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REPORT

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OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**

**MINISTRY OF LANDS, HOUSING AND
URBAN DEVELOPMENT**



MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT

(CIVIL SERVANTS HOUSING SCHEME FUND)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2016

**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 in 2004, through legal notice no. 98 under the housing act Cap 117. This was after the cabinet approved the establishment of the fund and the promulgation of the rules and regulation to govern the operations of the fund. 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

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 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 urban areas and cities
- vi. The Attorney General.

The scheme is administered by the administrator through a secretariat which carries out the day to day activities of Fund. Day to day Fund activities are executed through the scheme's director 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, Ministry of Land, Housing and Urban Development. The Officer administering the Fund therefore hereby submits the report of the Fund and the financial statements for the year ended 30 June 2016 which show the state of the Fund affairs. The key management personnel who held office during the financial year ended 30th June 2016 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 22nd 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 Land 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@ardhi.go.ke
Website: www.ardhi.go.ke

(g) Entity Bankers

Kenya Commercial Bank Ltd,
Milimani Branch
A/C No. 1108696325
P O Box 69695 - 00100
NAIROBI

National Bank of Kenya
Hill Plaza Branch
A/C No. 0131632134611
P O Box 45219 - 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

MANAGEMENT TEAM

1. Joseph M Ngayai B.A (Land Economics), Msc (Construction Mgt), MISK	Director of the Fund
2. Simon O. Opondo Msc Architecture, MAAK, Registered Architect	Deputy Director Housing
3. Ruth B. Momanyi B.com (Accounting), MBA (Finance), CPA(K)	Scheme Accountant
4. Christopher M. Khaoya B.A(Land Economics), Master of Urban Planning, MISK	A.g Estate Manager

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 25,000,000 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 30th June 2015 accomplished the following:-

a. Non-strategic government houses sold in Nairobi

S/No	Estate	Number of units	Description
1	Kileleshwa	208	Maisonettes
2	Mugoya	144	Maisonettes
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
	Total	1,082	

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	
	TOTAL	747	

d) Granting of Mortgage Loans to Civil Servants

The fund has facilitated 786 civil servants with mortgage loans for construction and purchase amounting to Kshs.2.4 billion through Kenya Commercial Bank (KCB) and Housing Finance (HF) Group as shown in the table below:

S/No	Financial Institutions	Number of Civil Servants	Amount (Kshs.)
1	Kenya Commercial Bank	427	1,456,015,730
2	Housing Finance	339	926,158,376
	Total	786	2,418,174,106

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

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

In total CSHSF has facilitated 3,058 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

The facilities are let out to rent paying tenants.

During financial year 2015/2016, 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 45% complete as at 30th June 2016.
- ii. The department issued loans to Civil Servants amounting to Kshs550 Million for purchase of construction of residential houses.
- iii. Funds raised for the year amounted to Kshs.1, 025,084,467/= broken into; Government grant through National Treasury amounting to Kshs 743,000,000.00/= and Revenue reserve at the end of financial year Kshs.282, 084,466/=.

The performance of the department in the year 2015 – 2016 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.

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

SCHEME MANAGEMENT COMMITTEE STATEMENT

Scheme Management Committee Report

Statement of the Scheme Management Committee's Responsibilities on the Financial Statements for the Year Ended 30th June 2016

The Civil Servants (Housing Scheme Fund) Regulations, 2004 which established the Fund requires the management of the Fund to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its operating results for that year. It also requires the management to ensure proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund.

The management of the Fund accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Fund's financial regulations and generally accepted accounting principles.

REPORT OF THE SCHEME MANAGEMENT

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the CSHSF affairs.

Principal activities

The key strategic priorities for the year were

- i. Facilitation of at least 190 civil servants with loans to buy or construct residential houses approximately Kshs. 600 million
- ii. Commencement of Kisumu Shauri Moyo Housing project to comprise 250 one ,two and three bedrooms houses at a cost of Kshs 764 million

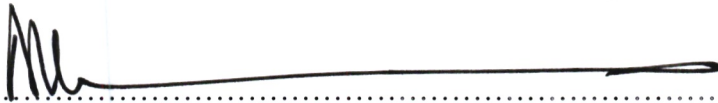
- iii. Initiation of Public Private partnership process for construction of Park Road and Starehe Estate
- iv. Amendment of the Civil Servants Housing Scheme Fund regulations
- v. Raise funds for the fund activities and prudent management of the finances.

STATEMENT OF THE ADMINISTRATOR OF THE SCHEME

I accept responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal control.

I further accept responsibility for the attached annual accounts, which have been prepared in conformity with internationally accepted accounting standards and appropriate government financial regulations and procedure.

