sector players and other stakeholders in housing development.

ii. Results

The results of the entity for the year ended 31st May 2025, are set out on pages 1-45. Below is summary of the profit or loss made during the year.

iii. Directors

The members of the Board of Directors who served during the year are shown on page v.

iv. Auditors

The Auditor-General is responsible for the statutory audit of the Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Name: William K. B. Keitany
Corporation Secretary

Date:

13. Statement of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012, the State Corporation Act, Cap 446 section 14 and Cap 117 of the Laws of Kenya require the Directors to prepare financial statements each year, which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and the operating results of the Corporation for that year. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The Directors are also responsible for safeguarding the assets of the corporation.

The Directors are responsible for the preparation and presentation of the corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on 31st May 2025. 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 corporation; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IPSAS Accrual, and in the manner required by the PFM Act, 2012 and the State Corporations Act, Cap 446. The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of the Corporation's transactions during the financial year ended 31st May 2025, and of the Corporation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

Approval of the financial statements

The Corporation's financial statements were approved by the Board on 29th August 2025
and signed on its behalf by:



Hon. Yusuf Chanzu, FAAK, FIQSK, CBS, OGW, HSC
Chairman of the Board of Directors



QS. David Mathu, MBS
Managing Director/CEO

REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL HOUSING DEVELOPMENT FUND FOR ELEVEN MONTHS PERIOD ENDED 31 MAY, 2025 - NATIONAL HOUSING CORPORATION

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Housing Development Fund set out on pages 1 to 11, which comprise of the statement of financial position as at 31 May, 2025 and the statement of financial performance, statement of changes net

Report of the Auditor-General on National Housing Development Fund for Eleven Months Period ended 31 May, 2025 - National Housing Corporation

assets, statement of cash flows and statement of comparison of budget and actual amounts 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 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, the financial statements present fairly, in all material respects, the financial position of National Housing Development Fund as at 31 May, 2025 and of its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards and comply with the Housing Act, Cap 117 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Housing Development Fund Management in accordance with ISSAI 130 on the 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounts of Kshs.33,606,0000 and Kshs.76,636,000 respectively, resulting over-funding of Kshs.43,030,000 or 28% of the budget. However, the Fund spent an amount of Kshs.3,399,000 against actual receipt amount of Kshs.76,636,000 resulting to underutilization of Kshs.73,237,000 or 96% of actual receipt. This is because the funds were earmarked to be transferred to the Affordable Housing Board.

2. Transfer of Fund Operations

The Fund transferred its operation on 31 May, 2025 as provided in Section 61(2) of the Affordable Housing Act, 2024 which vested the operation of the Fund to the Voluntary Saving Scheme. The Fund therefore prepared financial statements for eleven months ended 31 May, 2025. Review of the handover records reveal that assets, liabilities, cashbooks, bank certificates and bank reconciliations were correctly included in the handover report Ref: NHC.12.5.48.VOL.V/ (10) DM dated 29 May, 2025 signed by the Managing Director National Housing Corporation. However, handover report signed by the two party to show concurrence was not provided for audit review.

Further, cash balances in the NHDF had not been transferred to the Voluntary Saving Scheme because the Board had not provided details of bank account where funds were to be deposit as at 31 May, 2025. Although transmission of the fully amount of

Kshs.498,695,015 was subsequently done in the month of June and July, 2025, no jointly signed handover report and evidence of the Fund Administrator notifying the contributors and creating an account of each contributor. The transfer process was yet to be concluded at the time of audit (November, 2025).

My opinion is not modified in respect of these matters.

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. There were no key audit matters to report in the year under review.

Other Information

The Management is responsible for the Other Information set out on page iv to xxvi which comprise of Key Fund Information and Management, Board of Directors, Management Team, Fiduciary Management Report, Fiduciary Oversight Arrangements, Chairman's Report, Report of the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Directors and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the National Housing Development Fund financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


09 December, 2025


15. Statement of Financial Performance for the Year Ended 31st May, 2025

DESCRIPTION	NOTES	2024/2025	2023/2024
		Kshs	Kshs
Revenue			
Interest Income	6	75,106,158	94,925,755
Other Income	7	1,530,364	2,284,718
Total Revenue		76,636,522	97,210,473
Expenses			
Use of Goods and Services	8	3,399,446	3,506,223
Total Expenses		3,399,446	3,506,223
Surplus		73,237,076	93,704,250
Attributable to Members		73,237,076	93,704,250

The notes set out on Pages 6 to 11 form an integral part of these financial statements.

