

REPUBLIC OF KENYA



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REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	DAY: Tuesday
OF	
TABLED BY:	Hon. Owen Baya. MP. Deputy majority leader.
CLERK-AT-THE-TABLE:	Getmale Chebet.

THE AUDITOR-GENERAL

ON

NATIONAL HOUSING CORPORATION

**FOR THE YEAR ENDED
30 JUNE, 2024**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
30 DEC 2024
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ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Financial Year Ended
June 30th, 2024



Prepared in accordance with the
International Financial Reporting Standards (IFRS)



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1. Acronyms and Glossary of Terms

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

2. Key Entity Information

NHC at a Glance

Our Products



160
Members of Staff

2,567
Rental Houses Across The Country

800,000m²
EPS Panels Produced

8
Regional Offices

1000
Jobs created daily

247
Students on attachment

13
Ongoing Projects

1018
Masons and Artisans trained on the use of EPS Panels

2.8175 Weighted score (Very Good)
2022/2023 Performance Contract rating: The best in the Ministry

Key Events 2023/24

Sept - Oct
2023

- Procured Building Information Management (BIM) system
- Trained 39 relevant technical team on BIM

October
2023

Projects Commenced

- Nyandarua AHP (100 Units)
- Eldoret Office and Flats (18 Units)
- Kakamega Amalemba (64 Units)
- Nakuru Mixed Use Development (94 Units)
- Changamwe Infill Phase III (100 Units)

November
2023

- Commenced Meru Mixed Use Development
- Transitioned to new HR Instruments

March
2024

Projects Completed

- Changamwe Infill Phase II (80 Units)

April
2024

Projects Commenced

- Kericho Housing Phase II (100 Units)

May
2024

- Celebrated NHC At 70
- Launched the 2023-2027 Strategic plan
- Rebranded NHC

June
2024

- Received a new salary structure from SRC

Financial Performance at a Glance

This is a summary of the performance for the financial year 2023/2024. Details on the performance are on page 1 to 44 of this report.

Total Revenue

Kshs. 1.3B



Profit Before Tax

Kshs. 302 M



Value of Ongoing Projects

Kshs. 5b



Assets

Kshs. 22B



Who We Are

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, National Housing Corporation is represented by the Cabinet Secretary for Lands, Housing and Urban Development who is responsible for the general policy and strategic direction of NHC. The Corporation is domiciled in Kenya and has branches in Nairobi, Mombasa, Nakuru, Eldoret, Kisumu, Kitale, Isiolo and Nyeri.

b. Principal Activities

The principal mandate of the National Housing Corporation is to implement government housing policies and programmes.



Our On-going Projects



Kisumu Kanyakwar Housing Project



Homabay Housing Project



Kirinyaga Housing Project



Stoni Athi Housing Project



NHC Board of Directors inspecting one of our housing projects.



NHC management led by Managing Director/ CEO Qs. David Mathu and General Manager- Construction & Project Management Eng. Thomas Ofwa inspecting the renovation work at the Deputy Chief Justice office.



NHC Management inspecting one of NHC's housing projects

c. Board of Directors

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

NAME	POSITION
Hon. Yusuf Chanzu, CBS, OGW, HSC	Chairman
Prof. Njuguna Ndung'u, CBS	Cabinet Secretary, The National Treasury
Charles Hinga Mwaura	Principal Secretary, State Department of Housing and Urban Development
Mr. Mathew Thomas Ouko	Alternate to the Cabinet Secretary, The National Treasury <i>Replaced on 23rd November 2023.</i>
Feisal Mohammed	Alternate to the Cabinet Secretary, The National Treasury <i>Appointed on 23rd November 2023.</i>
James Maina	Alternate to Principal Secretary Housing and Urban Development <i>Replaced on 19th March 2024.</i>
John Muya	Alternate to Principal Secretary Housing and Urban Development <i>Appointed on 19th March 2024.</i>
Eng. Gerald Kipkoech Rotich	Independent Director
Arch. Hindu Rashid Mzee	Independent Director
Arch. Jennifer W. Gathecha	Independent Director
CPA Yasin Haji Hussein	Independent Director
Adv. Joshua Nyamori Odhiambo	Independent Director
Benard Parsaloi Torome	Independent Director
QS. David Mathu, MBS	Managing Director/CEO
William K. B. Keitany	Ag. Corporation Secretary and General Manager Legal Services

d. Corporation Secretary

Mr. W.K.B Keitany,
P.O. Box 30257-00100
Nairobi, Kenya.

f. Corporation Headquarters

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

h. 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.

k. ABSA Bank

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

e. Registered Office

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

g. Corporation Contacts

Telephone: +254 3312149/7
E-mail: info@nhckkenya.go.ke
Website: www.nhckkenya.go.ke

i. Independent Auditors

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

j. Principal Legal Advisers

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

3. The Board of Directors



Hon. Yusuf Chanzu, CBS, OGW, HSC

Board Chairman (Non-executive)

Hon. Yusuf Chanzu, CBS, OGW, HSC 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), 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.



Prof. Njuguna Ndung'u, CBS

Cabinet Secretary The National Treasury

Prof. Njuguna Ndung'u is the Cabinet Secretary, National Treasury & Economic Planning. Prior to the current appointment, Prof. Ndung'u was serving as the Executive Director of the African Economic Research Consortium (AERC), a Pan African premier capacity building network of researchers, trainers, students, universities, policy makers and international resource persons. He is an Associate Professor of Economics at The University of Nairobi, Kenya and the immediate former Governor, Central Bank of Kenya.

Prof. Ndung'u has been a member of the Global Advisory Council of the World Economic Forum, Visiting Fellow of Practice at Blavatnik School of Government, Oxford University, Director of Training at AERC, Program specialist at IDRC and Team Leader in Macro-modeling at the Kenya Institute for Public Policy Research and Analysis. He holds a PhD in economics from University of Gothenburg, Sweden.

He is a Member of Brookings Africa Growth Initiative, Member of the Advisory Committee of the Alliance for Financial Inclusion that coordinates financial inclusion policies in Africa, Asia and Latin America, and Senior Advisor for the UNCDF



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

Principal Secretary, State Dept for Housing and Urban Development

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

His core competencies include project and structured finance, 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 State Department for Housing and Urban Development, he was the Group Chairman of an advisory boutique with presence in South Africa and Kenya.



Eng. Gerald Kipkoeh Rotich

Independent Director

Eng. Gerald Kipkoeh 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, majority 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 Chair of the Technical Committee of the Board.



Arch. Hindu Rashid Mzee

Independent Director

Arch. Hindu Rashid Mzee 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, 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 detailed 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 Nyamori Odhiambo

Independent Director

Adv. Joshua Nyamori Odhiambo is an Advocate of the High Court of Kenya with over 23 years 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 Bachelors 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 Masters in Law (LLB) from the University of Nairobi.

Mr 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 Process among others. He is the Chair of the Finance, Strategy and Business Development Committee of the Board.



Mr. Bernard Parsaloi Torome

Independent Director

Mr. Bernard Parsaloi Torome 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 training in Governance, Leadership, Integrity and Administration.

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



Arch. Jennifer W. Gathecha

Independent Director

Arch. Jennifer W. 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. Jennifer 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 Chair of the Human Resource Committee of the Board.



CPA Yasin Haji Hussein

Independent Director

CPA Yassin Haji Hussein is a seasoned Certified Public 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.

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

Hussein is a certified CPA (K), 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 Chair of the Audit Committee of the Board.



Mr. Feisal Mohammed

Alternate Director

Mr. Feisal Mohamed is a Public Financial Management Specialist with an interest in Public Policy and Public Finance.

He holds an 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).

Faisal heads the Global Fund Program at the National Treasury. He has previously worked at the Office of the Controller of Budget.





Mr. John Muya

Alternate Director

Mr. John Muya is an accomplished civil servant with over 25 years of extensive experience in Corporate Governance and Public Administration. He holds a Master's Degree in Public Health from Boston University, USA, and a Bachelor of Arts in Government and Linguistics from the University of Nairobi. Additionally, he has earned several professional certifications in areas such as Transformational Leadership, Corporate Governance for Directors, International Health Management Methods, Advanced Public Administration, and Public Relations & Customer Care.

Throughout his career, Mr. Muya has held various positions in multiple government ministries and departments. Currently, he serves as the Secretary Administration for the Affordable Housing Program at the State Department for Housing and Urban Development.

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 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) from the University of Nairobi, Master of Science in Procurement and Logistics from the Jomo Kenyatta University of Agriculture & Technology and is currently a doctoral researcher in Management Science and Engineering at the Harbin Institute of Technology, China.

In 2010 he was ranked the overall best quantity surveying candidate 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 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 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 being at the National Construction Authority (NCA) where he was the General Manager Construction Research, Business Development, Training and Capacity Building. He is a past council member of the Institute of Quantity Surveyors of Kenya (IQSK).



Mr. William Keitany

Ag. Corporation Secretary and General Manager Legal Services

Mr. William Keitany is the Corporation Secretary. He holds a Bachelor of Laws 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. Key Management Team



QS. David Mathu Njuguna, MBS

Managing Director/CEO

QS. David Mathu Njuguna 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.

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



Mr. William Keitany

Ag. Corporation Secretary and General Manager Legal Services

Mr. William Keitany is the Corporation Secretary. He holds a Bachelor of Laws 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.



Mr. Joel Gatune

General Manager, Finance and Accounts Directorate

Mr. Gatune is a Certified Public Accountant and Certified Public Secretary. He is a member of the Institute of Certified Public Accountants of Kenya and the Institute of Certified Public Secretaries of Kenya.

He holds a Bachelor of Arts in Economics (First Class Honours) from Kenyatta University and a Master of Business Administration from The University of Nairobi.

He has over 25 years experience in Auditing, Strategy, Financial Planning and Management.

Prior to joining NHC, Joel worked for Deloitte as a Senior Auditor, ICEA LION Group as the Head of Finance, CIC Group as the Group General Manager, Finance and Investments and Kenya Orient Insurance as the General Manager, Finance and Strategy.



Eng. Thomas Ofwa

General Manager, Construction and Project Management Directorate

Eng. Thomas Ofwa is the General Manager, Technical Services. He has over 25 years experience in design, construction supervision and contract management for civil/structural engineering projects.

Eng. Ofwa joined NHC in 2004 and has risen through the ranks to the position of General Manager.

He holds a Bachelor of Science in Civil Engineering from the University of Nairobi and MBA from Kenyatta University. 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 (UK and Kenya Branch).



Mr. John Washington Agutu

General Manager, Estates Management Directorate

Mr. John Washington Agutu is the General Manager, Estates Division. He 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.

Mr. Agutu 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 Manager

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

Mr Njeru 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 (CIA) as well as a Certified Internal Audit Quality Assessor (COA).

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



5. Fiduciary Management Report

Introduction

National Housing Corporation (NHC) is committed to protecting the managing the 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 NHC. This report outlines the management team that is charged with fiduciary management and the Corporation's compliance with ethical and regulatory requirements.

Management Team Responsible for Fiduciary Management

The National Housing Corporation consistently maintains transparency in all its financial dealings and continuously practices good governance by always ensuring that the financial and physical assets of the Corporation are maintained prudently. In addition, the Corporation seeks to act in the interest of its stakeholders and adheres to the laws, internal policies and regulations.

The Management team entrusted with the fiduciary management of the Corporation are as follows;

S/No.	NAME	POSITION
1.	MD/CEO	QS. David Mathu, MBS
2.	Head of Corporate Services	Mr. Daniel Gitau
3.	Head of Finance	CPA Joel Gatune
4.	Head of Procurement	Mr. Solomon Gichui
5.	Head of Internal Audit	CPA Edwin Njeru
6.	Head of Estate & Property Management	Mr. John Washington Agutu
7.	Head of Construction and Project Management	Eng. Thomas Ofwa

6. Fiduciary Oversight Arrangements

National Housing Corporation put in measures to safeguard its assets and they include:

1. 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.

2. Internal Controls

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.

3. Governance and Oversight

The NHC Board of Directors offers oversight over fiduciary matters. They are very critical in ensuring that the Corporation adheres to all the requisite legal requirements and safeguarding the assets of the Corporation. The NHC Board of Directors regularly held their meetings to ensure transparency and accountability within the Corporation. During the year, the Board ensured that clear policies were enforced to manage any conflicts of interest. In addition, they continuously promoted ethical behavior among employees and management by implementing continuous training programs.

The following Committees have been put in place to provide an oversight role and to monitor and guide on the fiduciary responsibilities of the Corporation;

i. Audit, Risk & Compliance Committee

The Audit, Risk and Compliance Committee's fiduciary responsibilities are to assist the Board in ensuring the integrity of the Corporation's financial statements, review the Corporation's internal control systems, monitor and review the effectiveness of the internal audit function and ensure the Corporation's compliance with legal and regulatory requirements. The Committee has the authority to conduct or authorize investigations into any matter within its scope of responsibility.

The Audit Risk and Compliance Committee provides oversight about risk management by evaluating the extent to which management has established effective risk management strategies, reviewing the Corporation's portfolio of risks being aware of the most significant risks and confirming whether management is responding appropriately.

Further, the Committee regularly reports to the Board about issues that arise concerning the quality or integrity of the Corporation's financial statements, compliance with legal requirements, performance and independence of the Corporation's external auditors and the performance of the internal audit function.

Members of this committee are as indicated on page xxxv of this report.

ii. Finance, Strategy and Business Development Committee

The Finance, Strategy and Business Development Committee's involves ensuring that all financial decisions and activities are carried out in a manner that protects the interests of NHC and its stakeholders, including the government, investors, and the public. As fiduciaries, the Finance Committee members are entrusted with overseeing NHC's financial integrity, accountability, and sustainability, ensuring that resources are managed responsibly and in alignment with legal, ethical, and governance standards. Members of the Finance, Strategy and Business Development Committee are as indicated on page xxxiii of this report.

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.

iv. Technical Committee

The Committee is responsible for reviewing proposed projects and its implementation procedures to ensure adequacy and efficiency. The Committee is in charge of overseeing technical matters related to project implementation and ensuring the alignment of projects with strategic objectives. The committee typically focuses on aspects such as project planning, design, construction, maintenance, and quality control of housing projects. Members of the Finance, Strategy and Business Development Committee are as indicated on page xxxiii of this report.

v. Human Resource & Administration Committee

Its primary role is to support the Company's strategic plan of ensuring an empowered, motivated and productive workforce. Further, it will recommend 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 will also ensure implementation and compliance with the human resource policies and procedures and recommend to the Board relevant reviews. The committee further addresses all the ICT, public relations, and legal matters at the corporate level.

Members of the Finance, Strategy and Business Development Committee are as indicated on page xxxiv of this report.

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 30th June 2024.

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.

7. Chairman's Statement

On behalf of the Board of Directors and the entire National Housing Corporation family, it gives me great pleasure to share the significant milestones and achievements we have accomplished over the past year; 2023/2024.

The Corporation is the principal implementer of housing programmes and projects and has positioned itself towards implementing the housing agenda on behalf of the government to bridge the country's annual housing deficit of 200,000 units.

In view of this huge responsibility, the Corporation has developed a Corporate Strategic Plan for the period 2023 - 2027 through a consultative process with its stakeholders. The Corporation will embark on an ambitious journey where it expects to deliver a total of 110,000 units through direct construction and strategic partnership with public and private players. The houses will include rental units, tenant purchase and outright sale for the public and students in our country. NHC is playing a leading role in the promotion of appropriate building technologies through the manufacturing of EPS panels and the continued provision of housing loans. Whilst NHC earnestly collaborates with private players, we continued to promote devolution through enhanced collaboration with County Governments.

This past year we partnered with Homabay (110 Units), Embu (100 units), Kirinyaga (100 units) and Nyandarua (100 units) Counties and commenced Affordable Housing projects that are at advanced stage on completion. At the same time, the Corporation commenced housing units on affordable market rate that are located across 9 counties and are at various stages of completion. We also have provided consultancy services for the Judiciary and the County Government of Bomet. With these ongoing projects and others in the pipeline, the Corporation experienced tremendous growth and created over 1000 jobs daily. Other counties in the pipeline include Nyamira, Vihiga, Laikipia, Kericho, Taita Taveta, Baringo, Trans Nzoia, Muranga, Thanaka Nithi and Nyeri. We are also engaging with universities towards providing students hostels and in the past year, we engaged Kisii, Machakos and Uzima Universities. In the long run, we envisage having Affordable Housing projects in every county and a foot print in most universities in the provision of student hostels.

The Corporation strives to achieve its mandate amidst challenges caused by macro-economic factors notably the high inflation and interest rates which led to increased construction costs hence affecting the delivery of houses during the period. The Corporation is passionate about research and innovation and despite effects of global economic situation; especially the war in Russia and Ukraine which affected the global supply chain for beads that the Corporation uses to manufacture Expanded Polystyrene (EPS); we continued to promote the use of modern housing technology in construction through streamlined supply of the raw materials enabling the factory to operate continuously the entire year.

The Corporation is cognisant of the effects of climate change hence laying great emphasis on sustainability by incorporating eco-friendly practices in our construction processes, resulting



in reduced carbon footprint and enhanced energy efficiency. This further strengthens our commitment to creating a greener and more sustainable future. We take pride in having Homabay Affordable Housing project Edge Certified and we look forward to having more such certifications across our project offerings.

The Corporation posted a profit before tax of Ksh. 302 Million representing 18% growth compared to 2022/2023 Financial Year and we are focused on maintaining this upward trajectory going forward. The Board remitted dividends to the National Treasury of Kshs 8.6 Million in 2023/2024.

In the past year, the Corporation celebrated 70 years of housing the Nation and as we forge forward, we are well aware of the dynamic housing landscape caused by population demographics and innovation. We look forward to enhancing research in housing sector to remain adaptable and proactive in our approach. We will continue to collaborate with other stakeholders to ensure that our efforts are aligned with the broader national development agenda.

Lastly, I wish to extend my sincere appreciation to our stakeholders for believing, trusting and supporting us as we implement our mandate. It is through this that our faith in our vision and our relentless pursuit of decent and low cost housing that we have achieved remarkable success. We are committed to position the Corporation as the Housing provider of choice and ensuring that we engage our stakeholders to summon their support towards providing decent, sustainable, and affordable housings to all Kenyans through enhanced research, partnership and collaboration.

I wish to thank you for your immense and continued support and look forward to more partnerships and collaboration to enable us cause an impact to our people and our Nation in the provision of shelter.

Hon. Yusuf Chanzu, CBS, OGW, HSC

Chairman of the Board of Directors

8. Report of the Managing Director/CEO



Our esteemed Stakeholders, and employees of the great National Housing Corporation, It is my honour and privilege to present to you our Financial Report for the year ending 30th June 2024. This report details our enormous success and growth the Corporation has experienced in the past year and this success is attributed to your unwavering support by our Head of State, Parent ministry, other stakeholders in housing value chain and our internal commitment to excellence.

It has been a great year for the Corporation amidst the macro economic challenges. With your support, we were able to navigate through these challenges and record remarkable growth in our Profits before tax by 18% compared to the previous year; reporting Kes. 302 Million for the year. We also witnessed a great milestone in the year by celebrating 70th Anniversary during which event the Corporation experienced rebirth by unveiling new corporate image through rebranding to affirm its position as the housing provider of choice. The Corporation also launched a 5 year Strategic Plan which lays emphasis on research, partnerships and collaboration towards a successful implementation of our housing mandate.

To this end, I wish to thank our Board of Directors for their unflappable support and the dedication and hard work exemplified by the members of staff over the past year during which time we completed 80 housing units and managing over 1000 others at various levels of completion in different Counties across the Country.

We look forward to sustained growth and more partnerships and collaborations in the coming year.

Financial Performance Highlights

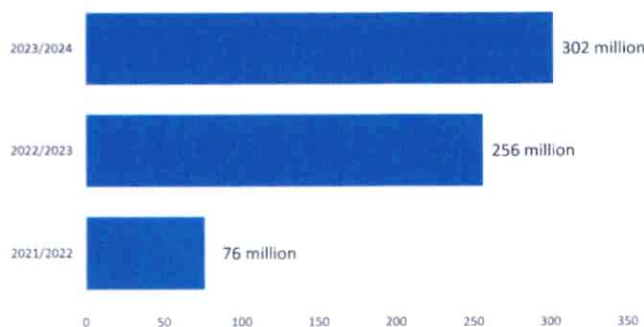
The National Housing Corporation continued to experience growth in financial performance compared to the yester years and this is attributed to commencement of construction projects, maintaining high occupancy rates in our rental properties and prudent management of our costs and resources. Our professional financial management has enabled us to make strategic investments in training, research, and development, further positioning us for future success

It is a delight to note that the Corporation has continued to experience remarkable growth in the last 2 years. This achievement is attributed to synergies across critical stakeholders, support by our parent Ministry, the Board of management and a motivated and hardworking staff.