I am of the opinion that the attached appropriations and other financial statements present fairly financial state of affairs of the Civil Servants Housing Scheme Fund Vote 44 as at 30th June 2016.



.....
Accounting Officer/ Receiver of revenue/Administrator of National public Fund
The Principal Secretary,
Ministry of Land, Housing and Urban Development

30/09/16

.....
Date

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON CIVIL SERVANTS HOUSING SCHEME FUND FOR THE YEAR ENDED 30 JUNE 2016 – MINISTRY OF LAND, HOUSING AND URBAN DEVELOPMENT

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Civil Servant Housing Scheme Fund set out at pages 11 to 23, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows 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.

Management's Responsibility for the Financial Statements

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

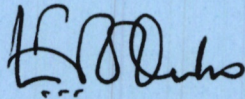
Report of the Auditor-General on the Financial Statements of Civil Servants Housing Scheme Fund for the Year ended 30 June 2016

the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Civil Servants Housing Scheme Fund as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.



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

Nairobi

08 June 2017

**CIVIL SERVANTS HOUSING SCHEME FUND (CSHSF)
STATEMENT OF FINANCIAL PERFORMANCE**

For the year ended 30 June 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Finance income-external investments	3	352,496,445.35	286,659,131.65
		352,496,445.35	286,659,131.65
Total revenue		352,496,445.35	286,659,131.65
Depreciation and amortization expense	4	25,957,717.03	26,790,189.04
General expenses	5	44,454,261.55	95,909,780.19
Total expenses		70,411,978.58	122,699,977.23
Surplus before tax		282,084,466.77	163,959,154.42
Surplus for the period		282,084,466.77	163,959,154.42

The notes set out on pages 6 to 14 forms an integral part of the Financial Statements

CIVIL SERVANTS HOUSING SCHEME FUND (CSHSF)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Assets			
Current assets			
Cash and cash equivalents	6	2,532,245,964.30	1,785,355,732.76
Current portion of long-term receivables from exchange transactions	7	628,816,471.81	364,004,902.16
		3,161,062,436.11	2,149,360,634.92
Non-current assets			
Property, plant and equipment	8	7,937,632.43	9,699,088.44
Investments(Land and building unallocated)	7	6,667,334.00	21,304,000.00
Investment property	9	901,841,692.89	924,965,838.86
Long term receivables from exchange transactions	7	4,093,505,334.71	4,022,728,142.60
		5,009,951,994.03	4,978,697,070.20
Total assets		8,171,014,430.14	7,128,057,705.12
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	10	94,654,794.41	79,344,299.22
Total liabilities		94,654,794.41	79,344,299.22
Net assets		8,076,359,635.73	7,048,713,405.60
Balance bf		1,058,828,689.39	894,869,534.97
Surplus for the year		282,084,466.77	163,959,154.42
Reserves on sale of houses		339,438,100.45	334,893,747.59
Revenue Reserves		1,680,351,256.61	1,393,722,436.98
Capital reserves			
Government contribution(capital injection)		6,123,217,109.70	5,380,217,109.70
Property validation and rental collections reserves		184,752,535.17	185,968,234.67

Accounts payable 10% deposits reserves	88,038,734.25	88,805,624.25
Accumulated surplus (capital reserves)	6,393,792,927.28	5,654,990,968.62
Total net assets and liabilities	8,076,359,635.73	7,048,713,405.60

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

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

;Director/CSHSF

Signature.....30/09/2016

Signature M. Gayari.....

Date ...M. _____

Date30-09-2016

CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2016

	Revenue reserve	Capital Reserve	Total
	Kshs	Kshs	Kshs
Balance as at 30 JUNE 2014	894,928,035.00	5,496,749,490.00	6,391,677,525.00
Government contribution capital injection movement	-	500,000,000.00	500,000,000.00
Property validation and rental collections reserves	-	155,544.91	155,544.91
Accounts payable 10% deposits reserves	-	-1,159,459.00	-1,159,459.00
Reserves on Sale of Houses	-	-5,919,359.73	-5,919,359.73
Surplus/(deficit) for the period	163,959,154.42	-	163,959,154.42
Balance as at 30 JUNE 2015	1,058,887,189.42	5,989,826,216.18	7,048,713,405.60
Surplus for the period	282,084,466.77	-	282,084,466.77
Government contribution capital injection movement	-	743,000,000.00	743,000,000.00
Property validation and rental collections reserves movement	-	-1,215,699.50	-3,431,151.34
Accounts payable 10% deposits reserves movement	-	-766,890.00	-766,890.00
Reserves on Sale of Houses	-	4,544,352.76	6,759,804.70
Balance as at 30 JUNE 2016	1,340,971,656.19	6,735,387,979.54	8,076,359,635.73