The financial statements were approved by the Board on ^{29th August 25} and signed on its behalf by:


 Hon. QS. Yusuf Chanzu, FAAK,
 FIQSK, CBS, OGW, HSC.
 Chairman of the Board of Directors



 QS. David Mathu, MBS
 Managing Director/CEO


 CPA Joel Gatune
 General Manager Finance
 ICPAK No. 3200


16. Statement of Financial Position as at 31st May, 2025

DESCRIPTION	NOTES	2024/2025	2023/2024
		Kshs	Kshs
ASSETS			
Current Assets			
Cash and Bank Balances	9	205,129,907	6,139,165
Interest Receivable	10	12,631,997	18,225,740
Investment In Financial Assets	11	868,863,538	737,657,115
Total Current Assets		1,086,625,442	762,022,019
Total Assets		1,086,625,442	762,022,019
Current Liabilities			
Member Deposits	12	764,232,678	513,636,747
Other Payables	13	1,686,540	916,115
Total Current Liabilities		765,919,218	514,552,862
Reserves			
Accumulated Surplus	14	320,706,224	247,469,157
Total Accumulated Surplus		320,706,224	247,469,157
Total Net Assets and Liabilities		1,086,625,442	762,022,019

The financial statements were approved by the Board on 29th August 25 and signed on its behalf by:


Hon. QS. Yusuf Chanzu, FAAK,
FIQSK, CBS, OGW, HSC.
Chairman of the Board of Directors


QS. David Mathu, MBS
Managing Director/CEO


CPA Joel Gatune
General Manager Finance
ICPAK No. 3200

17. Statement of Changes In Net Assets For The Year Ended 31st May, 2025

	NOTES	MEMBERS DEALINGS	ACCUMULATED SURPLUS	TOTAL
		Kshs	Kshs	Kshs
30TH JUNE 2023		423,034,999	153,764,907	576,799,906
1ST JULY 2023		423,034,999	153,764,907	576,799,906
Contributions	15	330,200,707	-	330,200,707
Transfer in	16	17,668,441	-	17,668,441
Refunds	17	(257,267,399)	-	(257,267,399)
Surplus /(Deficit) for the period		-	93,704,250	93,704,250
GOK Fund received during the Year		-	-	-
30TH JUNE 2024		513,636,747	247,469,157	761,105,905
Contributions	15	536,173,832	-	536,173,832
Refunds	17	(285,577,911)	-	(285,577,911)
Surplus /(Deficit) for the period		-	73,237,076	73,237,076
GOK Fund received during the Year		-	-	-
31st MAY 2025		764,232,668	320,706,233	1,084,938,901

18. Statement of Cash Flows for the Year Ended 31st May, 2025

DESCRIPTION	NOTES	2024/2025	2023/2024
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Contribution Received	15	536,173,832	330,200,707
Transfer into the Fund	16		17,668,441
Total Receipts		536,173,832	347,869,147
Payments			
Refunds & recalls	17	(285,577,911)	(257,267,399)
Administrative Expenses		(1,090,332)	(2,222,899)
Due to NHC		-	(666,452,127)
Total Payments		(286,668,243)	(925,942,425)
Net Cashflow from Operating activities		249,505,589	(578,073,277)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income Received		82,230,265	89,285,237
Investment Management Expense		(1,538,689)	(6,722,757)
Purchase of Treasury Bills		(2,489,290,828)	(2,316,098,945)
Proceeds from Disposal of Treasury bills		2,358,084,405	2,601,999,480
Net Cash Flows from Investing Activities		(50,514,847)	368,463,015
Increase / (Decrease) in cash and cash equivalents		198,990,741	(209,610,262)
Cash & Cash Equivalents at the beginning of the period		6,139,165	215,749,427
Cash & Cash Equivalents at the end of the period		205,129,907	6,139,165

19. Statement of Comparison of Budget and Actual Amounts for the Year Ended 31st May, 2025

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
		Kshs	Kshs	Kshs	Kshs	
Revenue	"000"	"000"	"000"	"000"	"000"	"000"
Interest Income	33,606	-	33,606	76,636	(43,030)	128%
Total income	33,606	-	33,606	76,636	(43,030)	128%
Expenses						
Use of Good and services	16,311	-	16,311	3,399	12,912	79%
Total expenditure	16,311	-	16,311	3,399	12,912	79%
Surplus for the period	17,295	-	17,295	73,237	(55,942)	323%

Explanation of Material Variances on Statement of Budget and Actual Comparisons

a) Interest Income

The positive variance is due to an increase in the amount received from the voluntary contributions which was higher than forecasted.

b) Use of Goods & Service

The fund had budgeted to employ staff to handle all matters relating to the fund. However, this did not happen as NHC is currently utilizing its internal resources to manage the Fund. This action contributed to the positive variance.

20. Notes To The Financial Statements

1. General Information

National Housing Development Fund (NHDF) is established by and derives its authority and accountability from an Act of Parliament, Cap. 117 of the Laws of Kenya. NHDF is wholly owned by the Government of Kenya and is domiciled in Kenya. NHDF's primary activity is to play a principal role in the implementation of the Government's Housing policy.

For Kenyan Companies Act reporting purposes, the balance sheet is reported as the statement of financial position and the profit and loss account as the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement of re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. There are currently no areas involving a higher degree of judgement or complexity, or where assumptions and estimates made are significant to the financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Corporation.