The Corporation reported revenues of Kshs. 1.36 billion in the year under review compared to Kshs. 1.15 Billion collected the previous year. This reflects an 18% growth which is attributed to commencement of 13 (thirteen) projects during the year, aggressive sales and marketing of properties, efficient customer service, improved turn-around time on dealing with maintenance issues and great team work among staff.

We reported a profit before tax for the year of Ksh. 302 million compared to Ksh. 256 million reported the previous year; this represents 18% growth in profits before tax. The improved performance reflects our dedication to operational efficiency and prudent financial management. Our strong balance sheet continues to position us for sustainable growth and the ability to pursue strategic opportunities that align with our motto; Housing the Nation by ensuring provision of decent and sustainable housing. With the unwavering support from our parent Ministry and the Board, we aim at maintaining the upward performance momentum going forward with a commitment to excellent customer service. A presentation of our growth in pretax profits for the last three years is presented in a bar graph below;

Comparative Profits Before Tax



This great achievement and continuous growth is a testament of what an institution can achieve when it has dedicated staff, embraces innovation, teamwork and professionalism.

Operational Highlights

1. Projects

National Housing Corporation has made significant strides in housing projects under the government's Affordable Housing Program. In 2023/2024, NHC commenced thirteen housing (13) projects across the country, currently the Corporation is constructing 1,232 units. Out of the thirteen projects, four are Affordable Housing projects (410 housing units) located in Homa Bay, Embu, Nyandarua and Kirinyaga Counties. These projects are expected to be completed by second quarter of 2024/2025 FY. In addition, eighty housing units were completed and let during the year.



2. Sustainability



In 2023/2024, Corporation continued to integrate innovative technologies and sustainable practices into housing projects, resulting in new environmentally friendly properties. NHC has adopted the Edge Certification in its housing projects which is a mark of its commitment to sustainable housing projects. The Corporation has also trained its staff on Edge certification and a number of them have been Edge certified. These efforts align with our commitment to responsible development and contribute to a greener future. Our Homa Bay affordable housing project was the first public project in Africa to receive an international recognition on sustainability measures. The project was certified by the International Finance Corporation Edge program which emphasizes on resource efficiency and environmental responsibility. By incorporating sustainability measures, NHC aligns with the global trends in green building and sustainable urban development. This move sets a benchmark for other housing developments in Kenya, and it nurtures a culture of sustainability within the housing agenda.

3. The people

The Corporation values its staff as a key asset in achieving its strategic objectives. It recognizes the contribution its members of staff make towards the success of the organization and in delivering affordable houses to Kenyans. The Corporation has therefore made significant investments in its staff and their development for purposes of enhancing productivity and aligning with the Corporation's long-term goals. They include

- i. **Training and Development:** The Corporation has consistently invested in the professional development of its staff by providing continuous learning opportunities, and this includes training in new technologies and sustainable practices such as the Building Information Management System and the EDGE certification for green building projects. These initiatives ensure that our staff have the skills and knowledge to contribute to the current developing project demands.
- ii. **Career Advancement Paths:** In the year the Corporation introduced a new Human Resource Instrument that provides a clear pathway for staff career growth. This allows members of staff to align their individual goals with the organization's strategic objective, and hence nurturing a sense of purpose amongst the members of staff.
- iii. **Staff Wellness:** The Corporation has prioritized its employees by putting in place an inclusive and non-discriminative medical insurance plan for its staff. The cover extends to critical services such as counselling and rehabilitation for alcohol and substance abuse. Further, the Corporation periodically shares information with its staff on the mental wellness and hence emphasizing the importance of the psychological well-being at the workplace. The Corporation also conducts HIV awareness programs, which helps to reduce the stigma around the condition. The Corporation also encourages staff participation in wellness activities such as walks by facilitating members of staff to participate in charity walks. Lastly the Corporation has a dedicated clinic that serves employees and their families with a focus on providing care for HIV-positive staff members. The clinic operates with the utmost confidentiality, protecting the identity of those receiving treatment.



4. A New Chapter: 70th Anniversary Celebrations



The National Housing Corporation (NHC) in Kenya celebrated its 70th anniversary on May 27, 2024, at the Bomas of Kenya in Nairobi. The event was attended by government officials, including Chief of Staff and Head of Public Service Felix Koskei and the Cabinet Secretary for Lands, Public Works, Housing, and Urban Development, Alice Wahome. The celebrations were also graced by Principal Secretaries, NHC Board of Directors and other dignitaries, including a delegation from the Kingdom of Eswatini.

The celebrations were not just a commemoration of our rich history but also a pivotal moment for our future. The function brought together participants from across construction value chain some of whom participated in an exhibition to showcase their products, services and networking. During the same event, the Corporation rebranded and attained a new logo and brand elements aimed at positioning the Corporation as the Government Agency that leads the implementation of housing projects and programs. As NHC embarks on this new chapter, it remains steadfast in its mission to ensure "A Decently Housed Nation".

5. Unveiling the 2023 – 2027 Strategic Plan

The National Housing Corporation (NHC) marked its 70th anniversary in grand style, not only celebrating its illustrious history but also charting a course for the future. One of the highlights of the event was the launch of our Strategic Plan for FY 2023-2027. The ambitious plan sets a clear direction for our organization, focusing on innovation, sustainability, and growth. It outlines our key priorities and the strategies we will employ to achieve our goals over the next five years.



6. Championing Data Protection



In today's digital landscape, data security is essential, especially for organizations entrusted with sensitive information. At the Corporation, we manage extensive personal data related to applications, contracts and financial records. Our recent achievements, including obtaining ISO 27001:2013 certification and registering as a data controller, mark significant strides in ensuring the security and privacy of this critical information.

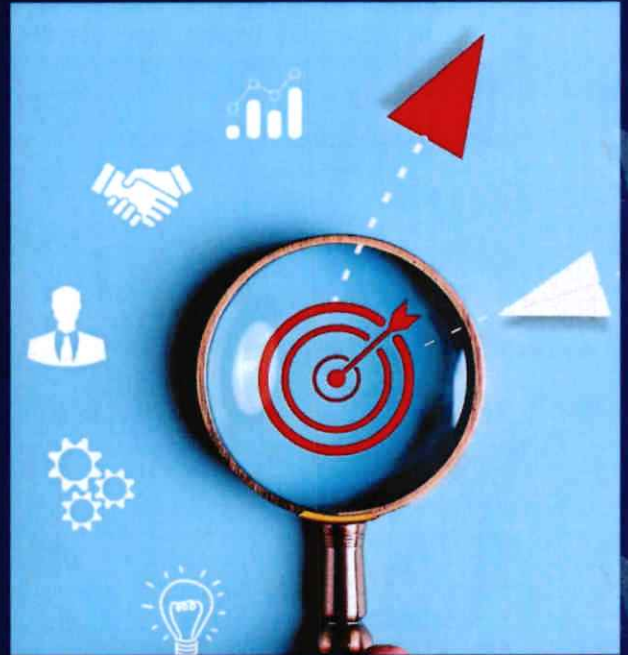
ISO 27001:2013 certification is not just a badge of honor; it's a testament to our dedication to data security and fostering of a culture of security within our organization. By adhering to its rigorous requirements, we protect our data while building trust with clients, partners, and regulatory bodies. We take this responsibility seriously, understanding that data protection is not just a legal obligation; it's a moral imperative. Our data protection practices are guided by principles of transparency, accountability and respect for data subjects' rights. As an institution, our goal is to foster a culture of security where data protection is not viewed as a burden but as a shared responsibility and a source of pride. By working together and staying committed to our core values, we can continue to uphold the highest standards of information security and earn the trust of our stakeholders.

The Bigger Vision

In conclusion, the financial year ending June 2024 was a remarkable period of growth and transformation for the National Housing Corporation (NHC).

Despite macroeconomic challenges, the Corporation demonstrated resilience and commitment, achieving an 18% increase in profits before tax and significant progress in housing projects across the country. The celebration of NHC's 70th anniversary marked a new chapter with the unveiling of a strategic plan focused on innovation, sustainability, and partnerships.

Investments in staff development, data security, and sustainable building practices have positioned the Corporation for continued success. Moving forward, NHC is committed to maintaining this growth trajectory, delivering affordable and quality housing, and contributing to Kenya's sustainable urban development agenda and will enable us deliver timely and superior quality houses.

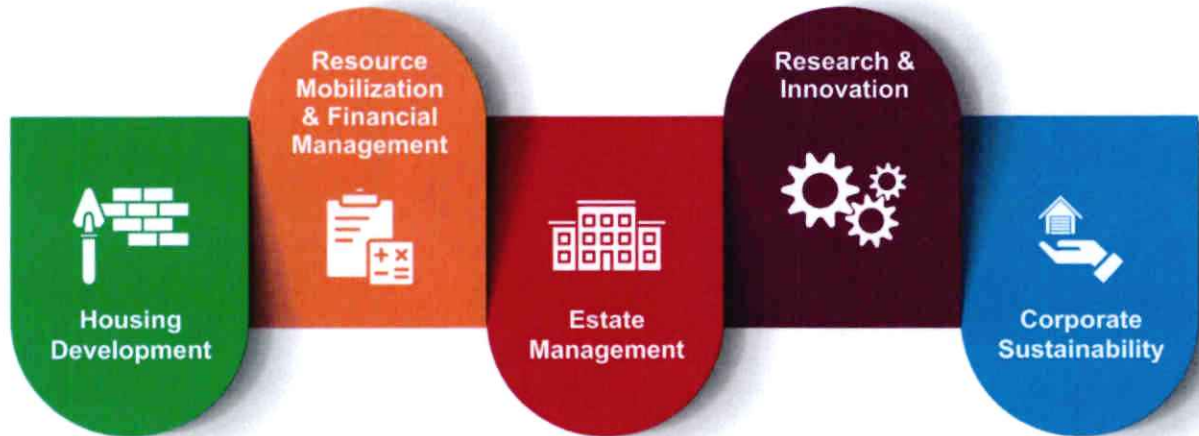


QS. David Mathu, MBS
Managing Director/CEO

9. Statement of Performance against Predetermined Objectives for FY 2023/2024

The National Housing Corporation 5 year strategic plan 2023 – 2027 has five key result areas and seven strategic objectives that will provide a road map towards achieving set targets in the plan.

Our Key Result Areas



To implement the strategic Plan, the National Housing Corporation extracted activities for the first year in form of Annual Operating Plan for implementation. To monitor the successful implementation of the plan, we carry out quarterly performance assessment against the set targets derived from the annual work plan and budget using the performance contract; as one of the tools for strategy implementation. The evaluation of this performance reflects the achievement attained in the strategy implementation.

The Corporation achieved its FY 2023/2024 performance targets based on the five Key Result Areas, as indicated in the table below:

2023 – 2024 Annual Operating Plan

1. Housing Management						
Objective One: To Contribute Towards Development of Sustainable Housing Units						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Develop or facilitate housing units under Affordable Housing Program (AHP)	Review the Housing Development Policy	Revised housing development policy	Approved policy	1	-	Draft ready for review
	Engage Counties and government agencies and other stakeholders to provide land for AHP	Counties and government agencies and other stakeholders engaged	No. of Counties engaged	7	10	Ten Counties were engaged towards partnership on Affordable Housing development
		Parcels of land provided from Counties/State Agencies for AHP	No. of acres	10	15	The total size of land the engaged counties have earmarked for AHP
	Carry out project feasibility studies	Feasibility studies undertaken	% of feasibility studies undertaken	100	100	Site assessment of feasibilities carried out
	Identify and seek waivers and exemptions	Waivers and exemptions sought	% of Waivers and exemptions granted	100	-	None sought apart from those already approved under AHP
	Engage Enablers to provide offsite infrastructure	Infrastructure provided by enablers	% of sites with infrastructure provided	100	100	Enablers engaged(NCA, KPLC, NEMA)
	Design and commence construction of the proposed housing units	AHP Housing units Constructed	No. of Units Constructed	710	410	Four AHP projects ongoing
Develop Commercial Housing Units	Obtain title deeds for untitled NHC land	Acreage of land titled	No. of acres titled	130	46	More titles are being processed
	Carry out project feasibility studies	Feasibility studies undertaken	% of feasibility studies undertaken	100	100	Site assessment of feasibilities carried out
	Engage development partners	MOU/Project agreements executed with partners on housing delivery	No. of MOU/ Project agreements	1	1	One with Kajiado County
	Engage enablers to provide offsite infrastructure	Infrastructure provided by enablers	% of sites with infrastructure provided	100	100	-
	Design and construct the proposed housing units	Commercial Housing units Constructed	No. of Units Constructed	760	1148	Construction of 13 projects are ongoing
Develop Student Hostel Rooms	Identify the learning institutions for partnership	Learning institutions identified	No. of institutions Identified	10	10	Institutions of higher learning towards construction of student hostels
	Engage identified institutions	Learning Institutions engaged	No. of signed MoUs with institutions	2	0	There was delay towards MOU signing but engagements are ongoing (Machakos & Kisii Universities,
	Engage development partners	MOU/Project agreements executed with partners on hostel delivery	No. of MOU/ Project agreements	2	1	MOU with Kajiado County
Improve project life cycle management	Monitor Project life cycle	Project monitoring undertaken	% of Projects monitored	100	100	-
	Establish a multi-disciplinary Project Steering Committee (PSC)	Committee established	No. of Committee established	1	0	Team to be appointed in financial year 2024/2025
	Develop project specific implementation matrix	Project specific implementation matrix developed	% of project matrices developed	100	100	Each ongoing project has implementation schedule

1. Housing Management						
Objective One: To Contribute Towards Development of Sustainable Housing Units						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Promote Environmental Safety and Health practices on Construction projects	Seek accreditation from certifying bodies.	Accreditation granted	No. of Accreditation certificates	2	1	Edge certification acquired
	Train staff on global standards on sustainability.	Staff trained	No. of staff trained	50	35	35 members of staff have been trained on edge certification. The remaining 15 will be trained in the course of 2024/2025
	Seek certification on construction projects in line with Green Building Technology	Certificate issued for each construction project	% of Construction project certified	20	0.1	HomaBay project was edge certified. Management is working on aligning new projects to EDGE requirements.
	Comply with all Environmental, Health And Safety policies, laws, regulations and guidelines on housing construction.	Environmental, Health and Safety requirements complied with	Level of compliance	100	100	Complied

2. Resource Mobilization and Financial Management						
Objective One: To Mobilize Financial Resources						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Source for funds from internal and external sources	Raise funds from commercial institutions	Funds raised from commercial institutions	Amount of funds raised	2.4	3.8	Management is currently reviewing the letter of offer received from KCB
	Raise funds from collaborations and partnerships	Funds raised from collaborations and partnerships	Amount of funds raised	10.7	-	Engagements ongoing with NSE and other partners
	Raise funds through NHDF deposits	Funds raised through NHDF deposits	Amount of funds raised	3.3	-	With the establishment of the affordable housing levy the Corporation will prepare an investment and present it to the Affordable Housing Board for consideration for funding.
	Pursue allocation of development grants from GOK	Grants allocated by GOK	Amount of grants allocated	2	-	This will be pursued in the next cycle of budgets.
	Pursue recovery of arrears	Cash received from arrears	Amount of cash received (kshs)	3,000,000	33,190,767	Efforts to recover debts ongoing
Objective One: To Mobilize Financial Resources						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
EPS factory to breakeven by 2024/25	Streamline procurement process	Procurement process streamlined	Zero stocks out	100	100	There was enough stock the whole year
	Increase production capacity	Production capacity increased	% increase in production	10	-	-

Objective One: To Mobilize Financial Resources						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Raise revenue through NHC products	Review Rural Loans product	Rural loans product reviewed	% of review	100	100	Lending criteria was reviewed.
	Advance Rural Loans	Rural loans advanced	Amount advanced	200	-	Product kept on hold
	Advance TP loans	TP loans advanced	Amount advanced (Billions)	3.5	0.0420	The Corporation advanced Tenant Purchase loans to the purchasers of Langata Commercial
	Let rental properties	Rental properties let	Rental revenue raised	326	270.3	There is currently a reduced demand for office spaces. However, the Corporation is aggressively marketing to let the spaces.
	Sell units on outright sale	Units sold	Gains on sale	15.46	26.5	The target was achieved.
Raise revenue through consultancy services	Engage Ministries, Counties, Departments and Agencies (MCDAs) on projects development	MCDAs engaged and MOU/project agreements signed	No. of MOU/project agreements signed	1	1	Target was achieved
		Consultancy fees earned from MCDAs	Consultancy fees earned	10	-	The Corporation earned consultancies from the Judiciary, Bomet County projects, the amounts will be realized in 2024/2025
	Provide Property Management Services	Property management services provided	Management fees earned	10	10	Target was achieved
Raise revenue through Professional Fees	Commence construction of scheduled projects	Construction of projects commenced	Professional Fees realized (Kshs. M)	400	234.8	Variance due to delay in commencement of some projects which have so far been advertised.
Minimize Costs	Develop and implement a cost management plan	Cost management plan implemented	% reduction of cost to revenue	≤85	-	The cost management plan is at draft stage.
	Align purchases to Market price index	Purchases aligned to market price index	% of purchases aligned	100	100	Done
	Enter into framework agreements with manufacturers and primary service providers	Framework agreements entered	No. framework agreements signed	4	1	Framework contract for Air ticketing

3. Estates Management

Objective One: To Optimize Returns on Real Estates						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Enhance revenue generation	Collect Rent Due	Rent Collected	% of rent collection	100	96	There are sustained efforts to achieve 100% in the following years.
	Carry out rent reviews for schemes	Rent reviews carried out	No. of schemes reviewed	2	2	Target was achieved
Minimize property management cost	Review the Maintenance manual	Maintenance manual Reviewed	Manual approved (%)	100	100	Target was achieved
	Carry out corrective and preventive maintenance	Corrective and preventive maintenance carried out	% of completed maintenance works	100	100	Target was achieved
			% reduction of maintenance cost to revenue	19	15	Target was achieved

3. Estates Management

Objective One: To Optimize Returns on Real Estates						
Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Enhance Property management	Administration of lease and tenant purchase agreements	Rental and tenant purchase lease agreements signed	% of agreements signed	100	94	Target was achieved
	Administration of Service charge and service contracts	Service charge and service contracts administered	% of service charge collected	100	100	Target was achieved
			% of service charge Audits undertaken	100	-	Service charge audit is done annually.
			Level of implementation of audit recommendations	100	-	The service charge audit is currently ongoing
			% of service contracts signed and implemented	100	100	Target was achieved
	Payment of statutory obligations and utility bills	Statutory and utility bills paid	% of bills paid	100	100	Priority given to payment of bills
	Conduct Rent assessments on all Estates	Rental assessment conducted	%. of rental assessments conducted	100	100	Target was achieved
Refurbish Rental Schemes	Rental schemes refurbished	No. of schemes refurbished	1	1	Target was achieved	
Property Valuations	Carry out property valuations	Property valuations carried out	No. of valuations done	1	1	Done
	Conduct Market Survey	Market survey conducted	% of prioritized market surveys	100	100	Done on need basis
	Conduct Cost-In-Use Surveys and User Reaction Survey	Cost-In-Use and User reaction Survey conducted	% of Surveys	100	100	Done on deed basis
Enhance Sales and Marketing of products and services	Develop a Corporate Marketing Strategy	Corporate marketing strategy developed	Approved marketing strategy	1	1	Done
		Product specific marketing Plan developed	% of products with a marketing plan	100	80	The activity is still ongoing and to be finalized in 2024/2024. The Corporation has attained 80% of the target.