**CIVIL SERVANTS HOUSING SCHEME
FUND(CSHSF)
STATEMENT OF CASHFLOW
For the year ended 30 June 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
Cash flows from operating activities			
Finance income		352,496,445.35	286,659,131.65
Total revenue		352,496,445.35	286,659,131.65
Payments			
Other payments		-44,454,261.55	-95,909,780.19
Grants and subsidies paid		-44,454,261.55	- 95,909,780.19
Cash flows from operating activities		308,042,183.80	190,749,351.46
Debtors/ Accounts receivable		-12,357,968.65	21,214,700.54
Trade and other payables		15,322,807.21	72,305,216.84
Work in Progress		-252,463,601.00	-111,237,287.24
Net cash flows from operating activities		58,543,421.36	173,031,981.60
Cash flows from investing activities			
Acquisition of property, ,plant, ,equipment &intangible		-1,072,115.05	-
Land & Building(Unallocated)		14,636,666.00	10,627,000.00
Mortgage Recoverable Scheme		218,110,758.70	212,177,655.16
Mortgage Recoverable S&L		-278,735,320.66	-157,884,622.37
Mortgage Recoverable HFCK		-6,595,926.45	-150,000,000.00
Group Insurance Recoverable		-3,559,015.70	-5,256,431.61
Net cash flows used in investing activities		-57,214,953.16	-90,336,398.82
Cash flows from financing activities			
Government grants as capital injection		743,000,000.00	500,000,000.00
Deposits		-1,215,699.50	155,544.91
Accounts Payable (10% deposits)		-766,890.00	-1,159,459.00
Housing reserve on sale		4,544,352.76	-5,919,359.73
Net cash flows used in financing activities		745,561,763.36	493,076,726.18
Net increase/(decrease)in cash and cash equivalents		746,890,231.56	575,772,308.96
Cash and cash equivalent 1JULY 2015	6	1,785,355,732.76	1,209,583,424.00
Cash and cash equivalent 30 JUNE 2016	6	2,532,245,965.30	1,785,355,732.76

CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)

NOTES TO THE FINANCIAL STATEMENT

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with Accrual Basis of Accounting Method 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.

2. Summary of significant accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis

b) Income

The principal source income for the fund is capital injection from Government. Other sources comprise interest income, revenue operating grants and other related incomes. Revenue operating grants are recognized over the period necessary to match them with related expenses.

c) Property and Equipment

Expenditure comprises expenses incurred directly for an in support of programme activities. These are recognized accrual basis.

d) Property and Equipment

Property and equipment are stated at the Net Book Value (cost less accumulated depreciation). Depreciation is charged on the reducing balance method using the following annual rates:

Land and Building	2.50%
Computer	33.33%
Motor Vehicles	25.00%
Office Equipment	12.5%
Furniture, Partitions & Fittings	12.5%

Full depreciation is charged in the year of purchase/acquisition and non in the year of disposal.

e) Foreign currency transactions

Foreign currency transactions during the year (where applicable) are converted into Kenya Shillings at rates ruling at the transactions dates.

f) Cash and cash equivalents

Cash and cash equivalents comprise balances held in current and investment accounts with banks, cash on hand 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.

g) Deferred income

Unexpended grant receipts are deferred and recognized as income when the related expenses are incurred.

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

	2016	2015
	Kshs	Kshs
3. Finance income- external investments		
Mortgage interest	71,668,751.30	96,081,039.55
Cash investments and fixed deposits	167,574,164.37	78,661,386.20
Sale of tender documents	0.00	80,000.00
Mortgage interest S&L	20,531,970.80	19,202,446.10
Mortgage interest HFCK	34,864,405.48	0.00
Sale of forms (Loan/House)	159,600.00	78,000.00
Rental income	54,021,753.40	92,544,659.80
Other income	3,675,800.00	11,600.00
Gross margin (sale of houses)	0.00	0.00
Disposal of assets (Gain/Loss)	0.00	0.00
Total finance income – external investments	352,496,445.35	286,659,131.65
4. Depreciation and amortization expense		
Property ,plant and equipment	25,957,717.03	26,790,189.04

CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)

NOTES TO THE FINANCIAL STATEMENTS

5. General expenses

The following are included in general expenses:

Secretariat/Boards & Committee	19,019,409.05	21,474,789.00
Conference & Seminars	2,582,000.00	1,730,760.00
Official Entertainment	1,246,316.00	1,492,688.00
Travel & Sundry Items (e.g .Taxi)	2,667,364.05	1,880,762.78
Accommodation	4,237,050.00	4,628,386.00
Advertisement Awareness	8,809,528.20	2,571,395.20
Publishing & Printing Services	396,500.00	55,250.00
General Office Supplies	3,280,580.00	3,331,847.00
Telephone & Mobile services	59,500.00	44,850.00
Courier & Postal Services	5,000.00	29,000.00
Purchase of Office plant& equip	0.00	0.00
Library Services	247,240.00	325,780.00
Purchase of Office Furniture	0.00	0.00
Training Expenses	63,090.00	507,900.00
Purchase of Motor vehicles	0.00	0.00
Purchase of Software program	0.00	0.00
Supplies& accessories for computers & printers	139,780.00	435,200.00
Maintenance of Equipment	344,590.80	443,032.80
Staff Uniforms	0.00	0.00
Sanitary & Cleaning Materials	0.00	0.00
Membership Fees	750,150.00	206,983.00
Refurbishing of Residential building	61,643.55	1,016,571.80
Guards & Cleaning Services	209,000.00	355,410.00
Motor Vehicle Repair	0.00	0.00
Electricity	0.00	0.00
Office Maintenance	26,711.35	18,500.00
Bank charges	308,808.55	48,751,678.61
Surveying of scheme properties	0.00	6,609,004.00
Total general expenses	44,454,261.55	95,909,780.19

6. Cash and cash equivalents

Cash-books balances	32,245,964.30	785,355,732.76
Cash-on-hand and in transit	0.00	0.00
Short-term deposits	2,,500,000,000.00	1,000,000,000.00
Total cash and cash equivalents	2,532,245,964.30	1,807,274,018.48

7. Receivables from exchange transactions

Current portion of long-term receivables from exchange transactions

Work-in-progress

Construction	266,998,896.81	25,118,834.04
Consultant	111,238,092.23	106,185,221.20
Statutory fees & other charges	5,060,027.00	1,693,102.00
Retention	0.00	-2,163,742.00

Debtors/Accounts receivable

Debtors(P/s Lands & Lands)	109,647,557.72	123,442,730.72
Rent and service charge Arrears	113,317,269.95	92,856,536.80
Service charge arrears	22,554,628.10	16,872,219.60

Total current receivables **628,816,471.81** **364,004,902.16**

Long term receivable from exchange transaction

Mortgage recoverable from the Scheme	1,704,899,361.06	1,923,010,119.76
Mortgage recoverable from HFCK	977,310,808.60	970,714,882.15
Mortgage recoverable from KCB (S&L)	1,370,675,008.03	1,091,939,687.37
Group insurance	40,610,157.02	37,063,453.32
	4,093,505,334.71	4,022,728,142.60

Investments(Land and building unallocated)	6,667,334.00	21,304,000.00
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Total Non-current receivables **4,100,174,980.71** **4,978,697,070.20**

8. Property, plant and equipment

	Computers & other Equipment	Motor-vehicles	Furniture and Fittings	Land and Buildings	Total
Cost	Kshs	Kshs		Kshs	Kshs
At 1 July 2015	40,998,451.53	4,016,157.00	7,690,831.00	1,002,379,368.02	1,055,084,807.55
Additions	1,072,115.05	-	-	-	1,072,115.05
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30 June 2016	42,070,566.58	4,016,157.00	7,690,831.00	1,002,379,368	1,056,156,922.60
Depreciation and impairment					
At 1 July 2015	-34,682,086.94	-3,789,993.06	-4,534,271.09	-77,413,529.16	-120,419,880.25
Depreciation	-2,392,772.44	-56,540.98	-384,257.64	-23,124,145.97	-25,957,717.03
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 June 2016	-37,074,859.38	-3,846,534.04	-4,918,528.73	-100,537,675.13	-146,377,597.28
Netbook values					
At 30 June 2016	4,995,707.20	169,622.96	2,772,302.27	901,841,692.89	909,779,325.32
At 30 June 2015	6,316,364.59	226,163.94	3,156,559.91	924,965,838.86	934,664,927.30

CIVIL SERVANTS HOUSING SCHEME FUND(CSHSF)

NOTES TO THE FINANCIAL STATEMENTS

9. Investment property

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	-100,537,675.13	-77,413,529.16
Closing balance at 30 June 2014	901,841,692.89	924,965,838.86

10. Trade and other payables from exchange transactions

Commissioner of V.A.T	0.00	0.00
Creditors/Accruals	0.00	1,865,926.00
10% Retention	-88,761,784.92	-76,417,858.09
Commissioner Of Income Tax	0.00	0.00
Service Charge	-3,116,823.09	-2,792,886.73
Rent Security Deposits	-2,115,887.00	-1,613,446.00
Bank Loan Repayment	-660,299.40	-386,034.40
Total trade and other payables	-94,654,794.41	-79,344,299.22

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D (enter title of head of entity)
Board

Chairman of the

Date.....

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