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied in all the quarters presented.

3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretation in issue but not yet effective in the year ended 31st May 2025.

TITLE	DESCRIPTION	EFFECTIVE DATE
IPSAS 42: Social Benefits	The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. Grants transitional exemptions.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Other improvements to IPSAS	<ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. Allow recognition for all Interest income earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments 	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of the impact of the application of the above, they do not expect that there will be a significant impact on the Fund's financial statements.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 31st May 2025.*

The Fund did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Revenue recognition

Revenue is measured based on the consideration to which the Corporation expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when it transfers control of a product or service to a customer.

- i. **Finance income** comprises interest receivable from bank deposits and investment in securities and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- ii. **Dividend income** is recognised in the income statement in the period in which the right to receive the payment is established.
- iii. **Other income** is recognised as it accrues.

2. In-kind contributions

The Corporation did not receive any form of in-kind contributions during the period under review.

3. Trade and Other Receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectable amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

4. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in 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 various commercial banks at the end of the reporting period.

6. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the Corporation or not, less any payments made to the suppliers.

7. Exchange Rate Differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Corporation operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year- end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

8. Comparative Figures

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

9. 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 31st May 2025.

10. Service Concession Arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS 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.

1. 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 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.

2. 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 assets.

6. Investment Income

	2024/2025	2023/2024
	Kshs	Kshs
Interest on treasury bills	75,106,158	94,925,755
Total	75,106,158	94,925,755

7. Other Income

	2024/2025	2023/2024
	Kshs	Kshs
Interest on Bank Deposits	1,530,364	2,284,718
Total	1,530,364	2,284,718

Interest on Bank Deposits relates to interest credited on monthly bank balances.

8. Use of Goods and Services

	2024/2025	2023/2024
	Kshs	Kshs
Investment Management Expenses		
Fund Management Fees	1,455,154	1,541,857
Custodian Fees	422,868	462,333
Administrative Expenses		
Fund administration fees	1,506,411	1,487,129
Bank Charges	15,014	14,904
Total	3,399,446	3,506,223

The fund management fees is invoiced at the rate of 0.2088% of the total fund value at the end of the month. The custodial fees is based on 0.05568% of the fund value at the end of the month.

The administration fee is computed every quarter at 0.187% of the assets under the management of the Administrators.

9. Cash and Bank Balances

	2024/2025	2023/2024
	Kshs	Kshs
KCB Collection Account	201,363,336	2,757,685
KCB Investment Account	3,766,571	3,381,479
Total	205,129,907	6,139,165

Detailed analysis of cash and bank balances

	Account Number	2024/2025	2023/2024
		Kshs	Kshs
KCB Collection Account	1268799599	201,363,336	2,757,685
KCB Investment Account	1268800511	3,766,571	3,381,479

10. Interest Receivable

	2024/2025	2023/2024
	Kshs	Kshs
Interest receivable	12,631,997	18,225,740
Total	12,631,997	18,225,740

11. Investment In Financial Assets

	2024/2025	2023/2024
	Kshs	Kshs
Treasury Bills	868,863,538	737,657,115
Total	868,863,538	737,657,115

12. Members Deposits

	2024/2025	2023/2024
	Kshs	Kshs
Deposit	764,232,678	513,636,747
Total	764,232,678	513,636,747

13. Other Payables

	2024/2025	2023/2024
	Kshs	Kshs
Fund Management Fees	810,321	482,907
Fund Administration	787,186	356,094
Custodial Expenses	89,033	77,114
Total	1,686,540	916,115

The fund management fees, administration fees and custodial fees payable relate to amounts owing between January 2025 to 31st May 2025 fees.

14. Accumulated Surplus

	2024/2025	2023/2024
	Kshs	Kshs
Opening Balance	247,469,157	153,764,908
Profit for the Year	73,237,076	93,704,250
Total	320,706,233	247,469,157

15. Contributions Received

	2024/2025	2023/2024
	Kshs	Kshs
Contributions to the Fund	536,173,832	330,200,707
Total	536,173,832	330,200,707

This relates to amounts contributed by the members of the Fund.

16. Transfers Into The Fund

	2024/2025	2023/2024
	Kshs	Kshs
Central Bank of Kenya	-	2,610,000
Kenya Defence Forces		15,058,441
Total	-	17,668,441

17. Refunds

	2024/2025	2023/2024
	Kshs	Kshs
Withdrawals from the Fund & recalls	285,577,911	257,267,399
Total	285,577,911	257,267,399

The withdrawals relate to the amounts deposited by the members of the public who were not allocated a housing unit and opted to withdraw their deposit. And recalls relates to funds which were recalled from the fund to NHC because members were already allocated houses.

18. Taxation

The National Housing Development Housing Fund is expressly exempted under Paragraph 57 of the first schedule of the Income Tax Act Cap 470.



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