4. Corporate Sustainability

Objective One: To Strengthen Institutional Capacity for Operational Efficiency

Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Re-engineer internal business processes and systems	Install an ICT Security Management System	ICT security management system installed	Functional ICT security management system	1	1	-
	Create a data recovery centre on cloud	Data Recovery Centre created on cloud	Data Recovery Centre	1	1	Off site in Mombasa
	Install a Customer Relationship Management (CRM) System	Customer relationship management system installed	CRM system (At tender)	-	0.5	At tender stage
	Upscale website functionalities	Website functionalities upscaled	Revamped website (At tender)	1	0.5	The process of onboarding a consultant to revamp the website is currently ongoing.
	Install Building Information Modelling (BIM)	BIM installed	Functional BIM	1	1	Implemented
	Continual improvement of ISO Management Systems	ISO-ISMS complied with	ISO-ISMS certification	1	1	Achieved
	Review existing products	Products reviewed	% of existing products reviewed	50	10	Rural loans criteria reviewed
Product manual (draft)			1	0.5	Draft	
Enhance Corporate Brand and Image	Review Corporate Brand	Corporate brand reviewed	% of brand elements reviewed	100	100	Done
	Review the Corporate Communication Strategy	Corporate Communication strategy reviewed	Approved strategy	1	0.5	Draft
	Establish Diaspora linkages	Diaspora linkages established	No. of fora attended	2	3	Done
	Review the Citizens Service Delivery Charter	Citizens Service Delivery Charter reviewed	Reviewed charter	100	100	Target achieved
	Review the Corporate Social Responsibility Policy	Corporate Social Responsibility Policy reviewed	Approved Policy	1	0.5	Draft
	Participate in CSR activities	CSR activities participated in	No. of CSR activities	2	5	<ul style="list-style-type: none"> • Mater heart run • Tree planting initiatives
	Undertake continuous stakeholder identification and mapping	Stakeholders identified	List of stakeholders	1	1	Database established
	Implement the stakeholder satisfaction survey recommendations for 2022/23	Survey recommendations implemented	% of recommendations implemented	100	100	Done
	Undertake stakeholder satisfaction survey	Stakeholder satisfaction survey undertaken	Satisfaction index	67	68	Stakeholder satisfaction survey was carried out.
Enhance Corporate Governance	Train Board and staff on Corporate Governance	Board and staff trained	% of trained staff and Board	100	100	Target was achieved
	Sensitize staff on National Cohesion and Values	Staff sensitized on National Cohesion and Values	% of staff sensitized.	100	98	Sensitization done

4. Corporate Sustainability

Objective One: To Strengthen Institutional Capacity for Operational Efficiency

Strategy No.	Key Activities	Expected Output	Output Indicators	Target 2023/24	Achievement	Remarks
Enhance the human resource capacity of the Corporation	Undertake recruitment	Recruitment undertaken (Legal, HR, Construction)	No. of staff recruited	50	8	Advertisement for recruitment done and to be completed in the next FY
	Carry out Training and Development	Staff training carried out	% of staff trained	100	95	25
	Carry out performance appraisals	Appraisals carried out	% of staff appraised	100	100	Done
	Undertake a culture change program	Culture change program undertaken	Culture audit report	1	1	Done
			Culture change strategy	1	1	Done
			% of recommendations implemented	100	15	Short term/quick wins recommendations have been achieved. Implementation of the rest is ongoing.
	Carry out continuous staff sensitization on the Strategic Plan	Staff sensitized on strategic plan	% of staff sensitized	100	100	Done
	Develop and implement a Productivity Framework	Productivity framework developed	Approved framework	1	1	Done
			% of staff sensitized	100	20	Committee sensitized
			Productivity index	0.6 - 0.9	1,610	Measurement for 2023/2024
	Develop a HR Plan	HR Plan Developed	Approved HR plan	1	1	Done
	Implement audit recommendation on compliance with the OSH Act	OSH audit recommendations implemented	% of implementation	100	100	Done
	Carry out audit on compliance with the OSH Act	Audit carried out	No. of audits	1	3	Quarterly audits done
	Undertake Team Building sessions	Team Building sessions conducted	No. of Team Building sessions held	1	3	Directorate based Team building sessions.
Carry out Employee satisfaction survey	Employee satisfaction survey carried out	Employee Satisfaction Index	56	70	There was improvement due to HR activities being implemented internally.	
Implement recommendations of the Employee satisfaction survey	Survey recommendations implemented	Level of implementation	100	30	Main recommendations were on promotions and recruitment. This is ongoing.	

10. 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 a non-executive chairman who is an independent director, six other independent directors and two directors from the public sector representing the Ministry of Finance & Treasury and State Department for Housing & Urban Development (Ministry of Lands, 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 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. Directors are refrained from discussing or voting on matters with a potential for conflict of interest.



Committees of the Board

Full Board meetings

The following is a detailed analysis of Board meetings for the year 2023/2024;

S/NO.	Name of Board Member/Meeting Dates	30.8.23	31.8.23	1.9.23	28.11.23	23.2.24	5.3.24	23.5.24
1.	Yusuf Chanzu	✓	✓	✓	✓	✓	✓	✓
2.	Hindu Rashid	✓	✓	✓	✓	✓	✓	✓
3.	Mathews Ouko	✓	✓	✓	✓	✗	✗	✗
4.	Joshua Nyamori	✓	✓	✗	✓	✓	✓	✓
5.	Bernard Parsaloi	✓	✓	✓	✗	✓	✓	✓
6.	Yasin Hussein	✓	✓	✓	✓	✓	✗	✓
7.	Jennifer Gathecha	✓	✓	✓	✓	✓	✓	✓
8.	Gerald Rotich	✓	✓	✓	✓	✓	✓	✓
9.	James Maina	✗	✗	✗	✓	✓	✓	✗
10.	Feisal Mohammed					✓	✓	✓
11.	QS David Mathu (MD)	✓	✓	✓	✓	✓	✓	✓

Committees of the Board

Finance, Strategy and Business Development Committee

The Board has four committees; Finance, Strategy and Business Development Committee, Technical Committee, Human Resources & Administration Committee and Audit, Risk and Compliance Committee, which have specific and detailed terms of reference as summarized below:

S/No.	NAME	POSITION
1.	Joshua Nyamori	Chair
2.	Jennifer Gathecha	Member
3.	Mathews Ouko	Member
4.	QS. David Mathu	MD
5.	Gerald Rotich	By Invitation

S/NO.	Name of Board Member/ Meeting Dates	3.7.23	10.7.23	11.8.23	19.9.23	9.10.23	27.10.23	9.1.24	8.2.24	8.4.24
1.	Joshua Nyamori	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Jennifer Gathecha	✗	✓	✓	✓	✓	✓	✓	✓	✓
3.	Mathews Ouko	✗	✓	✓	✓	✓	✓	✗	✗	✗
4.	Gerald Rotich	✓	✓	✓	✓	✓	✓	✓	✗	✓
5.	Feisal Mohammed	✗	✗	✗	✗	✗	✗	✓	✓	✓
6.	QS. David Mathu	✓	✓	✓	✓	✓	✓	✓	✗	✓

Technical Committee

The Committee meets at least four times a year with authority to convene additional meetings, as circumstances require. The 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 ensures that an environment to promote research and development in building technologies is created; it further assesses the impact of technology on projects.

The members of the Technical Committee were:

S/No.	NAME	POSITION
1.	Gerald Rotich	Chair
2.	James Maina (Replaced by John Muya)	Member
3.	Hindu Rashid	Member
4.	QS. David Mathu	Member
5.	Joshua Nyamori	By Invitation

S/NO.	Name of Board Member/ Meeting Dates	10.8.23	26.10.23	7.2.24	8.5.24
1.	Gerald Rotich	✓	✓	✓	✓
2.	James Maina	✓	✓	✓	✗
3.	Hindu Rashid	✓	✓	✓	✓
4.	Joshua Nyamori	✓	✓	✓	✓
5.	Charles Hinga	✗	✓	✗	✗
6.	John Muya	✗	✗	✗	✓
7.	QS. David Mathu	✓	✓	✓	✓

Human Resource & Administration Committee

The Committee meets at least four times a year with authority to convene additional meetings, as circumstances require. Its primary role is to support the Company's strategic plan of ensuring there is an empowered, motivated and productive workforce. Further, it will recommend 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 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.

The members of the Human Resource and Administration Committee were:

S/No.	NAME	POSITION
1.	Jennifer Gathecha	Chair
2.	Bernard Parsaloi	Member
3.	James Maina (<i>Replaced by John Muya</i>)	Member
4.	QS. David Mathu	MD/CEO

S/NO.	Name of Board Member/ Meeting Dates	15.8.23	20.9.23	24.10.23	5.2.24	6.5.24
1.	Jennifer Gathecha	✓	✓	✓	✓	✓
2.	Bernard Parsaloi	✓	✓	✓	✓	✓
3.	James Maina	✓	✓	✗	✓	✗
4.	Yasin Haji H.	✗	✗	✓	✓	✗
5.	John Muya	✗	✓	✗	✗	✓
6.	QS. David Mathu	✓	✓	✓	✓	✗

Audit, Risk & Compliance Committee

Audit Risk and Compliance Committee meets at least four times a year, with authority to convene additional meetings, as circumstances require. Its primary responsibilities are to assist the Board in ensuring integrity of the Corporation's financial statements, review the Corporation's internal control systems, monitor and review the effectiveness of the internal audit function and ensuring the Corporation's compliance with legal and regulatory requirements. The Audit Committee has authority to conduct or authorize investigations into any matter within its scope of responsibility.

The Audit Risk and Compliance Committee provides oversight with regard to risk management by evaluating the extent to which management has established effective risk management strategies, reviewing the Corporation's portfolio of risks being aware of the most significant risks and confirming whether management is responding appropriately.

The Audit Committee regularly reports to the Board about committee activities and issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with legal requirements, performance and independence of the Corporation's independent auditors and the performance of the internal audit function. The Corporation's internal audit manager acts as the secretary of the committee and senior management attend the committee meetings on invitation.

Members to this committee included the following;

S/No.	NAME	POSITION
1.	Yasin Hussein	Chair
2.	Mathews Ouko	Member
3.	Hindu Rashid	Member
4.	Feisal Mohammed	Member
5.	Bernard Parsaloi	By Invitation

S/NO.	Name of Board Member/ Meeting Dates	9.8.23	25.10.23	06.02.24	07.05.24
1.	Yasin Hussein	✓	✓	✓	✓
2.	Mathews Ouko	✓	✓	✓	✓
3.	Hindu Rashid	✓	✓	✓	✓
4.	Feisal Mohammed	✗	✗	✗	✗
5.	Bernard Parsaloi	✗	✗	✗	✗

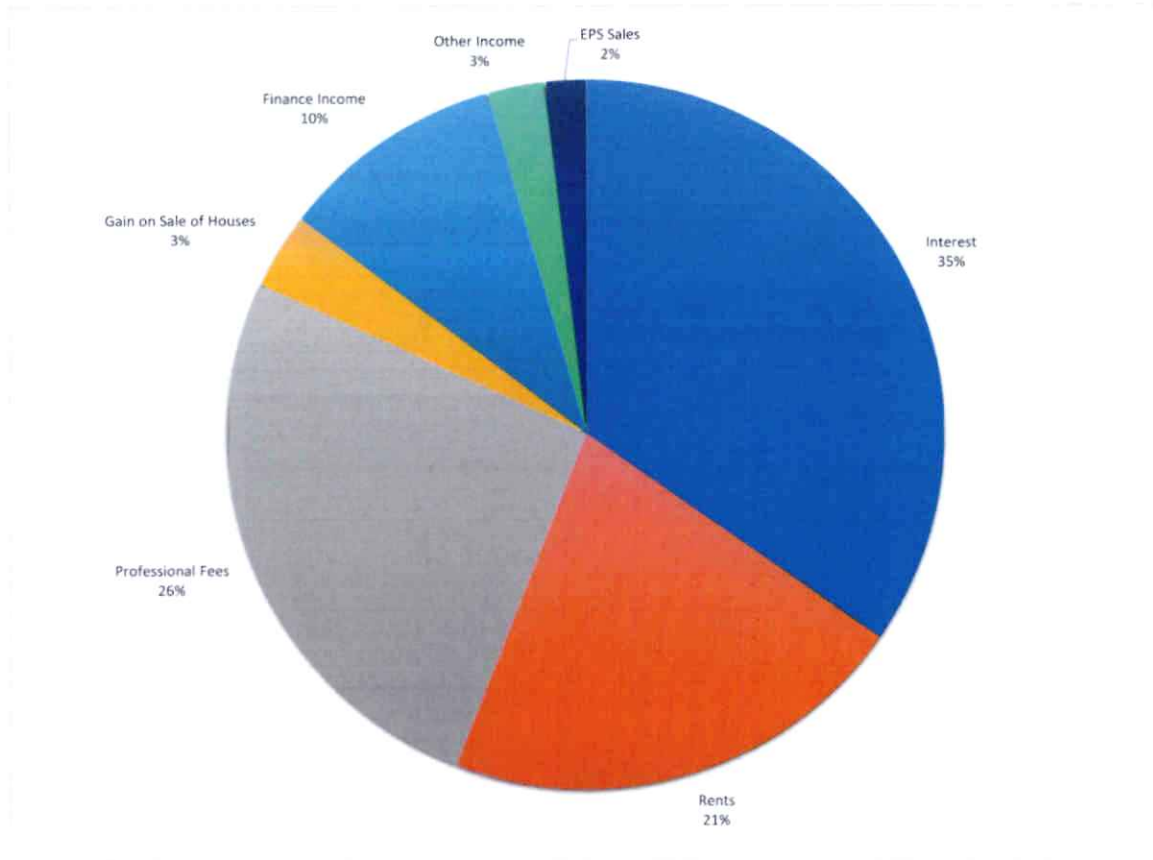
11. Management Discussion and Analysis

National Housing Corporation (NHC) remains committed to its mandate of facilitating the development and delivery of affordable housing in Kenya. At NHC we strive to ensure that every Kenyan is housed by providing and facilitating access to innovative housing solutions through research, partnerships and collaborations. In the financial year 2023/2024 the Corporation continued to play a crucial role in addressing the housing deficit in the country through various strategic initiatives aimed at increasing the supply of affordable homes. In the financial year 2023/2024, the Corporation experienced an upward growth in all aspects of operations as outlined below.

Finance Stewardship

Revenue

In the financial year 2023/2024, the Corporation revenues increased from Kes. 1.15 billion to Kes. 1.36 billion indicating 18% increment. This growth was driven by the completion and sale of various housing projects, as well as increased rental income from existing properties. The exceptional performance of the NHC team underpinned the revenue growth. Our revenue are comprised of the following sources:



Operating Expenses

Operating expenses reported in the year was at Kes. 1,061 million, reflecting a 18% increase compared to the previous year. The increase in operating costs was majorly from the Corporation's continued investment in its staff, increased marketing and increased revenue related costs.

Liabilities

The report notes a 9.5% increase in liabilities, rising from Ksh. 922 million to Ksh. 1,011 million in the current year. This growth was primarily due to an increase in the dividend payable to the National Treasury.

Pending Bills

The Corporation takes pride in its commitment to prioritizing the payment of pending bills for goods and services procured. A significant achievement in this regard is that NHC has no pending bills beyond the credit period, demonstrating its dedication to financial discipline and efficient management of obligations.

Core Mandate

The Kenya Constitution 2010 Article 43(b) provides that every person has a right to accessible and adequate housing, and reasonable standards of sanitation. This is echoed in Vision 2030 and implemented through Medium Term Plans (MTPs). The Corporation plays a critical role in achieving the Vision 2030 under the Social Pillar and the (Bottom-Up Economic Transformation Agenda (BETA) manifesto towards facilitating production of 200,000 housing units annually through various initiatives.

The Corporation has experienced tremendous growth as the principal Agency in the delivery of the housing mandate on behalf of government. In 2023/2024, a total of 80 housing units were completed and at the same time, the Corporation commenced thirteen (13) housing projects totalling to 1,232 housing units at various and are at stages of completion. Out of the thirteen, four are Affordable Housing projects (410 housing units) located in Homa Bay, Embu, Nyandarua and Kirinyaga Counties. These projects are expected to be completed by first quarter of 2024/2025 FY. These projects will significantly contribute to reducing the housing deficit and providing Kenyans with access to decent and affordable homes.

At the same time, the Corporation commenced 822 housing units on affordable market rate are spread across 9 counties and are at various stages of completion.



The Corporation is playing a critical role in supporting the President's agenda on job creation. This is being actualized in two fronts;

Involvement of Jua Kali Sector in construction

All the ongoing projects and future projects have identified and set aside aspect of works to be subcontracted to jua kali artisans. These include making of fabricated windows and doors. Jua Kali Artisans in Homabay, Embu and Kirinyaga have signed contracts and are already providing the fabricated aspects of works – a major contribution to the growth of the economy in those counties. The same engagements with this sector will be replicated across all Corporation construction projects.

Contractors are also using local suppliers of raw materials to the various sites hence causing a positive impact in the counties where the projects are already ongoing.

Public Private Partnership

To enhance our capacity to deliver on our mandate, NHC is seeking to enter into a Public-Private Partnerships (PPPs) with both local and international developers. These partnerships will enable the Corporation leverage private sector expertise and resources, thereby accelerating the delivery of housing units.

NHC has entered into an agreement with the International Finance Corporation (IFC) to obtain its support and expertise in accessing funds to construct 3500 housing units at the Stoni Athi Waterfront City at an estimated cost of Kes. 7 billion through a PPP.

Building Information Modelling Software

In line with the Corporation's commitment on use of technology in the delivery of projects, in 2023/2024, the Corporation transitioned from the use of AutoCAD and blueprints for project design to using Building Information Modelling software (BIM) in projects. This is a highly collaborative process that enables architects, engineers, real estate developers, contractors, manufacturers, and other construction professionals to plan, design, and constructs structures or buildings within a single 3D model. This has ensured that projects are carried out synchronously and are maintained and finalized as a whole. It has also resulted to improved coordination among project teams, optimized designs, and effective facility management during post-occupancy.

Undoubtedly, the Corporation is setting the pace and revolutionizing the building industry.



Jua Kali artisans at work.

Construction workers

There are thirteen (13) ongoing projects across various Counties and each of the ongoing projects hires an average of 100 casual labourers on a daily basis. This means that the ongoing projects have provided employments to over 1000 Kenyan youths daily.



His Excellency The President interacting with the construction workers during one of the site visits.



Safety in the Workplace

Apart from securing the construction sites during implementation of our projects, we take safety at the workplace seriously for the workers through provision of personal protective equipment that meet the required standards. We sensitize our construction workers on various social issues which include prevention of HIV Aids infections where preventive tools are distributed, corruption prevention and road safety.

Service Delivery



NHC Customer Care Service Area

customers easily access information and provide feedback. The Corporation also carried out stakeholders' satisfaction surveys to identify areas of improvement and gauge the effectiveness of its service delivery.

During the year under review, the Corporation on-boarded her services to the government e-citizen platform; customers can now access all NHC services in one portal.

The Corporation has also reviewed its Charter to make it more friendly for its customers. The revised charter is detailed, easy to understand and well displayed in all the Corporation's service areas.

The Corporation has also put in place procedures to reduce the turn around time in handling complaints relating to maintenance of our properties. The change in procedures have resulted to greatly improved the turn-around-time on complaints resolution.

The Corporation has also received accolades from office of the Ombudsman by being scored an average of 96% on resolution of public complaints. Further, in the last 3 years, the Corporation has also been rated highly on compliance with Citizens' Service Delivery Charter (100%).

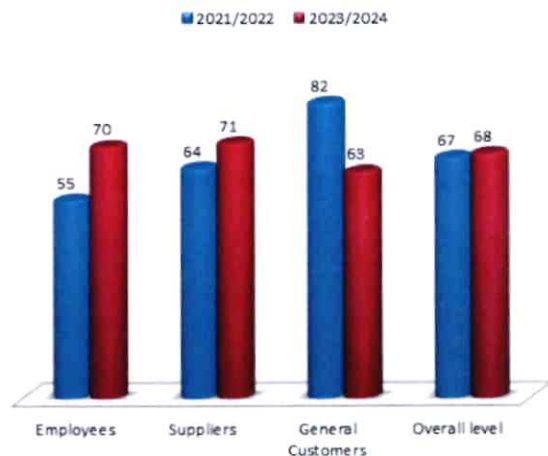
The Corporation is dedicated to providing excellent services as we execute our mandate of facilitating the development and provision of affordable housing across Kenya. The Corporation is one of the key players in the housing industry in Kenya and therefore recognizes that efficient and effective service delivery is essential to meeting the needs of Kenyans and achieving the broader goal of reducing the housing deficit in the country.

We have set up a customer service area that is solely dedicated to serving our customers. This has enhanced efficiency and improved turn-around –time in sorting customer complaints.

Further, we recognize that our customers' needs and expectations are spoken into in the entire process from project inception to handing over the keys to our customers. We are therefore committed in ensuring that our internal processes are smooth, transparent and responsive to the needs of home buyers and tenants.

The Corporation has therefore established physical offices across various regions, an online presence on various social media pages and a customer care hotline to ensure that using these channels; our

Stakeholders satisfaction



Productivity Mainstreaming

Through embedding productivity principles into its core operations, NHC aims to maximize resource utilization, enhance service delivery, and ultimately improve its overall performance.

The Corporation has adopted productivity mainstreaming so as to enhance development, implementation and adoption of strategies and interventions that will enable the Corporation measure, manage and improve productivity and ultimately entrench a culture of productivity. This should ultimately result in improved efficiency and efficacy in delivering services.

The Corporation has trained some of its members of staff on productivity and is proud to report a remarkable improvement of its Productivity score for 2023/2024 from 'Poor' to 'Fair'.

The Corporation has developed a Productivity improvement strategy and as we implement the strategy, we look forward to continue with this upward trajectory in performance going forward.



Implementation of Presidential Directives



The Corporation is keen in supporting the National Tree Growing Restoration Campaign in an effort to mitigate climate change crisis, biodiversity loss and land degradation.

To this end, the Corporation worked in partnership with other institutions to plant over 5000 seedlings in 2023/2024.

The Corporation partnered with Keiyo South Constituency, Laikipia County and Kipsigis Girls High School in Kericho County.

Risk Management

Effective risk management provides an essential contribution towards the achievement of the Corporation's mandate. The Corporation has ensured that Risk management is an integral part of decision making at all levels in the implementation of its policies and programmes. The implementation of the Risk Management Framework ensures that risks are identified, analyzed, assessed and managed for each activity/ programme by relevant Directorate to achieve an optimal risk reward profile.

The Corporation has identified inadequate Human Resource, Poor organizational Culture and Inadequate Financial Resources as some of the major risks that would affect its operations in the next five years. To address the risks, the Corporation is implementing new Human Resource Instruments by hiring new staff to fill human resource inadequacies, undertaken culture audit and brand audit aimed at addressing the poor culture. We are also looking at alternative funding mechanisms which include PPP and REITS in addition to the Housing Levy to address inadequate funding.



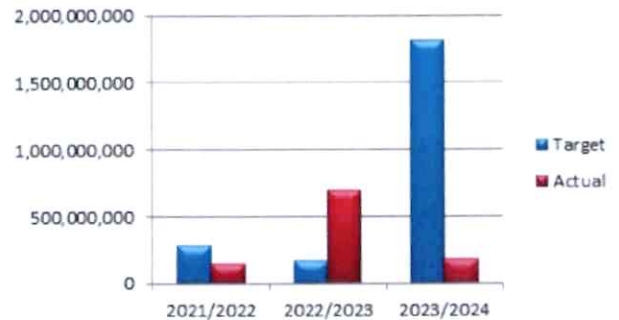
Affirmative Action on Procurement

Access to Government Procurement Opportunities (AGPO) program was launched in Kenya in 2013. It is a program founded on the Constitution of Kenya 210 Article 227 on the fair, equitable and transparent procurement of goods and services requires all public procuring entities to reserve at least 30% of procurement opportunities for vulnerable groups which comprises of women, youth and Persons With Disabilities.

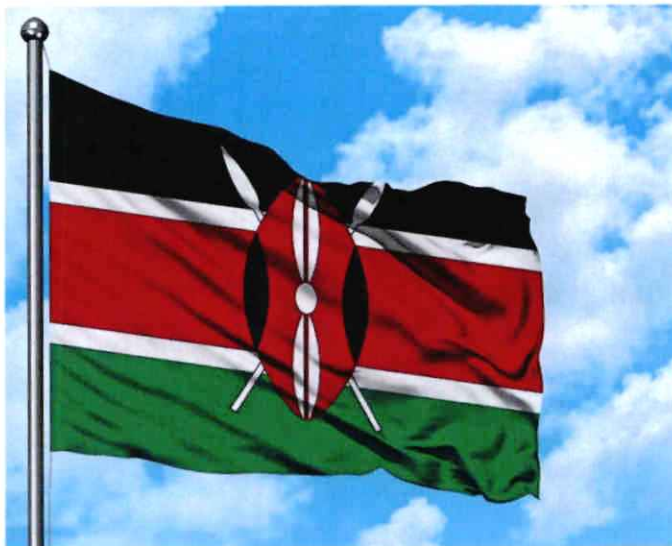
To comply with these provisions of the constitution, the Corporation is committed to promote inclusivity and empower the special groups by having a budgetary allocation every year for this group. The following table shows the amounts that the Corporation set aside for this group and actual amounts awarded to them;

Year	Target	Amount awarded (Kshs)
2021/2022	281,760,000	143,047,403
2022/2023	167,739,900	698,779,244
2023/2024	1,811,412,000	180,085,119

Amount of tenders awarded to AGPO



Promotion of Local Content



To promote consumption of locally produced goods and services that will contribute to among other things, employment creation and growth of local industries; government institutions are required to procure at least 40% of goods and services from local suppliers and service providers

To support this requirement, the Corporation procures close to 100% of its products and services from local manufactures and service providers.

Investing on Employees

To support employee growth through training and development, the Corporation prioritised training of staff in 2023/2024 whereby over 95% of staff across all cadres attended some form of training in the period.

The Corporation also transferred skills to 247 students from higher learning institutions whereby 237 were students on 3 months attachment and ten(10) came in on apprenticeship program. These students were deployed both in our offices across the Country and at the ongoing projects in over ten (10) Counties.

At the National Housing Corporation we are cognisant of the fact that employees with health issues take more time off work, are more likely to leave the job market, and retire earlier. Hence, our employees' health is our top priority. To this end, the Corporation has an attractive medical cover for its staff and Board of Directors. In addition, NHC has partnered with Aga Khan Hospital for staff and their dependants to access personalized attention on communicable and non-communicable services.

We continue to sensitize workers in the construction sites on HIV/Aids prevention, effects of Alcohol and Drug Abuse, gender mainstreaming, corruption prevention and road safety issues.



NHC Marketing and Communication team at the EPS factory during a familiarization tour. The Corporation is the biggest EPS panels producer in the country

12. Environmental and Sustainability Reporting

The National Housing Corporation is the primary Agency of Government that is mandated to implement housing policies and programmes and over the last 70 years, the Corporation has set foot in most regions across the country; with eight regional offices. To ensure environmental sustainability; the Corporation has made strides in many ways to conserve the environment.



i) Sustainability Strategy and Profile

The Corporation is committed to making a positive impact through outstanding environmental sustainability performance. The Corporation seeks to build homes that reduce the owner's carbon footprint and the impact of climate change. To this end, the Corporation set up a factory that manufactures expanded Polystyrene (EPS) which serves as an alternative to brick and mortar and is environmental friendly and is efficient in terms of cost and time taken in construction. The Corporation is also promoting high-rise apartments as opposed to maisonettes for optimal utilization of land.

NHC is also working towards positioning itself as the housing provider of choice by ensuring that our projects attain Edge certification in critical aspects. One of the projects that has been Edge certified; one of its kind in Africa is Homabay Affordable Housing and we strive to have more such certifications.

Other initiatives being implemented include;

- a. Incorporate renewable energy sources, including use natural site features such as natural ventilation and lighting.
- b. Ensuring that the housing units constructed are reliable by reducing their maintenance needs and costs.

ii) Environmental Performance

The Corporation undertakes Environmental Impact Assessments (EIAs) as part of the statutory requirement for all upcoming projects listed under the second schedule of the Environmental Management and Coordination Act, 1999 prior to commencement of any construction activities. These are mandatory assessments that determine the anticipated impacts that the upcoming project will have on the biophysical environment and thus determine the probable mitigation measures to reduce the adversity of the impact. One of the critical aspects captured during the assessments include waste management and effluent management, air pollution control, noise and excessive vibrations pollution control, biodiversity conservation and climate change vulnerability and their effect on the environment.

Sustainability is one of our core values echoing our commitment to ensuring that we comply with applicable and relevant laws and regulations in project implementation. The Corporation, undertakes annual Environmental Audits (EAs) for all its existing facilities and therefore determining the impacts that the facilities' operations have on the environment.

. These audits enable us to formulate environmental management plans which are cascaded for implementation.

iii) Employee Welfare

a) Personal growth

In the past year, the Corporation positioned herself as a people-centric institution where there was focus on employee training and development and employee well-being. Over 95% of staff from the lowest cadre to the highest attended some form of training and or development having invested Kshs. 35 million on the same – highest spent in recent years.

b) Employee health

The Corporation has a comprehensive health insurance cover for all employees; which allows its employees to access services at selected health institutions without discrimination. The medical insurance covers employees and their immediate families. There is also bereavement support and promotion of personal development through paid leaves and a robust and comprehensive medical cover for all employees and their dependants. Further, the Corporation supports its members of staff by providing for an alcohol and drug abuse support programme and testing & preventive care for chronic illnesses.

c) Financial Well-being

Putting people first was the focus for this year resulting to a transition to new Human Resource Instruments which led to provision of new salary structure by Salaries and Remuneration Commission (SRC). This had a positive impact on salaries and allowances for employees who had not received any salary increment since 2010.

These initiatives have motivated the employees at the Corporation thus affecting productivity at work, more commitment and retention of talent.



MD addressing employees in one of the staff forums

iv) Market Place Practices



Lands, Public Works, Housing and Urban development Cabinet Secretary Hon. Alice Wahome leading the public in tree planting at Marmanet Forest.

a) Responsible competition practice.

The Corporation is aware of competition from private players in the housing sector who are not restricted with compliance to public regulations. We target the middle-lower income earners for our products hence we strive to engage in fair competition considering that our prices for the target market are lower compared to our competitors and are approved by our Board of Management.

b) Responsible supply chain and supplier relations

The Corporation is one of the institutions that gives top priority to paying suppliers and service providers on time. The Corporation respects the rule of law and fully abide by the Public Procurement Act 2015 to the letter.

c) Responsible marketing and advertisement

The Corporation markets its goods and services using various modes which include print media, billboards, newspaper advertisements, mails, television and radio. We also advertise through e-government (MyGov) and we maintain high standards when advertising our products and services. The Corporation has eight regional offices through which we reach out to customers across those regions.

d) Product stewardship

The Corporation seeks to protect and safeguard our customers' interests by providing channels through which they can easily reach out to us with their complaints and complements. This is done through a dedicated email, suggestion boxes and phone number some of these channels allow for confidentiality by protecting the identity of the customers. We also have a robust customer service centre where walk-in customers are served efficiently with no waiting time.

v) Corporate Social Responsibility / Community Engagements

The National Housing Corporation embraces Corporate Social Responsibility model through making concerted efforts to operate in ways that enhance the environment and the society where we operate in. We engaged in tree planting activities in collaboration with various institutions where over 5000 seedlings were planted. The Corporation supported and participated in tree planting initiatives in Keiyo South Constituency, two schools in Nyeri County and one school in Kericho County.



Marmanet Forest Restoration Site

vi) Corporate Social Responsibility

To support young and new mothers at Machakos University the Corporation donated Kshs. 100,000 for the renovation of a crèche which once completed will serve as a nursery where their babies will be cared for as they attend classes.

We also participated in Mater Heart run to support the hospital raise funds to support financially disadvantaged children in desperate need of cardiac surgeries.



The Machakos University Crèche

Pictorial



NHC team led by Board Director Mr. Benard Parsaloi (seated 3rd right) with officials of the County Government of Siaya during a meeting to deliberate on debts owed the Corporation by the county.



Representatives of NHC lead students of Kipsigis Girls in tree planting as part of the Corporation's social responsibility towards meeting the country's target of 15 billion planted trees by 2032.



Directors Benard Parsaloi, Joshua Nyamori and Gerald Rotich together with General Managers Joel Gatune (Finance) and John Agutu (Estates).



United in Grief: NHC staff lighting candles in remembrance of colleague Jackson Kyalo who died in an accident at Voi, along the Mombasa-Nairobi road in July, 2024.



General Manager–Estates Mr. John Agutu (Second right) in a panel discussion during the Diaspora Investment Conference.



Board Chairman Qs. Yusuf Chanzu introducing his fellow board directors during the re-branding event at the Bomas of Kenya on 27th May, 2024.



Work in progress at the EPS Factory in Mavoko sub-county, Machakos County.



Operations at the EPS factory where the panels are produced.



Lands, Public Works, Housing and Urban Development Cabinet Secretary Hon. Alice Wahome (left) leads a group of VIPs during the re-brand and launch of the NHC 2023/2027 Strategic Plan at the Bomas of Kenya on 27th May, 2024.



Documenting the moment during the NHC re-brand at the Bomas of Kenya.



NHC Staff welcoming Cabinet Secretary Hon. Alice Wahome and her team to the NHC booth during the 2023/2027 Strategic Plan launch, re-branding and celebration of the Corporation's 70th anniversary.



A moment not to be forgotten. It was all colorful during the NHC 70th anniversary celebrations, re-branding and Strategic Plan launch at the Bomas of Kenya on 27th May, 2024.

13. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 30th June, 2024 which show the state of the National Housing Corporation's affairs.

i. Principal activities

The principal activities of the National Housing Corporation are;

- Develop decent, sustainable and affordable houses for Kenyans
- Mobilize funds from both local and international sources for development
- Forge partnerships with National and County governments, other State Agencies and private developers on housing matters.
- Carry out research on sustainable housing solutions.

ii. Results

The results of the entity for the year ended June 30, 2024, are set out from page 1- 44. Below is summary of the profit or loss made during the year.

iii. Dividends

Subject to the approval of the shareholders, the Directors recommend the payment of dividend of Kes. 103,590,306.

iv. Directors

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

v. Auditors

The Auditor-General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the entity for the year ended June 30, 2024, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



William K. B. Keitany

**Ag. Corporation Secretary and General Manager
Legal Services**

Date

14. Statement of Directors' 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 30th June, 2024. 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.

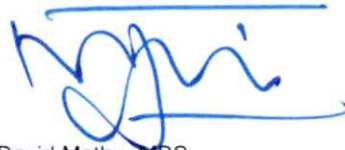
The Directors accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required 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 30th June, 2024, 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 **30th September** 2024 and signed on its behalf by:



Hon. Yusuf Chanzu, 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 CORPORATION FOR THE YEAR ENDED 30 JUNE, 2024

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General 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

Qualified Opinion

I have audited the accompanying financial statements of National Housing corporation set out on pages 1 to 41, which comprise the statement of financial position as at

30 June, 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Housing corporation as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Housing Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Investment in Subsidiary

The statement of financial position and as disclosed in Note 17 to the financial statements reflects an unquoted investment balance of Kshs. 135,705,557. The balance includes an amount of Kshs. 130,505,557 in respect of Research and Development Unit Ltd, a wholly owned subsidiary Company of the National Housing Corporation. The Corporation suspended the operations of the subsidiary in the financial year 2013/2014 with a view to developing a new strategy to reverse the trend of losses. Thereafter, the Corporation resolved through its Board of Directors that the unit be liquidated.

Review Memorandum of Association, Articles of Association and Certificate of Incorporations showed that the subsidiary company was wholly owned by the National Housing Corporation. However, the process of transfer of ownership of the subsidiary company from the former directors (a former Chairman and Managing Director) to the incumbent Chairman and Managing Director had not been completed since the formers chairman is deceased and the former Managing Director refused to sign the documents. The Corporation filed a miscellaneous application seeking Court orders to compel the former Managing Director to execute the transfer but the application remained undetermined as at 30 June, 2024.

Further, the Corporation contacted the administrators of the estate of the late former Chairman, to execute the transfer of the share certificate forms to facilitate the transfer of the share he held in RDU to the current National Housing Corporation Board Chairman. However, the process has not yielded any results.

In the circumstances, the existence and beneficial ownership of the subsidiary company upon liquidated could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position and Note 13(a) to the financial statements reflects property, plant and equipment balance of Kshs.3,401,070,854. However, review of records revealed the following unsatisfactory observations:

- (i) The balance includes land with a total value of Kshs.2,296,149,896 in respect of fifteen (15) parcels of land owned by the Corporation. However, four (4) parcels of land with a total value of Kshs.88,287,260 were not supported with the respective ownership documents such as title deeds.
- (ii) Further, as previously reported, sixty-eight (68) parcels of land were not valued and had not been included in the value of land balance of Kshs.2,239,277,049. Management explained that twenty-two (22) parcels had received title deeds while forty-six (46) parcels had no ownership documents.
- (iii) Two (2) of the untitled parcels within Kakamega County had ownership disputes. Management explained that one of the plots had received an allotment letter but the Corporation could not pay the required statutory fees since the title to the land had already been fraudulently obtained. Similarly, for the other plot, the Corporation could not obtain an allotment letter since the title to the land had already been fraudulently obtained. Review of records revealed that the matter of the two (2) plots was reported by Management to the Ethics and Anti-Corruption Commission but the matter is still under investigation.
- (iv) As previously reported, the valuation report for the Corporation's land provided for audit excluded two (2) pieces of land in Webuye and Pumwani, Nairobi with a total value of Kshs.10,358,358.
- (v) Further, included in the property, plant and equipment balance is the Expanded Polystyrene (EPS) Factory building balance of Kshs.800,000,000. Review of records revealed that the land on which the building is situated is in the name of the Principal Secretary Treasury and not in the Corporation's name. Therefore, the Corporation cannot claim ownership of the land and the respective developments on it.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Housing Corporation 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 qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues were not resolved.

Other Information

The Management is responsible for the other information set out on page iii to xlvi which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Fiduciary Management Report, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Corporation's 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 conclusion 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, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else 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

1. Stalled Implementation of Enterprise Resource Planning (ERP) System

The statement of financial position and as disclosed in Note 18 to the financial statements reflect schemes in progress balance of Kshs.2,805,099,048. Included in the balance is amount of Kshs.81,274,817 in ERP Computer Software balance. Review of records revealed that the Corporation embarked on automation of its business processes and on 16 May, 2013, the Management advertised for an ERP System. In August, 2013, the Corporation entered into a contract with a firm for implementation of SAP ERP system at a contract sum of Kshs.129,784,417 out of which an amount of Kshs.81,274,817 was paid based on milestones. This project was to take a period of one year. However, the project stalled at the Blue Print stage.

It was noted that the stalled ERP project had been escalated to the Public Investment Committee of Parliament where it pronounced itself and referred the matter to the ICT

Authority who recommended the appointment of a consultant to re-look and advise on the way forward. However, the process has not been completed.

In the circumstances, the value for money incurred on the stalled Implementation of the ERP system could not be confirmed.

2. Delayed Implementation of the Proposed National Housing Stoni Athi Economy Phase II

Review of records revealed that on 30 September, 2021, the Corporation entered into contract with a firm for the construction of the proposed NHC Stoni Athi Economy at a contract sum of Kshs.769,976,976. The certificate of possession of the site was issued on 19 October, 2021 and the Project commenced on 9 December, 2021 with expected original completion date of 8 June, 2023 and revised completion date of 15 November, 2023. As at time of audit, the amount certified was Kshs.375,704,427, contract sum expended of 43%, work progress at 62% and time elapsed at 149%.

Further, the Contractor raised financial claims on various grounds. The claims were evaluated and found not payable. As a result of this determination by the Project Manager, the Contractor reduced resources on site and works slowed. Discussions were held with the Contractor to have the claims settled amicably in accordance with contract provisions, but no amicable settlement was reached. The Contractor referred the matter to arbitration, and the proceedings commenced on 9 October, 2024. The Corporation raised preliminary objections on the grounds that the arbitrator did not have requisite qualifications as per the contract and that the matter was referred to arbitration prematurely as the issues raised were to be arbitrated only after completion or termination of the contract. The arbitrator disqualified himself since he was not one of the professionals specified in the contract to handle arbitration. As a result, the Chartered Institute of Arbitrators (Kenya Branch) appointed another arbitrator with qualifications from the built environment. The Arbitration preliminary meeting was held on 10 December, 2024 during which time the Corporation submitted a Notice of Preliminary Objection. The Arbitrator directed that the parties file pleadings and submissions, after which determination will be made on the Preliminary Objection.

Delayed implementation of the Project negatively affected service delivery to the public.

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 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, except for the effect of the matter described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Inadequate Staff Establishment

Review of the Corporation's human resource records revealed that the Corporation had an approved staff establishment of three hundred and seventy-six (376) employees against in-post staff of one hundred and fifty-eight (158) resulting in understaffing by two hundred and eighteen (218) employees. Failure to comply with the approved establishment may negatively affect the operations of the Corporation and may affect the efficient delivery of service to the public. Further, the understaffing poses succession challenges.

In the circumstances, the effectiveness of internal controls on human resources management could not be confirmed.

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 Financial Reporting Standards 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 Corporation'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.

Those charged with governance are responsible for overseeing the Corporation'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 for 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

30 December, 2024

16. Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 30th June 2024.


DESCRIPTION	NOTES	2023/2024	2022/2023
		Kshs	Kshs
INCOME			
Revenue	6	1,164,679,049	928,985,564
Cost of Sale			-
GROSS PROFIT		1,164,679,049	928,985,564
OTHER INCOME			
Finance Income	7	138,746,533	147,208,260
Other Income	8	35,424,307	34,831,162
Other Gain /Losses	9	8,251	(182,225)
EPS Sales	10 (b)	25,354,041	44,935,940
TOTAL REVENUE		1,364,212,181	1,155,778,701
OPERATING EXPENSES			
EPS Expenses	10 (c)	33,511,328	103,469,890
Administration Costs	11(a)	1,028,143,183	795,461,337
TOTAL OPERATING EXPENSES		1,061,654,511	898,931,227
Profit Before Taxation		302,557,670	256,847,474
Provision for tax	12 (a)	173,069,787	95,112,651
Profit After Taxation		129,487,883	161,734,823
Proposed Dividends	25	103,590,306	8,086,741
Retained Profits		25,897,577	153,648,082
Profit attributable to Shareholders		25,897,577	153,648,082

17. Statement of Financial Position as at 30th June 2024

DESCRIPTION	NOTES	2023/2024	2022/2023
		Kshs	Kshs
ASSETS			
Non Current Assets			
Property, Plant & Equipment	13(a)	3,401,070,854	3,458,126,872
Intangible Asset	14	33,637,044	6,667,380
Investment Property	15	8,141,751,908	6,317,452,878
Long Term loan Advanced	16	2,656,129,073	2,960,170,767
Unquoted Investment	17	135,705,557	104,657,797
Total Non-Current Assets		14,368,294,437	12,847,075,694
Current Assets			
Schemes in Progress	18	2,805,099,048	2,263,261,704
Loan Amount Receivable	19	2,906,402,901	3,092,833,803
Inventories	20	537,568,495	1,305,018,402
Trade and other Receivables	21	810,730,925	1,352,592,151
Tax Recoverable	22	99,153,325	122,373,059
Deferred Tax asset	23	33,242,590	61,047,489
Voluntary Contribution - Investment	34	762,022,019	1,249,607,582
Cash and Bank balances	24	249,630,439	945,061,387
Total Current Assets		8,203,849,742	10,391,795,577
TOTAL ASSETS		22,572,144,179	23,238,871,271
EQUITY & LIABILITIES			
Capital and Reserves			
Equity	26	9,083,371,238	8,815,536,300
Unrealised Gain on Sale of Houses	27	372,307,969	405,340,338
Retained Earnings	28	4,040,766,268	4,014,868,691
House Equalization	29	-	383,118,995
Revaluation Reserve	30	7,302,658,092	7,447,464,652
Total Capital and Reserves		20,799,103,568	21,066,328,976
Current Liabilities			
Trade and other Payables	31	907,428,287	914,327,264
Amount attributable to Voluntary Contribution	34	761,105,904	1,243,252,033
Dividend payable	25	103,590,306	8,607,448
Voluntary Contribution - Liabilities	34	916,115	6,355,549
Total Current Liabilities		1,773,040,612	2,172,542,294
TOTAL EQUITY & LIABILITIES		22,572,144,179	23,238,871,271

The Corporation's financial statements were approved by the Board on 30th September 2024 and signed on its behalf by:


QS. David Matuu, MBS
Managing Director/CEO


CPA Joel Gatune
General Manager Finance
ICPAK No. 3200


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

18. Statement of Changes In Equity For The Year Ended 30th June 2024

	EQUITY	UNREALISED GAIN ON SALE OF HOUSES	RETAINED PROFIT	HOUSE EQUALIZATION RESERVE	REVALUATION RESERVE	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1ST JULY 2022	7,960,352,689	435,095,730	3,861,220,609	383,118,995	7,595,940,879	20,235,728,901
Park road AHP	855,183,611					855,183,611
Unrealised Gain (Note 27)		9,657,573				9,657,573
Realised Gain (Note 27)		(39,412,965)				(39,412,965)
Proposed dividends for year (Note 25)			(8,086,741)			(8,086,741)
Profit for the year (Note 28)			161,734,823			161,734,823
Revaluation reserve (Note 30)					(148,476,227)	(148,476,227)
30TH JUNE 2023	8,815,536,300	405,340,338	4,014,868,691	383,118,995	7,447,464,652	21,066,328,976
1ST JULY 2023	8,815,536,300	405,340,338	4,014,868,691	383,118,995	7,447,464,652	21,066,328,976
Equity Injection (Note 26)	267,834,938					267,834,938
Unrealised Gain (Note 27)		5,267,449				5,267,449
Realised Gain (Note 27)		(38,299,818)				(38,299,818)
Provision of Dividend for the year (Note 25)			(103,590,306)			(103,590,306)
Profit for the year (Note 28)			129,487,883			129,487,883
House equalization reserve (Note 29)				(383,118,995)		(383,118,995)
Revaluation reserve (Note 30)					(144,806,560)	(144,806,560)
30TH JUNE 2024	9,083,371,238	372,307,969	4,040,766,268	-	7,302,658,092	20,799,103,568

19. Statement of Cash Flows For The Year Ended 30th June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from (used in) operations	32	952,642,642	309,803,075
Taxation paid	22	(132,312,060)	(76,439,793)
Dividends paid	25	(8,607,448)	(2,588,314)
Net cash generated from/(used in) operating activities		811,723,134	230,774,968
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets			
- Land, Property, Plant & Equipment	13 (a)	(60,310,307)	(58,891,766)
- Intangible Assets	14	(38,988,615)	-
- Investment Property	15	(1,979,741,792)	-
Proceeds from disposal of fixed asset		10,000	372,392
Loans Advanced - Other	33	(67,543,430)	(46,282,010)
Loans advanced - Tenant Purchase	33	(122,654,601)	(1,110,580,392)
Redemption of Loans - Other	33	123,857,955	120,439,345
Redemption of Loans - Tenant Purchase	33	370,381,770	264,915,596
Net cash generated from/(used in) investing activities		(1,774,989,020)	(830,026,835)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity Injection	26	267,834,938	855,938,841
Net cash generated from/(used) in financing activities		267,834,938	855,938,841
Increase / (Decrease) in cash and cash equivalents		(695,430,948)	256,686,974
Cash & Cash Equivalents at the beginning of the period		945,061,387	688,374,413
Cash & Cash Equivalents at the end of the period	24	249,630,439	945,061,387

20. Statement Of Comparison Of Budget And Actual Amounts For The Period Ended 30th June 2024

	Original budget	Adjustments	Final budget	Actual 2023-2024	variance	% of variance
Revenue	Kshs	Kshs	Kshs	Kshs		
Interest Earned	376,116	-	376,116	549,327	173,211	32
Other incomes	59,298	-	59,298	35,432	(23,866)	-67
Finance income	94,004	-	94,004	138,747	44,743	32
Rental income	296,406	-	296,406	288,941	(7,465)	-3
Professional fees	412,999	-	412,999	279,513	(133,486)	-48
Gain on sale of houses	34,615	-	34,615	46,898	12,283	26
EPS Factory sales	260,000	-	260,000	25,354	(234,646)	-925
Total income	1,533,438	-	1,533,438	1,364,212	(169,226)	-11
Expenses						
Salaries & Benefits	518,389	-	518,389	345,931	172,458	33
Staff Uniforms	1,958	-	1,958	1,093	865	44
Staff Training	22,000	24,000	46,000	38,034	7,966	17
Staff Welfare/Sports Clubs	8,000	500	8,500	6,776	1,724	20
Travelling General	19,800	70,000	89,800	75,505	14,295	16
Marketing, Advertising & Public Relations	13,500	-	13,500	5,687	7,813	58
Audit fees	1,200	-	1,200	1,200	-	0
Rents - Offices	18,000	4,500	22,500	21,454	1,046	5
Telephones & Postage	5,000	-	5,000	4,396	604	12
Printing & Stationery	14,500	-	14,500	14,021	479	3
Exhibitions/Shows	8,000	-	8,000	5,065	2,935	37
Library expenses & Publication /subscriptions	2,700	-	2,700	1,508	1,192	44
Official Entertainment	12,500	-	12,500	12,176	324	3
Debt collect expenses	14,000	-	14,000	8,570	5,430	39
Motor vehicle - Running Expenses	10,800	5,000	15,800	15,006	794	5
Furniture & other Equipment Maintenance	43,320	(10,000)	33,320	27,119	6,201	19
Insurance	8,100	-	8,100	6,446	1,654	20
Bad Debts	45,000	5,000	50,000	48,859	1,141	2
Legal charges	45,000	-	45,000	37,682	7,318	16
Misc & Consultancy General	48,299	10,000	58,299	54,335	3,964	7
CSR	2,700	-	2,700	2,051	649	24
Depreciation	92,723	-	92,723	60,460	32,263	35
Bank Charges	4,400	-	4,400	2,731	1,669	38
Property & Estates	58,000	20,000	78,000	74,196	3,804	5
Board Expenses	30,000	-	30,000	29,977	23	0
Medical Insurance	60,000	-	60,000	51,812	8,188	14
Loss on Disposal of asset		-	0	76,056	-76,056	
EPS Factory Expenses	244,429	(129,000)	115,429	33,511	81,918	71
Service charge valuation	27,000		27,000	-	27,000	
NHDF expenses	16,311	-	16,311	-	16,311	100
NHDF remittance of profit	17,289	-	17,289	-	17,289	100
Total expenditure	1,412,918	-	1,412,918	1,061,655	351,263	75
Surplus for the period	120,520	-	120,520	302,557	-182,037	86%

Explanation Of Material Variances On Statement Of Budget And Actual Comparisons

a. Revenues

i. Interest

- This Corporation realized interest income from the ongoing projects which include, Homabay AHP, Kisumu Kanyakwar III, Kericho Housing, Nakuru MUD, Nyandarua AHP, Embu AHP, Kirinyaga AHP, Stoni Athi Economy Phase II Sector 2A and Meru MUD. The Corporation had budgeted to borrow commercially to fund construction of Kanyakwar III, Nakuru MUD, Stoni Athi Economy Phase II Sector 2A and Meru MUD projects. The projects were commenced using internal funds as we finalize the borrowing process.
- The Corporation earned interest of Kshs. 193 million from the County loans, against a target of Kshs 35.5 million resulting to favourable variance of Kshs.157.5 million (444%). This was as a result of delayed payments by the counties and consequent surcharge on arrears. The Corporation has continued to engage the counties with a view of collecting all monies owed to it. Kisumu County Government, which is the main debtor under this category, owes the Corporation Kshs. 1.5 billion representing 66% of the total debt. TransNzoia County Government is the second highest debtor under this category owing the Corporation 8% of the total county debt, Kshs.184 million. Negotiations with the two counties on settlement of the debt has been ongoing. Both Counties have tabled their proposal on debt settlement to the Corporation and the same has been presented to the full board for consideration and approval.

ii. Finance Income

- The positive variance is attributed to the interest income earned from deposits of the Parkroad purchasers in the NHDF account which had not been budgeted for. In addition, the high interest rates paid on deposits by the banks attributed to the positive variance.

iii. Gain on Sale of Houses

- The favourable variance on gain on sale of houses is due to gain realised from sale of parkroad and Langata MUD commercial spaces.

iv. Professional Fees

- The Corporation did not meet its target on professional fees due to delay in the commencement of planned projects which included Laikipia County Housing, Kiambu County Housing, Siaya MUD, Likoni MUD, Eldoret Kidiwa Phase I, Athi River redevelopment, Iten MUD, Narok Housing, Marsabit Housing, Maralal Housing and KoTDA Phase I. The projects are expected to commence in the current financial year.

v. Other Income

- The Corporation had budgeted to earn conveyancing (legal fees) from the completion and sale of Stoni Athi Economy Phase II sector 2A and other projects under miscellaneous income but this was not actualized due to delay in completion of the projects.

b. Recurrent Expenditure

i. Salaries & Benefits

- The Corporation had budgeted to recruit more staff and implement the new HR instruments during the year. The HR instruments were implemented and we are in the process of recruiting additional staff members. The recruitment process will be completed in the financial year 2024/2025.

ii. Depreciation

- The favourable variance reported is attributable to budgeted purchase of fixed assets that the Corporation is yet to undertake. The management prioritized project capital expenditure over non-project capital expenditure in the period under review.

iii. EPS Expenses

- The variance is attributable to low uptake from the market and lack of utilization of the EPS product by our ongoing project. The main purpose of setting up the factory was to have our projects as the main consumers of the panels which is not the case currently.

iv. Other Operational Costs

- The favourable variance reported is due to decision to adopt cost cutting measures in line with the prudent utilization of resources.

21. Notes To The Financial Statements

1. General Information

National Housing Corporation (NHC) is established by and derives its authority and accountability from an Act of Parliament, Cap. 117 of the Laws of Kenya. NHC is wholly owned by the Government of Kenya and is domiciled in Kenya. NHC's principal activity is to play a principal role in the implementation of the Government's Housing policy. For reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by 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, and financial instruments at fair value and impaired assets at their estimated recoverable amounts. Liabilities have been recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the National Housing Corporation. Further, the financial statements have also been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied in the current and comparative financial year..

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 30th June 2024.*

TITLE	DESCRIPTION	EFFECTIVE DATE
IFRS 18 Presentation and Disclosure in Financial Statements,	IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 is the culmination of the IASB's Primary Financial Statements project.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
IFRS S2 Climate-related Disclosures	IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	Applicable to annual reporting periods beginning on or after 1 January 2024
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	The amendments are effective for annual reporting periods beginning on or after 1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	The amendments are effective for annual reporting periods beginning on or after 1 January 2024
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.	The amendments are effective for annual reporting periods beginning on or after 1 January 2026

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

ii. *Early adoption of standards*

The Entity 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:

a) Revenue recognition

Revenue is recognized in accordance with IFRS 15 which provides a single control-based revenue recognition model and clarifies the principles for recognizing revenue from contracts with customers. The Corporation measures revenue 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. **Revenue from the sale of goods and services** is recognised in the period in which the Corporation delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method
- iii. **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.
- iv. **Dividend income** is recognised in the income statement in the period in which the right to receive the payment is established.
- v. **Rental income** is recognised in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi. **Other income** is recognised as it accrues.

b) In-kind contributions

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

c) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

d) Depreciation and Impairment of Property, Plant and Equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life. The annual rates in use are:

Buildings	2.5%
Plant and machinery	20%
Motor vehicles, including motor cycles	25%
Computers equipment & software	30%
Furniture and fittings	20%

A depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible Assets

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Amortization of intangible assets is recognized in the income statement on reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life.

f) Amortization and Impairment of Intangible Assets

Amortization is calculated on the reducing balance basis at a rate of 30% per annum. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

g) Investment Property

Buildings, or part of a building and land held for long term rental yields and/or capital appreciation, and which are not occupied by the Corporation, are classified as investment property under non-current assets. The Corporation has carried some of its investment property at fair value, with the changes being recognized in other comprehensive income and changes in fair value of investment properties being recognized in the statement of profit or loss. Revaluations are performed by professional valuers every five years to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

h) Unquoted investments

Unquoted investments stated at cost under non-current assets, comprise of equity shares held in other Government owned or controlled entities.

i) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the basis of first in first out (FIFO) method.

j) 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.

k) 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.

i. Income taxes

The Corporation is subject to income taxes in Kenya. Significant judgment is required in determining the Corporation's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ii. Deferred Tax

The Corporation accounts for deferred tax in accordance with IAS 12, Income Taxes. Deferred tax liability is recognized for all taxable temporary differences except to the extent that the deferred tax liability arises from goodwill and initial recognition (except for business combinations and for transactions affecting neither profit nor loss). Deferred tax assets are recognized on amounts recoverable in future periods in respect of temporary differences, unused tax losses and unused tax credits carried forward. The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is measured at the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

l) 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.

m) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

n) 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.

o) Retirement Benefit Obligations

The entity operates a defined contribution scheme for all full-time employees. The scheme is administered by an in-house team and is funded by contributions from both the Corporation and its employees.

The Corporation also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Corporation's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per month per employee.

q) 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.

r) Comparative Figures

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

s) 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 30th June 2024.

t) Budget information

The original budget for FY 2023-2024 was approved by the Treasury on 6th October 2023.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xiii of these financial statements.

u) 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.

i. 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.

The preparation of financial statements is in conformity with International Financial Reporting Standards (IFRS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. Management confirms that 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.

ii. 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

iii. Provisions

In determining the amount of potential loss in specific impaired loans or in the aggregate loan portfolio, all relevant factors are considered including, but not limited to historical loan loss experience, current economic conditions, the effectiveness of the Corporation's lending policies and collection procedures, and the timeliness and accuracy of its loan review function.

The following minimum percentage amounts for provisioning are maintained according to assigned classification. Where reliable information indicates that losses are likely to be more than these minimum amounts, larger provisions shall be made.

- a. For loan classified "Normal" 1%
- b. For loans classified "Watch" 3%
- c. For loans classified "Substandard" 20%
- d. For loans classified "Doubtful" 100%
- e. For loans classified "Loss" 100%.

Further, Management makes general provisions for potential non-loan losses annually in the financial statements. The conditions cited above for provisions of loan losses will also apply to non-loan losses. A provision of 10% of the outstanding rent shall be made on quarterly basis.

6. Revenue

The sources of income are as stipulated below:

	2023 /2024	2022 /2023
	Kshs	Kshs
Interest	549,326,724	583,808,236
Rents	288,941,427	253,919,462
Professional Fees	279,512,708	45,526,566
Gain on Sale of Houses	46,898,191	45,731,300
Total	1,164,679,049	928,985,564

7. Finance Income

The interest income is made up of:

	2023 /2024	2022 /2023
	Kshs	Kshs
Interest from current accounts with banks	96,295,185	48,403,433
Interest Receivable from Boma Yangu	42,451,348	98,804,827
Total	138,746,533	147,208,260

8. Other Income

	2023 /2024	2022 /2023
	Kshs	Kshs
Interest on Staff Loans	13,203,034	15,416,820
Service charge Management fees	9,885,162	7,894,779
Sundry Income	12,336,110	11,519,563
Total	35,424,307	34,831,162

9. Other Gains and Losses

	2023 /2024	2022 /2023
	Kshs	Kshs
(Loss)/Gain on Disposal of Fixed Assets	8,251	(182,225)
Total	8,251	(182,225)

10. Manufacturing, Trading, Profit and Loss Account (EPS Factory)

National Housing Corporation established the EPS factory as a division in 2009 to engage in the production and dissemination of an alternative building technology system named EPS. The factory manufactures expanded polystyrene panels (EPS) and meshes for use in the construction of affordable housing. The installed annual capacity of the factory is about 2,000 three-bedroom housing units. There are currently 32 number officers employed in the division with 29 number of them being machine operators (both permanent and casual) and the rest being in management and marketing operations.

a) Manufacturing Account

	2023 /2024	2022 /2023
	Kshs	Kshs
Raw Materials Consumed	98,061,778	34,792,917
Direct Labour	20,544,787	18,277,987
Other Direct Overheads	8,088,768	13,409,922
Prime Costs	126,695,332	66,480,826
Production and Other Factory Overheads	7,365,218	6,297,195
Depreciation	21,727,665	22,771,478
Opening Cost of Work in Progress	4,704,328	2,400,535
Add: Purchases	-	-
Less: Closing Cost of Work in Progress	(42,005,672)	(4,704,328)
Production Costs of Goods Completed	118,486,871	93,245,706

b) Trading, Profit and Loss Account

	2023 /2024	2022 /2023
	Kshs	Kshs
Sales	25,354,041	44,935,940
Cost of Goods Sold		
Opening Stock of Finished Goods	7,273,465	6,032,067
Production Costs of Goods completed	118,486,871	93,245,706
Closing Stock of Finished panels(Cost)	(103,594,110)	(7,273,465)
Cost of Goods Sold	22,166,226	92,004,308
Gross Profit / (Loss)	3,187,814	(47,068,368)
Selling and Marketing Costs	2,678,687	3,825,258
Depreciation	959,670	970,595
Administration expenses	7,706,745	6,669,729
Total Adm Expenses	11,345,102	11,465,582
Trading Loss	(8,157,288)	(58,533,950)

c) EPS trading loss is arrived at after charging

	2023/2024	2022/2023
	Kshs	Kshs
Cost of Goods Sold	22,166,226	92,004,308
Selling and Marketing Costs	2,678,687	3,825,258
Depreciation	959,670	970,595
Administration expenses	7,706,745	6,669,729
Total	33,511,328	103,469,890

11. Profit Before Tax

a) Administration Cost

	2023/2024	2022/2023
	Kshs	Kshs
Staff Costs(Note 11b)	345,930,995	289,085,721
Directors' emoluments	29,976,669	39,940,254
Auditors Remuneration	1,200,000	1,200,000
Property & Estates	74,642,695	66,956,684
Motor Vehicle Expenses	15,005,948	10,663,993
Repairs of Equipment	27,118,993	23,106,576
Travelling General	75,505,302	38,000,502
Printing & Stationery	14,021,277	7,952,715
Office rents	21,454,377	21,708,926
Postage & Telephones	4,395,733	4,171,780
Advertising	5,687,463	12,898,387
Insurance	6,445,682	5,212,554
Bank Charges	2,730,512	1,982,269
Library Expenses	1,507,745	1,584,869
Staff Uniforms	1,093,492	349,584
Exhibition	5,065,242	2,097,612
Training	38,033,907	17,220,588
Bad Debts Provision	48,858,893	75,343,769
Post contract payments	76,055,794	-
Debt Collection Expenses	8,569,700	7,255,811
Legal Charges	37,681,844	31,178,458
Staff Sports Club	320,200	555,460
Consultancy General	53,887,316	24,560,941
Medical in Patient	51,811,631	49,151,983
Entertainment	12,175,759	9,370,409
Staff welfare	6,455,625	4,385,210
Donations	2,050,740	174,400
Depreciation (Note 13c)	48,440,700	44,788,103
Amortization (Note 14)	12,018,950	4,563,779
Total Administration Costs	1,028,143,183	795,461,337

b) Staff Costs

Staff costs comprise the following:

	2023/2024	2022/2023
	Kshs	Kshs
Salaries and Allowances	263,424,370	222,897,313
Temporary Employees	24,090,459	18,333,052
Interns Allowance	-	-
NSSF	6,333,970	1,963,440
Other pension contributions	29,042,010	24,833,821
Leave pay	13,339,992	12,781,057
Gratuity Provisions	9,700,195	8,277,039
Grand Totals	345,930,995	289,085,721
The average no of employees at the end of the period was:		
Permanent Employees	149	142
Contracted Employees	11	24
Temporary Employees	87	81
Total	247	247

The number of persons employed by the Corporation as at 30th June 2024 was 160.

National Housing Corporation established the NHC provident fund scheme in 1998. In compliance with the Treasury Circular number 18/2010, the scheme was closed from 1st July 2011 and the staff retirement benefits scheme (Defined Contribution) was established then. The provident fund scheme is established under trust and was closed to new entrants and any further contributions to the scheme were stopped by the Corporation.

The staff retirement benefits scheme was established for all new and eligible employees who had more than five years to attain the mandatory retirement age of sixty years and whose terms of service were not to remain contractual.

The Corporation therefore only makes contributions to the staff retirement benefits scheme. As at 30th June 2024, there were no amounts owed to the Staff Retirement Benefits Scheme

c) Operating profit/(Loss)

	2023/2024	2022/2023
	Kshs	Kshs
Operating profit is arrived at after (charging)/crediting		
Staff cost (note 9b)	(345,930,995)	(289,085,721)
Administration cost	(541,716,975)	(340,533,711)
Depreciation (note 13c)	(48,440,700)	(44,788,103)
EPS Expenses	(33,511,328)	(103,469,890)
Amortisation of intangible assests (note 14)	(12,018,950)	(4,563,779)
Provision of bad and doubtful debts (note 21c)	(48,858,893)	(75,343,769)
Directors' emoluments - fees	(29,976,669)	(39,946,254)
Auditors' remuneration - current period	(1,200,000)	(1,200,000)
Professional fees	354,331,932	45,526,566
Gain on sale of Houses	46,898,191	45,731,300
Finance income	138,746,533	147,208,260
Interest receivable	474,507,499	583,808,236
Rent receivable	288,941,427	253,919,462
EPS sales	25,354,041	44,935,940
Other incomes	35,424,307	34,831,162
Other Gains/Losses	8,251	(182,225)
Operating Profit	302,557,670	256,847,474

12. Income Tax Expenses/(Credit)

a) Current Taxation

	2023/2024	2022/2023
	Kshs	Kshs
Provision for tax for the Year	145,264,889	120,435,333
Deferred tax for the year	27,804,898	(25,322,682)
Taxation charge	173,069,787	95,112,651

b) Reconciliation of expected tax based on profit before taxation

	2023/2024	2022/2023
	Kshs	Kshs
Profit before taxation	302,557,670	256,847,474
Tax applicable rate of 30% of PBT	90,767,301	77,054,242
Tax effect of expenses not subject to tax	67,524,994	51,903,924
Wear & Tear allowance	(13,027,406)	(8,522,833)
Provision for tax	145,264,889	120,435,333
Deferred tax	27,804,898	(25,322,682)
Total taxation charge	173,069,787	95,112,651

13. (a) Property, Plant and Equipment Schedule

National Housing Corporation Property, Plant & Equipment Movement Schedule 2023/2024

FIXED ASSETS	LAND	BUILDING	EPS PRODUCTION PLANT & MACHINERY	EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	COMPUTER SYSTEM	TOTAL
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST								
AT 1ST JULY 2022	2,296,149,896	800,000,000	562,136,778	87,504,652	71,379,688	146,503,761	106,037,283	4,069,712,058
Additions				3,018,800	36,520,000	3,568,800	15,784,166	58,891,766
Revaluation								-
Disposals				(216,699)			(7,128,563)	(7,345,262)
Adjustments								-
AT 30th JUNE 2023	2,296,149,896	800,000,000	562,136,778	90,306,753	107,899,688	150,072,561	114,692,886	4,121,258,562
AT 1ST JULY 2023	2,296,149,896	800,000,000	562,136,778	90,306,753	107,899,688	150,072,561	114,692,886	4,121,258,562
Additions		13,694,614		7,802,868	20,967,000	1,484,900	16,360,925	60,310,307
Revaluation								-
Disposals							(99,000)	(99,000)
Adjustments	(56,872,847)							(56,872,847)
AT 30th JUNE 2024	2,239,277,049	813,694,614	562,136,778	98,109,622	128,866,688	151,557,461	130,954,811	4,124,597,022
DEPRECIATION								
AT 1ST JULY 2022		95,689,541	198,362,255	70,870,362	51,963,844	105,898,580	89,441,045	612,225,627
Adjustment prior year								-
Charge for the Year								-
-Amortization								-
-Depreciation		5,609,444	17,787,377	3,001,813	7,405,841	4,902,578	7,196,472	45,903,527
On Disposal/Adjustment		11,793,216		(165,548)			(6,625,130)	5,002,538
AT 30th JUNE 2023		113,092,202	216,149,632	73,706,627	59,369,685	110,801,158	90,012,388	663,131,690
AT 1ST JULY 2023		113,092,202	216,149,632	73,706,627	59,369,685	110,801,158	90,012,388	663,131,690
Adjustment prior year								-
Charge for the Year								-
-Amortization								-
-Depreciation		5,470,804	16,909,582	3,063,974	10,847,746	4,314,787	8,383,096	48,989,988
On revaluation		11,501,742					(97,250)	11,404,492
AT 30th JUNE 2024		130,064,747	233,059,213	76,770,600	70,217,431	115,115,944	98,298,231	2,962,803,217
NET BOOK VALUE								
AT 30th JUNE 2023	2,296,149,896	686,907,799	345,987,146	16,600,126	48,530,003	39,271,403	24,680,498	3,458,126,872
AT 30th JUNE 2024	2,239,277,049	683,629,867	329,077,564	21,339,021	58,649,257	36,441,516	32,656,579	3,401,070,854

(b) Property, Plant and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	2,239,277,049		2,239,277,049
Buildings	813,694,614	130,064,752	683,629,862
EPS Plant and machinery	562,136,778	233,059,214	329,077,564
Motor vehicles, including motorcycles	128,866,688	70,217,431	58,649,257
Computers and related equipment	130,954,811	98,298,225	32,656,585
Furniture and fittings	151,557,461	115,115,944	36,441,516
Plant and machinery	98,109,622	76,770,600	21,339,022
	4,124,597,022	723,526,168	3,401,070,854

(c) Depreciation & Amortization

DEPRECIATION	NHC	EPS	REVALUATION RESERVE	TOTAL
Asset Class				
Motor Vehicles	10,652,272	195,474		10,847,746
Plant and Equipment	3,035,418	28,556		3,063,974
EPS Production Plant & Equipment		16,909,582		16,909,582
Land & Buildings		5,470,804	11,501,742	16,972,546
Investment Property	22,137,946		133,304,818	155,442,764
Furniture & Fittings	4,264,194	50,595		4,314,789
Computer System	8,350,870	32,223		8,383,093
Sub-total	48,440,700	22,687,234	144,806,560	215,934,494
Amortization of Intangible Assets	12,018,950			12,018,950
TOTAL	60,459,650	22,687,234	144,806,560	227,953,444

14. Intangible Assets

Intangible Assets have been recognized using the cost model as shown below;

Cost	2023 /2024	2022 /2023
	Kshs	Kshs
At start of the year	51,260,698	51,260,698
Additions	38,988,615	-
At end of the year	90,249,313	51,260,698
Amortization		
At start of the year	44,593,318	40,029,539
Charge in the year	12,018,950	4,563,779
At end of the year	56,612,268	44,593,318
Net Book Value	33,637,044	6,667,380

15. Investment Property

Investment property has been recognized using the cost model as shown below:

	2023 /2024	2022 /2023
Cost	Kshs	Kshs
At start of the year	7,349,668,269	7,349,668,269
Additions	1,979,741,792	-
At end of year	9,329,410,060	7,349,668,269
Depreciation		
At start of the year	1,032,215,391	872,889,391
Charge for the Year	22,137,943	22,642,990
On Revaluation	133,304,818	136,683,010
At end of year	1,187,658,152	1,032,215,391
Net book Value	8,141,751,908	6,317,452,878

16. Long Term Loans Advanced

These are made of loans to Local Authorities, Rural Housing Loans, Staff Loans and Tenant Purchase Loans.

	2023 /2024	2022 /2023
	Kshs	Kshs
County Loans (Local Authorities)	2,599,377	19,163,925
Rural Housing Loans	139,231,816	171,401,873
Staff Loans	398,555,663	406,135,582
Tenant Purchase	2,115,742,218	2,363,469,387
Total	2,656,129,073	2,960,170,767

17. Unquoted Investments

These are investments held with;

	2023 /2024	2022 /2023
Consolidated Bank	Kshs	Kshs
4% Non-Cum Preference Shares of Sh.20.00 each	4,100,000	4,100,000
Ordinary Shares of Sh.20 each	1,100,000	1,100,000
Research & Development Ltd	130,505,557	99,457,797
Total	135,705,557	104,657,797

The Consolidated Bank shares are valued at cost. They arose following take-over of Jimba Credit, Union Bank and Business Finance Ltd by the government. The Research Development Unit Company Limited (a wholly owned subsidiary of NHC). The Corporation suspended operations of the subsidiary in financial year 2013/2014 with a view to developing a new strategy to reverse the trend of losses. Thereafter, the Corporation resolved through its Board of Directors that the unit be liquidated.

The operations of the Subsidiary were discontinued in the financial year 2013/2014 hence it has not been operational since then. Under IAS 1 Presentation of Financial Statements, guides that when the going concern of the company is in question, consolidation of the financial statements would be misleading to users of the financial statements. The increase in the amounts under the RDU is a reclassification of a debt owed by the unit. The debt had initially been recognized under note 21 trade and other receivables.

18. Schemes In Progress

These are valued at cost, and comprise:

	2023/2024	2022/2023
	Kshs	Kshs
Tenant Purchase	401,708,669	779,549,479
Outright sale	1,575,231,140	1,064,040,889
AHP Schemes	653,445,182	393,070,622
Other Projects	174,714,057	26,600,713
Total	2,805,099,048	2,263,261,704

Included in other projects are Kshs. 81,274,817.10 and Kshs. 93,439,239.9 being amounts incurred in the new ERP system and NHC's minor work projects. The new ERP system is still at the design stage.

19. Loan Amounts Receivable

	2023/2024	2022/2023
	Kshs	Kshs
Rural Housing Loans		
Amounts Due	774,653,967	779,150,755
Provision for Bad Debts	(435,853,530)	(403,512,107)
	338,800,438	375,638,648
Local Authorities	2,316,281,104	2,122,172,674
Provision for Bad Debts	(383,118,995)	-
	1,933,162,109	2,122,172,674
Staff Loans	23,069,599	24,509,528
Tenant Purchase	607,010,444	555,912,643
Outright sale Debtors	4,360,310	14,600,310
Total	2,906,402,901	3,092,833,803

(b) Provision for bad & doubtful debts

The movement in the year for the provision for bad and doubtful debts is as detailed here below.

	2023/2024	2022/2023
	Kshs	Kshs
Balance Brought Forward	403,512,107	379,607,916
Add: Provision for the year	32,341,423	23,904,191
At the end of the Year	435,853,530	403,512,107

Credit Management Policy

Credit risk is the potential that a borrower will fail to meet his obligation in accordance with the agreed terms. The Corporation mitigates against such risks through insurance and by carrying out credit risk control appraisal before issuing loans.

In arriving at the provision for bad debts, management has taken into consideration past loan loss experiences, current economic conditions, the composition of the debt portfolio and reviews and evaluations of specific loans.

A specific provision for bad debts has been provided for Rural Housing Loans and rent debtors and it is reflected in both the statements of financial position and the statement of comprehensive income as per NHC's Credit Management Policy clause 6.6.3.1 that provides for specific provisions.

No provision has been provided for staff, tenant purchase loans and outright sale debtors, since the debts are secured on the properties.

20. (a) Inventories

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

	2023/2024	2022/2023
	Kshs	Kshs
Consumables	12,241,521	17,220,595
Stock of unsold houses-NHC	308,398,556	1,275,730,014
EPS Work In Progress	42,005,672	4,704,328
EPS stock of Finished panels	103,594,110	7,273,465
EPS stock of Raw materials	71,328,635	90,000
Total	537,568,495	1,305,018,402

(b) Consumables

The consumables in (a) above are further analyzed as here below;

	2023/2024	2022/2023
	Kshs	Kshs
Consumable Inventories-NHC	5,819,959	4,953,513
Consumable Inventories-EPS	6,421,562	12,267,082
Total	12,241,521	17,220,595

21. Trade And Other Receivables

	2023/2024	2022/2023
	Kshs	Kshs
Rent Arrears	343,947,680	316,059,750
Provision for bad debts on Rents	(169,428,653)	(152,911,183)
Sub-Total	174,519,026	163,148,567
Debtors	636,211,899	1,189,443,584
Total	810,730,925	1,352,592,151

(b) Provision For Bad & Doubtful Debts

	2023/2024	2022/2023
	Kshs	Kshs
Balance Brought Forward	152,911,183	101,471,605
Add: Provision for the year	16,517,470	51,439,578
At the end of the Year	169,428,653	152,911,183

(c) Provision For Bad & Doubtful Debts

The total provision for bad debts recognized in the profit and loss account is as analyzed below

	2023/2024	2022/2023
	Kshs	Kshs
Loans Amounts Receivables - Provision for the year (note 19b)	32,341,423	23,904,191
Trade and Other Receivables - Provision for the year (note 21b)	16,517,470	51,439,578
At the end of the Year	48,858,893	75,343,769

d) Aging analysis (Rent)

DESCRIPTION	1 - 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL
NHC HOUSE	2,668,818	2,510,079	9,757,580	3,922,939	5,548,891	76,744,909	101,153,217
WOODLEY ESTATE	559,456	174,260	116,264	118,086	10,678	1,703,030	2,681,773
SADIROAD ESTATE	993,373	426,660	185,501	122,105	195,689	10,648,096	12,571,425
KIBERA	260,000	89,900	76,000	143,500	267,295	1,746,453	2,583,148
MD'S RESIDENCE - NYARI HSE	325,000	325,000	325,000	650,000	595,777	-	2,220,777
SADIROAD INFILL	373,199	214,965	68,378	63,380	64,221	7,819,008	8,603,151
WOODLEY INFILL	222,211	182,620	129,293	108,068	151,045	3,153,917	3,947,152
KARANJA ROAD INFILL FLATS	294,600	208,500	145,800	139,000	214,000	944,000	1,945,900
KIBERA OLYMPIC VIEW	816,500	438,301	202,497	288,000	403,375	167,500	2,316,173
MADARAKA	-	-	-	28,210	224,460	38,279,685	38,532,355
CHANGAMWE RENTAL	2,812,765	1,970,030	1,676,695	2,850,460	8,208,972	111,878,070	129,396,991
CHANGAMWE INFILL	241,892	123,872	96,500	154,924	347,227	2,263,867	3,228,282
VOI RENTALS	86,300	68,700	50,000	86,000	210,000	2,664,000	3,165,000
JOMO KENYATTA-RENTAL	301,854	108,745	56,531	59,750	69,178	251,213	847,270
LIKONI RENTAL	-	-	-	-	-	3,067,332	3,067,332
CHANGAMWE INFILL PHASE II	382,020	112,400	29,000	43,900	41,000	-	608,320
TUNTU RENTALS-NHC	-	-	-	-	-	313,880	313,880
STONI ATHI ECONOMY	267,500	251,000	247,800	348,980	878,335	1,658,170	3,651,785
STONI ATHI ECONOMY PHASE II	359,507	363,000	281,000	480,000	846,596	951,199	3,281,302
KITHIMANI RENTALS	34,000	34,000	34,000	63,000	178,000	2,045,400	2,388,400
MARSABIT RENTAL	19,000	19,000	19,000	30,000	90,000	1,424,851	1,601,851
WAMAGANA RENTAL SCHEME NYERI	14,000	14,000	14,000	28,000	63,744	242,240	375,984
MUMBI ESTATE-MURANG'A	69,000	54,000	45,000	67,000	169,000	97,500	501,500
NAKURU BONDENI RENTAL	-	-	-	-	-	1,468,250	1,468,250
NJORO RENTALS-NAKURU	22,798	23,382	17,500	28,450	62,660	357,785	512,575
MOGOTIO RENTALS	-	-	-	-	-	384,000	384,000
BONDENI I&II ELDORET RENTALS	25,600	3,200	1,200	-	-	28,800	76,155
KAPSUSWA II & III ELDORET RENTAL	24,599	18,072	14,164	22,450	54,790	120,568	325,818
KIDIWA 4 ELDORET RENTALS	108,672	81,649	71,561	127,303	301,407	1,487,453	2,178,046
KIPCHOGE ELDORET RENTALS	56,966	22,340	10,300	12,510	25,800	107,500	235,416
ITEN RENTALS	-	-	-	-	-	591,000	591,000
ELGON VIEW-ELDORET	270,000	140,000	135,000	195,000	350,000	2,965,643	4,055,643
NAMBALE RENTAL SCHEME	-	10,000	10,000	20,000	56,050	858,120	954,170
AMAGORO RENTAL SCHEME	16,500	19,500	19,500	39,000	117,900	477,505	689,905
VIHIGA RENTAL	24,000	30,000	30,000	60,000	180,000	593,000	691,500
KISII RENTAL-NHC	1,100	1,100	1,100	2,200	6,600	58,250	70,350
MISC. DEBTORS	78,240	30,000	134,723	35,651	337,250	2,116,021	2,731,884
MISC ESTATES	54,240	-	96,163	52,880	27,903	1,965,410	2,196,595
TOTALS	11,729,470	8,068,274	14,000,887	10,337,865	20,269,941	279,678,214	343,947,680

e) Aging Analysis (Debtors)

DETAILS	CURRENT	1-90 DAYS	91-180 DAYS	181-270 DAYS	271-360 DAYS	OVER 360 DAYS	TOTAL
Fuel Deposit Total Kenya			240,000	183,000		597,000	1,020,000
Deposit - Postmaster General						8,622	8,622
Toyota Kenya Repairs Deposit						200,000	200,000
Deposits With Nairobi Hospital						149,000	149,000
Deposits With Mater-Misericordiae						270,000	270,000
Deposits With Aga Khan Hospital						200,000	200,000
Deposits With Aga Khan Hospital -Mbs						50,000	50,000
Deposit With Gertrude G. Hospital						10,000	10,000
Deposits With Kenyatta N. Hospital						200,000	200,000
Deposits With Valley Hospital Nakuru						50,000	50,000
Deposit-East Africa Courier Lt						30,000	30,000
Rent Deposit - Kenya Re Kisumu Office						214,261	214,261
Deposits K.P. & T. Comm.						30,000	30,000
ASL Limited Trading	323,308					-	323,308
National Cement Company Ltd	160,068					-	160,068
Deposit K.P. & T. Comm.						216,520	216,520
HF Corporation						37,844,129	37,844,129
National Lands Commission						62,537,494	62,537,494
Tarda Professional Fees	12,180,000						12,180,000
Philip Wambugu Kinyua	26,635						26,635
County Government of Bomet	7,822,998						7,822,998
Service Charge Debtors		42,288,576				41,472,635	83,761,210
Imprest	3,357,014						3,357,014
Salary Advances	316,279					156,885	473,164
Madaraka Old Rent & Rates Due	365,891	1,653,723	2,225,030			33,859,114	38,103,759
National Treasury	33,606,313					43,872,592	77,478,906
Due From boma yangu		227,306,985					227,306,985
Due From E-citizen		26,299,674					26,299,674
Amount Due From KRA		29,542,624					29,542,624
Eps Factory Debtors	-	17,937,110				-	17,937,110
National Oil Fuel Deposit	1,000,000					1,006,000	2,006,000
Safaricom Mast		1,282,862				-	1,282,862
Insurance Prepayments		4,999,556					4,999,556
Uber	120,000						120,000
Total Sundry Debtors	59,278,507	351,311,111	2,465,030	183,000	-	222,974,252	636,211,899

22. Tax Recoverable

Tax Movement Schedule	2023/2024	2022/2023
	Kshs	Kshs
Balance Brought Forward	(122,373,059)	(166,368,598)
Adjustment relating to over provision of tax	10,246,597	-
Provision for tax for the Year	145,264,889	120,435,333
Paid During the year	(132,312,060)	(76,439,793)
Withholding Tax Liability	20,308.00	-
At end of the year	(99,153,325)	(122,373,059)

23. Deferred Tax Asset

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributed to the following items:

	2023/2024	2022/2023
	Kshs	Kshs
Accelerated capital allowances	(4,470,324)	(2,694,214)
Provision for liabilities and charges	32,275,223	(22,628,467)
Deferred Tax During The Year	27,804,898	(25,322,682)

The movement on the deferred tax account is as follows:

	2023/2024	2022/2023
	Kshs	Kshs
Deferred Tax Liability b/f	(61,047,489)	(35,724,807)
Accelerated capital allowances	(4,470,324)	(2,694,215)
Add: Various provisions	32,275,223	(22,628,467)
Deferred tax during the year	27,804,898	(25,322,682)
At End of The Year	(33,242,590)	(61,047,489)

24. Cash And Bank Balances

For purposes of the cash flow statement, cash and cash equivalent represent cash and bank balances. The funds held in the banks are to be utilized to fund internally funded projects lined up in the coming months and support payment of recurrent expenditure.

	2023/2024	2022/2023
	Kshs	Kshs
Mobile Money		4,634,063
Co-operative Bank	167,353,481	379,352,883
National Bank of Kenya	41,088,243	536,087,881
Kenya Commercial Bank	41,168,545	24,961,782
ABSA Bank	20,170	24,778
Total	249,630,439	945,061,387

25. Dividend Payable

Proposed dividends are provided for 80% of the profit after tax.

	2023/2024	2022/2023
	Kshs	Kshs
At the beginning of the period	8,607,448	3,109,021
Provision for the Period	103,590,306	8,086,741
Paid during the Period	(8,607,448)	(2,588,314)
At the end of the period	103,590,306	8,607,448

26. Equity

The Corporation was established under the Housing Act, Cap 117 and is fully owned by the Government of Kenya. The equity arose when the inter-ministerial Committee on National Housing Corporation's capital restructuring presented its report to the Cabinet in 2003. The Cabinet, during its deliberations, approved capital restructuring of NHC which included the following:

- Conversion of total debts (arrears and principal) owed to GoK by NHC amounting to Kshs. 5.32 billion into equity
- Injection of additional funds in the form of equity to the tune of Kshs.4.8 billion

The Corporation has so far received Kshs.1.616 billion additional equity as part of the implementation of the capital restructuring program. A detailed analysis of the Corporation's equity is as shown in the table below;

Included in the amount of equity, is the value of the transferred Parkroad houses constructed and financed by GoK under the Affordable Housing Programme. These houses were transferred to the Corporation in May 2021 for ownership and management. The additional equity from these houses amounts to Kshs.2.147 billion based on prevailing sale prices. The increase in the year arose from sale proceeds received from additional sale of the Parkroad units.

	2023/2024	2022/2023
	Kshs	Kshs
Equity Injection to NHC as at 30th June 2022		
2007/2008	216,000,000	216,000,000
2008/2009	250,000,000	250,000,000
2009/2010	250,000,000	250,000,000
2010/2011	900,000,000	900,000,000
Total	1,616,000,000	1,616,000,000
Conversion of Total Debts owed to GOK by NHC	5,320,000,000	5,320,000,000
AHP Parkroad		
Balance Brought Forward	1,879,536,300	1,024,352,689
Addition during the year	267,834,938	855,183,611
	2,147,371,238	1,879,536,300
Total Equity	9,083,371,238	8,815,536,300

27. Unrealized Gain On Sale Of Houses

This is the gain on sale of Tenant Purchase schemes, which will be realized over the life of the Tenant purchase loans.

	2023/2024	2022/2023
	Kshs	Kshs
Opening balance	405,340,338	435,095,730
Add: Unrealized gain recognized in the year	5,267,449	9,657,573
Less: Realized gain recognized in the year	(35,355,612)	(35,214,591)
Adjustment due to Cost of Arbitration	(2,944,206)	-
Adjustment for repossessed units	-	(4,198,374)
Total realised gain plus adjustment	(38,299,818)	(39,412,965)
Total Movement in the year	(33,032,369)	(29,755,392)
Closing Balance	372,307,969	405,340,338

28. Retained Earnings

This is made up as follows:

	2023/2024	2022/2023
	Kshs	Kshs
Opening Balance	4,014,868,691	3,861,220,609
Proposed Dividends	(103,590,306)	(8,086,741)
Profit after tax for the Year	129,487,883	161,734,823
Closing balance	4,040,766,268	4,014,868,691

29. House Equalization

	2023/2024	2022/2023
	Kshs	Kshs
Opening Balance	383,118,995	383,118,995
Charge in the Year	(383,118,995)	
Closing balance	-	383,118,995

This is a reserve account in which all income is recognized in respect to local authorities that the Corporation had entered into an agreement with a view to ensuring that their debts were cleared. This treatment ensures that the Corporation's profits are not overstated; Income from the respective defunct local authorities' debtors will only be recognized when the debts owed are paid off. The Directors have reclassified these amounts and included the amounts in arriving at the provision for bad debts for County Debts.

30. Revaluation Reserve

	Land	Buildings	Investment Property	Total
	Kshs	Kshs	Kshs	Kshs
2021/2022				
Opening Balance	1,530,701,469	477,158,421	5,588,080,988	7,595,940,879
Charge in the Year	-	(11,793,217)	(136,683,010)	(148,476,227)
Adjustment				
Closing Balance	1,530,701,469	465,365,204	5,451,397,978	7,447,464,652
2022/2023				
Opening Balance	1,530,701,469	465,365,204	5,451,397,978	7,447,464,652
Charge in the Year	-	(11,501,742)	(133,304,818)	(144,806,560)
Closing Balance	1,530,701,469	453,863,462	5,318,093,160	7,302,658,092

31. Trade And Other Payables

These Comprise:

	2023/2024	2022/2023
	Kshs	Kshs
House Deposits	284,357,710	314,992,443
Deposits from Gov. Agencies	3,885,000	3,885,000
Service Charge	131,919,603	113,950,720
Due to Contractors	90,925,218	89,420,514
Sundry Creditors	290,791,750	221,070,809
Prepayments	83,196,088	114,148,460
Deposits from Gok financed Houses	22,352,920	56,859,318
Total	907,428,287	914,327,264

- i. House deposits are amounts received from prospective house purchasers in respect of the various housing schemes. The amounts are treated as creditors until the houses are completed and handed over to purchasers.
- ii. Service charge is amounts payable by house tenant purchasers and other rental property tenants to cater for maintenance of common areas and insurance of properties against fire and perils.
- iii. The amounts due to contractors relate to amounts accrued in respect of the ongoing and completed housing projects that are outstanding as at the reporting date.

32. Cash Generated From Operating Activities

	2023/2024	2022/2023
	Kshs	Kshs
a) Reconciliation of Operating Profit/(loss) to Cash Generated from/(Used In) Operation		
Profit or Loss before tax	302,557,670	256,847,474
Depreciation - NHC (Note 13c)	48,441,700	68,546,517
Depreciation - EPS (Note 13c)	22,687,234	
Amortization of Intangible Assets (Note 14)	12,018,950	4,563,779
Gain on disposal (Note 9)	(8,251)	182,225
Adjustment relating to over Provision of Tax (Note 22)	(10,246,597)	-
Realised gain plus Adjustments (Note 27)	(38,299,818)	(39,412,965)
Unrealised gain on Sale of Tenant Purchase Houses (Note 27)	5,267,449	9,657,573
Bad Debts Provisions (Note 11a)	48,858,893	75,343,769
Operation Profit/(Loss) before Working Capital changes	391,277,230	375,728,372
Decrease/(Increase) in debtors & prepayments	539,340,919	(948,676,762)
Decrease (Increase) in inventories	767,449,907	1,926,801,575
Increase/(Decrease) in Trade and other Payables	(6,898,977)	(525,939,672)
Housing schemes in progress	(541,837,344)	(288,432,404)
Decrease/ (Increase) in Loan amount receivable	(196,688,093)	(229,678,034)
Working capital changes	561,366,412	(65,925,297)
Cash Generated from/(Used In) Operations	952,643,642	309,803,075

33. Redemption Of Long Term Loans

Long term loans include loans to Local Authorities, Rural Housing Loans and staff loans. See Note 16.

	2023/2024	2022/2023
	Kshs	Kshs
Tenant Purchase		
Opening Balance	2,363,469,387	1,517,804,591
Advanced	122,654,601	1,110,580,392
Redemption	(370,381,770)	(264,915,596)
Closing Balance	2,115,742,218	2,363,469,387
Other Loans		
Opening Balance	596,701,380	670,858,715
Advanced	67,543,430	46,282,010
Redemption	(123,857,955)	(120,439,345)
Closing Balance	540,386,855	596,701,380
Total	2,656,129,073	2,960,170,767

Other Loans refers to loans disbursed to County (Also referred to as Local Authorities), Staff and members of the public as Rural Housing Loans. See Note 16.

34. Voluntary Contribution

	2023/2024	2022/2023
	Kshs	Kshs
Voluntary Contribution		
Cash and Bank Balances	6,139,165	215,749,427
Interest Receivable	18,225,740	10,300,505
Investment in Financial Assets	737,657,115	1,023,557,650
Total	762,022,020	1,249,607,582
Amount Attributable		
Members Deposits	513,636,747	423,034,999
Amount due to Parkroad Purchasers	-	666,452,127
Accumulated Surplus	247,469,157	153,764,907
Totals	761,105,904	1,243,252,033
Other payables	916,115	6,355,549
Totals	762,022,020	1,249,607,582

35. Contingent Liabilities

The Corporation is engaged in 2 disputes with some project contractors which are currently under arbitration. The value of the claims made by the claimants is analyzed as follows:

NHC ARBITRATION MATTERS AS AT 30 TH JUNE 2024			
No.	PARTIES	CLAIM/DISPUTE	STATUS OF ARBITRATION
1.	Mall of Africa -V- NHC	60,457,218	Yet to be Determined
2.	Tulsi Construction Limited -V- NHC	1,310,097,864	Yet to be Determined
	Total Claims	1,370,555,082	
	Settled Arbitration in the year under review.		

The Corporation plans to enter into negotiation on installment payments in the event the contingent liabilities crystalize.

36. Related Party Transactions

a) Principal loan balances for staff

The amounts outstanding (balances not due) on loans to employees of the corporation are:

	2023/2024	2022/2023
	Kshs	Kshs
Tenant purchase loans	110,739,751	121,245,672
Staff loan		
Car loan	38,734,797	18,411,335
Motorcycle Loan	63,161	87,131
Computer loan	6,308,591	3,139,713
House loan	335,282,762	360,126,862
Rural housing loan	18,166,354	24,370,543
Sub Total (Staff loan)	398,555,665	406,135,584
Total loan amount advanced to staff	509,295,416	527,381,256

The loans classified as staff loans are amount advanced to staff at an interest rate of 3% per annum.

Tenants purchase loans are loans advanced to the corporation's staff under the same terms as the general public at an interest rate of 13% per annum. These amounts are included in the tenants purchase loans as detailed in note15.

All the loans have been advanced as per the terms prescribed in the terms of employment and the corporation's regulation.

22. Appendices

Appendix I: Progress and follow-up of issues raised by external auditor

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
1.	<p>Unsupported Property, Plant and Equipment</p> <p>The statement of financial position and Note 13(a) and (b) to the financial statements reflect property, plant and equipment with a net book value of Kshs.3,458,126,872.00. However, a review of records revealed the following unsatisfactory observations:</p>	<p>The undeveloped parcels are land that was allocated to NHC by the government at zero cost. Therefore, the value of the property can only be determined upon valuation of the property and this will be done once we obtain the title documentation. IFRS on Recognition of Property, Plant and Equipment</p> <p>Our decision to defer recognition of the 22 number parcels of land in our financial statement is guided by IAS 16 which requires that :</p>	Partly Resolved	31st March 2025
	<p>i. The balance includes land with a total value of Kshs.2,296,149,894 in respect of fifteen (15) parcels of land owned by the Corporation. However, four (4) parcels of land with a total value of Kshs.88,287,260 were not supported with the respective ownership documents such as title deeds and were indicated in the fixed assets schedule as un-surveyed or untitled.</p>	<p>An item of property, plant and equipment should initially be recorded at cost. [IAS 16.15] Cost includes all costs necessary to bring the asset to working condition for its intended use. Further, IAS 16 permits two accounting models:</p> <ul style="list-style-type: none"> • Cost model. The asset is carried at cost less accumulated depreciation and impairment. [IAS 16.30]. • Revaluation model. The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably. [IAS 16.31] <p><i>The revalued amounts can only be determined once we obtain the title documentation and therefore carry out valuation of the properties.</i></p>	Partly Resolved	31st March 2025
	<p>ii. Further, as previously reported sixty-eight(68) parcels of land were not valued and had not been included in the value of land balance of Kshs.2,296,149,894. Management explained that twenty-two (22) parcels had received title deeds while forty-six (46) parcels had no ownership documents.</p>	<p>The Corporation still await investigations and conclusions by EACC purposely to nullify the title illegally obtained.</p>	Ongoing	31st May 2025
	<p>iii. Two(2) of the untitled parcels within Kakamega County had ownership disputes. Management explained that one of the plots had received an allotment letter but the Corporation could not pay the required statutory fees since the title to the land had already been fraudulently obtained. Similarly for the other plot, the Corporation could not obtain an allotment letter since the title to the land had already been fraudulently obtained. Review of records revealed that the matter of the two(2) plots was reported by Management to the Ethics and Anti-Corruption Commission vide a letter dated 19th December 2022 but the matter is still under investigations.</p>	<p>The Webuye and Pumwani land is untitled and hence could not be valued. The process to obtain the title documents from Lands office is ongoing.</p>	Not Resolved	31st March 2025
	<p>iv. As previously reported, the valuation report for the Corporation's land provided for audit excluded two(2) pieces of land in Webuye and Pumwani Nairobi with a total value of Kshs.10,358,358.</p>	<p>Efforts to transfer the land to NHC were commenced and the process is still ongoing.</p>	Not Resolved	30th June 2025
<p>v. Further, included in the property, plant and equipment balance is the Expanded Polystyrene (EPS) Factory building balance of Kshs.800,000,000. Review of records revealed that the land on which the building is situated is in the name of the PS Treasury and not in the Corporation's name. Therefore, the Corporation cannot claim ownership of the land and the respective developments on it.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,458,126,872 could not be confirmed.</p>				

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
2.	<p>Unconfirmed Investment in Subsidiary</p> <p>The statement of financial position reflects unquoted Investment balance of Kshs.104,657,797 which as disclosed in Note 17 to the financial statements includes an amount of Kshs.99,457,797 in respect of Research Development Unit Company Limited (RDU) as subsidiary Company wholly owned by the Corporation. However, the balance was not supported by a certificate of registration and share certificates. Management explained that the former Chairman and former Managing Director of the Corporation were the only shareholders of the subsidiary Company holding 50% of the shares each. Upon their exit from the Corporation, the former Chairman and former Managing Director did not transfer the shareholding rights to the current Management and this has not been done to date. Management has explained that the Corporation filed a miscellaneous application No.E-145 of 2022 seeking Court orders to compel the former Managing Director to execute transfer of the share certificate forms. The corporation has contacted the administrators of the estate of the former Chairman to execute transfer of the share certificate forms, to facilitate transfer of the share he held in the Subsidiary to the Corporation. The transfer of the shares remained outstanding as at the time of the audit in the month of January 2024.</p> <p>Further, Management has disclosed that the operations of the Subsidiary were discontinued in the financial year 2013/2014 and the Board of Directors resolved that the Company be liquidation. However, no further information was provided whether the liquidation process was completed, process was completed.</p> <p>In the circumstances, the accuracy completeness and existence of the unquoted investment value of Kshs.104,557,797 could not be confirmed.</p>	<p>The Corporation filed a miscellaneous application no.297 of 2020 seeking the former Directors compelled to sign the transfer forms.</p> <p>All parties (NHC and former Directors) have filed their respective written submissions and are awaiting a ruling date. The matter was coming up for a mention on 18/06/2024 but the court was not sitting.</p> <p>The Corporation awaits further direction from the courts on when the ruling on our application will be rendered.</p>	Not resolved.	31st March 2025
3.	<p>Unauthorised Inventory of Listing of Houses</p> <p>As disclosed in Note 20 to the financial statements and as previously reported, the statement of financial position reflects a comparative inventories balance of Kshs.3,231,819,977 which includes stock of unsold houses amounting to Kshs.3,200,093,313 out of which Kshs.1,024,352,689 were additions during the previous year as a result of transfer of the Park Road Housing Scheme houses and commercial shops from the State Department of Housing and Urban Development to the Corporation. However, there was no detailed inventory listing of houses included in the inventory executed by the Accounting Officers of both the transferring and receiving entities.</p> <p>This is contrary to Regulation 169(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that when assets or liabilities of procuring entity are transferred to another government entity or other institution by operation of law or reorganization of government functions, an accounting officer for the transferring procuring entity shall be required to identify an inventory list of such assets and liabilities.</p> <p>In the circumstances, the accuracy and completeness of previous year's additions to stock of unsold houses balance of Kshs.1,024,352,689 could not be confirmed.</p>	The Corporation is currently working with the State Department Housing and Urban Development with a view to closing this.	Not Resolved	31st December 2024

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
4.	<p>Insufficient Support for Houses Equalization Balance</p> <p>The statement of financial position reflects a house equalization balance of Kshs.383,113,995 as disclosed in Note 29 to the financial statements. The balance includes amounts dating back to the year 2011 to 2016 which has remained outstanding.</p> <p>Further, the following observations were made;</p> <ol style="list-style-type: none"> i. Although the Memoranda of Understanding (MOU's) with the defunct local authorities indicated the amounts agreed upon as payments for their respective debts, it was not possible to ascertain how the balances were arrived at, since the negotiations process had not been concluded; ii. Management did not provide the relevant approvals from the Parent Ministry or The National Treasury to allow writing off interest accumulated from the debts owed by the defunct Local Authorities; iii. Review of the house equalization support schedule provided for audit indicated entries which were not related to the sale of houses or equalization, such as salaries amounting to Kshs.8,401,650 management fees amounting to Kshs.5,644,981 and office administrative expenses amounting to Kshs.2,434,661. Further, the salaries management fees and administrative expenses were provided to despite the fact that the outstanding balances from the defunct local authorities remained unremitted to the Corporation as at 30th June 2023. <p>In the circumstances, accuracy and completeness of the house equalization balance of Kshs.383,118,995 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Housing Corporation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.</p>	<p>The management has since made adjustments in the books of the Corporation hence resolved.</p>	Resolved	Done

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
Emphasis of Matter				
1.	<p>Uncertainty in Sustainability of service – Expanded Polystyrene Panels (EPS) Factory Operations</p> <p>As previously reported, the Corporation has a factory which commenced in 2013 to address housing shortage problem, reduce cost and time spent in construction and also reduce environmental pollution by adopting the Expanded Polystyrene Panels (EPS) panels for slab and wall partitions. The statement of profit or loss and other comprehensive income and Note 10(b) to the financial statements reflects a trading loss of Kshs.58,533,950 from the operations of the EPS factory. This was an increase of Kshs.11,270,245 from the loss of Kshs.47,263,705 reported in the previous year which is an indication of the continued deterioration in the financial performance of the factory.</p> <p>Although Management has explained the measures that the Corporation has put in place to reverse this unsatisfactory trend, the Management explanation on the factory's operations were not satisfactory.</p>	<p>Management has come up with the following strategies to help avoid losses at the EPS Factory:</p> <ul style="list-style-type: none"> • Placing enhanced emphasis and prominence on the cost effective floor panel as the flagship product and suspended floor solution and communicating the same in the market consistently. • Deploying Technical marketing teams to convert customers at active sites who are already using masonry and concrete to employ EPS in their projects especially the floor panel. • The Corporation has resumed specification and use of the same in its own projects. • We have implemented an ongoing customer conversion and promotion program. This is expected to increase awareness on availability as well as offer technical support through our technical teams to create confidence in the capacity of the Corporation to supply when needed. • Promote EPS products by exhibiting during professional bodies' conferences, trade exhibitions and sponsorships. • Partner with the National Government and County Governments as well as MDAs in the construction industry to sensitize their customers on the EPS panels and to train the artisans they work with to increase capacity of masons working with EPS. The Corporation has already teamed up with the NCA to train their contractors at their monthly and quarterly sector specific trainings, which have commenced country wide. • Approach the SDHUD to include and specify the EPS panels in their housing projects including the AHP. • Approach the Treasury for tax exemptions on the imported raw materials. • Create frame work contracts with manufacturers to directly supply raw materials to reduce the costs even further and increase market penetration of the products. 	Ongoing	30th June 2025

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
2.	<p>Contingent Liabilities</p> <p>Note 35 to the financial statements reflects contingent liabilities related to two (2) disputes with project contractors amount to Kshs.1,370,555,082. Although Management has made the disclosure of the contingent liabilities in the financial statements, but had not indicated how Management has prepared itself in the event of crystallization of the liability. The Corporation may have a significant cash outflow should the disputes be determined in favour of the contractors.</p>	The Corporation has prepared itself in that in the event the contingent liability crystalizing then it intends to enter into negotiation to make the payments instalments.	Resolved	Done
3.	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.1,599,409,000 and Kshs.1,155,779,000 respectively, resulting in under-collection of Kshs.443,630,000 or 28% of the budget. Similarly, the Corporation spent an amount of Kshs.898,933,000 against an approved budget of Kshs.1,599,409,000 resulting in an under-expenditure of Kshs.700,476,000 or 44% of the budget.</p> <p>The under-collection and under-expenditure affected the planned activities of the Corporation and may have impacted negatively on service delivery to the public.</p>	The Corporation was guided by the guidelines from the government on austerity measures thus affecting utilization of budget both revenue generation and expenditure utilization.	Resolved	Done
1.	<p>Stock of Unsold Houses</p> <p>The statement of financial position reflects inventories balance of Ksh.1,305,018,402 which as disclosed in Note 20 to the financial statements includes an amount of Kshs.1,275,730,014 relating to stock of unsold houses held by the Corporation. As previously reported despite some of the projects having been completed several years ago, the houses have remained unsold and hence they continue to be reported as inventories. Management explained that Management has scaled up engagement with County Governments, Saccos, Kenyans in the diaspora and other relevant institutions to market the unsold houses. Although the Corporation is currently renting out some the houses with a value of Kshs.843,032,824 to housing schemes as it awaits the sale of the houses to potential buyers, the remaining houses worth Kshs.432,697,190 remained unoccupied.</p> <p>In the circumstances, the Corporation may not have obtained value for money for the schemes implemented at Kshs.1,275,730,014 included under inventories.</p>	<p>The Corporation continues to market the unsold units to offload them to the market using different channels.</p> <p>The current stock of unsold houses has reduced significantly and the Corporation is now holding houses valued at Kshs. 308 million, the houses are at various stages of conveyancing. The total amount being held by the Corporation as deposit for the purchase of housing units is currently Kshs. 284 million.</p>	Ongoing	31st March 2025
2.	<p>Officers in Acting Capacity Beyond Stipulated Time</p> <p>During the year under review, the Corporation paid a total amount of Kshs.5,410,273 to its staff in respect of acting allowances. Review of the employment records and payroll data revealed that forty-four (44) officers including top management were working in various positions in acting capacity for periods exceeding the stipulated six months and with some officers having been in the acting positions for several years. This was contrary to section C.14 (1) of the Human Resource Policy and Procedures for Public Service which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the pos, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months.</p> <p>In the circumstances, Management was in breach of the law.</p>	The Corporation is now fully compliant with the provisions of the law.	Resolved	Done

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
3.	<p>Non-Compliance with the One Third of Basic Salary Rule</p> <p>Review of payroll records revealed that during the month of July, 2022, and June 2023, twenty-five(25) and eleven (11) staff members respectively had their salary deduction exceeding to-thirds (2/3) of their basic pay. This was contrary to Section C.1(3) of the Human Resource Policies and Procedures Manual for Public Service, May, 2016 which states that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and heads of human resource units should ensure compliance.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The Corporation has obtained a reviewed Salary Structure, and no staff is allowed to breach the rule.</p>	Resolved	Done
4.	<p>Delayed Implementation of Housing Projects</p> <p>The statement of financial position and as disclosed in Note 18 to the financial statement reflects scheme in progress balance of Kshs.2,263,261,704. Review of records and audit inspection carried out on a sample of on-going projects revealed the following observations:</p> <p>4.1 Proposed NHC Stoni Athi Economy Phase II Section 2A – Machakos County</p> <p>The Corporation entered into the contract with a construction company at a contract sum Kshs.759,976,976 on 30th September, 2021. The certificate of possession of site was issued on 19th October, 2021 and the project commenced on 9th December, 2021 with the expected completion date was 08th June 2023.</p> <p>However, review of payment certificate number 08 dated 25th January, 2023 revealed that the total value of works executed and materials on site amount to Kshs.110,805,177 or 14% of the contract sum of Kshs.769,976,976. Further, the overall progress of works was at approximately 11% against 70% of time elapsed. In addition, the weekly progress report dated 26th January 2023 indicated that the time period was at fifty-nine (59) weeks out of seventy-eight (78) weeks representing 75% of time lapsed while the overall progress was at 13%. The project is therefore significantly behind the scheduled time and the completion date of 08 June, 2023 had already lapsed.</p> <p>As previously reported, NEMA issued a letter to the Corporation on 18 May, 2022 to stop the construction of the project for lack of Environmental Impact Assessment License which resulted to delays or stoppage in the project for 24 weeks starting from 17th May, 2022 to 24th October, 2022. However the Corporation obtained Environmental Impact Assessment License from National Environmental Management Authority (NEMA) on 5th October, 2022, eleven (11) months after the project commenced on 9th December, 2021.</p> <p>As a result the contractor, in a letter dated 19th August, 2022 raised a claim on compensation for extension of time and additional cost of Kshs.37,455,041 due to stoppage of works by NEMA.</p> <p>An extension of time was however granted and completion date revised to 15th November, 2023 which also elapsed without the project having been completed. The contractor applied for an additional time extension on 9th November, 2023, for five (5) months with effect from 16th November 2023. This application together with other applications were being discussed with the contractor in a bid to reach an amicable position. However, Management has not provided the measures put in place to ensure that the project is completed as expected.</p>	<ul style="list-style-type: none"> • The works commenced on 9th December 2021 but were suspended for some five(5) months due to delays in issuance of NEMA license. • The contractor resumed works on 24th October 2022 upon receipt of NEMA license. 	Not resolved	31st Dec 2024

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
	<p>4.2 Stalled Project at NHC Makande Estate – Septic Tanks and Roofing Works</p> <p>The Corporation entered into a contract during 2018-2019 financial year with a contractor at a contract sum of Kshs.26,102,820 for installation of septic tanks and roofing works. The certified and paid amount as at 30th June, 2023 was Kshs.16,265,293 representing 62% of the contract sum, while the progress of works as at 30th June, 2023 was at 90%. The project commenced on 19th April 2019 with an expected completion date of 09th August 2019 which was later extended to 26th October, 2020. However, on 02 February 2021 the contract was terminated while the progress of works was at 90%. At the time of the audit in the month of January, 2024 which is three (3) years and three (3) months after the expected completion date, the project had stalled and Management has not made any effort to ensure that the project is completed as expected.</p> <p>Physical inspection carried out in the month of July 2023 revealed that the septic tanks had been completed and the roofing works had been done. However, the downpipes and pipes connecting the manholes and the septic had not been done. Some manholes had no covers and therefore there are pending works which have not been completed. Management did not provide any plans to complete the stalled project. Delay in completion of the project will adversely affect realization of the expected benefits to the Corporation and the public and value for money from the expenditure of Kshs.16,265,293 so far incurred on the project could not be confirmed.</p>	<ul style="list-style-type: none"> The 3No. septic tanks and their corresponding soakpits were completed by the time the project was being terminated in 2021. The old and new septic tanks are being used for disposal of sewage from the houses as appropriate. This has been achieved by interconnecting the two systems to enhance the efficiency of the disposal. Manholes are covered with covers salvaged from the demolished infrastructure at Changamwe Estate which is currently under redevelopment. Makande Estate is earmarked for redevelopment under the Affordable Housing Programme, and it is therefore prudent to limit expenses on the existing houses and associated infrastructure. Procurement of a new contractor to complete the septic tanks is in progress. 	Not resolved	30th June 2025
	<p>4.3 Completion of Voi Infill Housing Scheme</p> <p>The Contract for the project was awarded to contractor. The project was to take a period of fifty (5) weeks with an intended completion date of 08 May, 2019. By 30th June 2023 the value of completed works certified and paid was Kshs.170,839,955 representing 76% of the contract sum and the project was at 75% completion. The contractor had sought and had been granted extension of completion time, and therefore the revised completion date was 18th April 2024. However, at the time of the audit in January, 2024, the project had not been completed and Management did not provide the Corporation's plans to complete the stalled project.</p>	<ul style="list-style-type: none"> The Contractor has submitted a request for an extension of time, and he was awarded an extension upto 30th April 2024. The Performance Bond and the Contractor's All Risks Insurance cover were renewed and are in force upto 17th May 2024 and 30th August 2025 respectively. Contractor has adopted the block-after-block approach as appropriate to deliver the project. Under this approach, the completed block can be occupied upon issuance of the certificate of occupation and thus enable the Corporation to realize rental income as the works progress. This approach was used to deliver the Changamwe II project. 	Not Resolved	31st December 2025

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
	<p>4.4 Construction of Nyen Mixed Use Development Project</p> <p>The contract for the project was awarded to a contractor on 7th March, 2018 at a contract sum of Kshs.330,000,000 with an expected completion time of fifty-two (52) weeks to 21st May 2019 as per the programme of works submitted by the contractor. The site was handed over to the contractor on 18 April, 2018.</p> <p>Review of records revealed the following observations.</p> <ol style="list-style-type: none"> i. According to the programme of works submitted by the contractor and the contract signed, the project was to be implemented within fifty-two (52) weeks effective 18th April, 2019 and to be completed by 21 May, 2019. However, the contract had over time been granted eight (8) extensions of time with the latest revised completion date being 25th April 2023 which translates to two hundred and sixtytwo (262) weeks project duration. Further, the contract price had been revised up to Kshs.397,649,358. The works were practically completed on 25th April 2023 and the project is currently under the defects liability period up to 24th April 2024. In addition, the houses and facilities were issued with the Occupation Permit on 15th August 2023. ii. During physical inspection, it was observed that there was low demand for houses since only thirty (30) units had been either booked or sold out of the ninety one (91) units for sale, while the project was 98% complete. iii. The cost benefit analysis of the project revealed that from the expected sales of the units and development cost, the amount so far spent is more than the expected revenue that will be generated from the sales of the units, thus may be an uneconomical venture to the Corporation. As previously reported, the expected sales revenue for the ninety-one (92) units was Kshs.475,920,000 while the estimated development cost for the project was Kshs.527,126,243 thus resulting in an expected loss of Kshs.51,206,243 to the Corporation. iv. Management has not provided any evidence of measure taken to ensure that the expected losses have been mitigated to ensure the Corporation is not financially disadvantaged in this project. The delays in the project completion will adversely affect realization of value for money from the expected expenditure of Kshs.527,126,243. <p>In the circumstances, value for money from the total expenditure incurred on the project could not be confirmed.</p> <p>The Audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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. As required by Section 7(1) (a) of the Public Audit Act. 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.</p>	<p>This matter is closed.</p> <p>The project is complete and handed over to the Corporation.</p> <p>The project has since been converted to investment property (rental units).</p>	Resolved	Done

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
Basis For Conclusion				
1.	<p>Long Outstanding Loan Balances</p> <p>1.1 Long-Term Loans Advanced</p> <p>The statement of financial position and Note 16 to the financial statement reflect long term loan advanced balance of Kshs.2,960,170,767 an increase of Kshs.771,507,461 or 35% from the previous year's balance of Kshs.2,188,663,306. Further the balance of Kshs.960,170,767 comprised of amounts of Kshs.19,163,926, Kshs.171,401,873, Kshs.406,135,582 and Kshs.2,363,469,387 in respect of local authorities, rural housing loans, staff loans and tenant purchase loans respectively that have been outstanding for long. Although Management has explained that the Corporation has put in place measures to ensure that the loans are repaid, the balance of Kshs.2,960,170,767 in respect of long-term loan advanced had increased significantly during the year and remained outstanding as at 30th June, 2023.</p>	<p>These are amounts advanced but not in arrears and hence may not pose any risk to the Corporation until they fall due. The increase of Kshs.771,507,461 comprise of amounts advanced as Tenant Purchase and Staff Loans in the year under review, which is per the Corporation's mandate as provided in CAP 117.</p> <p>The Corporation has however implemented various strategies to recover the loans falling due which include:</p> <ul style="list-style-type: none"> a) Strict enforcement of provisions of the Loan Agreement b) Digitization of collection processes c) Timely Issuance of invoices and demand notices d) Use of auto-reminders through Bulk Messaging e) Listing of defaulting clients in Credit Reference Bureau f) Mapping of clients to relationship managers g) Issuing statutory notices h) Auctioning charged properties. 	Resolved	Done

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
	<p>1.2 Loan Amount Receivables</p> <p>As disclosed in Note 19 to the financial statements, the statement of financial position reflects loan amount receivable balance of Kshs.3,092,833,893. However, review of the financial statements, ledgers and other records provided for audit revealed the following anomalies:</p> <p>(i) Included in the balance is rural housing loans amount of Kshs.779,150,755. Review of the ledgers supporting the balance revealed that an amount of Kshs.716,565,540 or 90% of the loan remained outstanding for more than one year. Although Management has indicated that various efforts and strategies have been used to recover the debts, the amount has remained outstanding for long. Out of the Rural Housing loans balance of Kshs.779,150,755 an amount of Kshs.323,352,444 equivalent to 42% was in relation to unsecured loans which is an indication that the Corporation risks losing the amount should the beneficiaries default on the loan repayments.</p> <p>(ii) Further, included the balance is an amount of Kshs.2,122,172,674 in respect of outstanding loans from the defunct Local Authorities. This represented an increase of Kshs.259,506,132 from the previous year's balance of Kshs.1,862,666,542 which is an indication that the recoverability of these debts is in doubt.</p> <p>(iii) In addition, included in the balance is an amount of Kshs.24,509,528 in respect of staff loans. Review of records revealed that a balance of Kshs.15,491,150 or 63% was long outstanding for more than one year.</p> <p>(iv) The balance also includes an amount of Kshs.555,912,644 in respect of tenant purchase loans. The Corporation's loan policy requires invoices be paid within 21 days after they become due. It was however, noted that Tenant Purchase loans amounting to Kshs.389,240,963 remained outstanding for more than one year.</p> <p>Although Management has explained that the Corporation has put in place measures to ensure the loans are repaid and that some of the debts are written off. The balance of Kshs.3,092,833,893 in respect of loan receivables was outstanding as at 30th June 2023.</p>	<p>The Corporation has implemented various strategies to recover the loans falling due which include:</p> <p>a) Strict enforcement of provisions of the Loan Agreement</p> <p>b) Digitization of collection processes</p> <p>c) Timely Issuance of invoices and demand notices</p> <p>d) Use of auto-reminders through Bulk Messaging</p> <p>e) Listing of defaulting clients in Credit Reference Bureau</p> <p>f) Mapping of clients to relationship managers</p> <p>g) Issuing statutory notices</p> <p>h) Auctioning charged properties.</p> <p>Out of the total provision of Kshs. 403,512,107.00, the Corporation has sought for approval from The National Treasury to write off Kshs. 368,592,800.05 comprising of Kshs. 323,352,444 as rural housing debt and Kshs. 45,240,355 as Kibera Highrise debt. The analysis was shared with your office and is available for your review. These amounts were specific and the report indicates the detailed reason for writing off each debt.</p> <p>The balance of Kshs. 34,919,306.95 is a general provision as per our credit policy and was been arrived at as follows:</p> <p>a) Loans classified "Normal" 1%</p> <p>b) Loans classified "Watch 3%</p> <p>c) Loans classified "Substandard" 20%</p> <p>d) Loans classified "Doubtful" 100%</p>	Ongoing	31st March 2025

Reference No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Status: (Resolved/ Not Resolved)	Timeframe
2.	<p>Failure to Comply with the Approved Staff Establishment</p> <p>Review of records revealed that the Corporation has an approved optimum staffing of three hundred and twenty-six (326) personnel. However, during the year under review, the Corporation had a total of one hundred and sixty-six (166) staff or 51% of the required staff. Further, key departments like the Estates Division, Internal Audit, Technical Division and Finance Division were significantly understaffed with some key departments lacking substantive office holder resulting to prolonged acting appointments and overwhelming the existing staff.</p> <p>In addition, the Corporation had eighty-one (81) temporary staff during the year who paid a total of Kshs.18,333,053. Most of the casual staff were observed to have had their services renewed after every three (3) months throughout the year and were assigned to crucial departments such as finance where they were undertaking essential duties in the various departments due to understaffing in the Corporation. Management has attributed the prevalence of casual labour to the following:</p> <p>(i) The Corporation has not been recruiting for a long time owing to the recruitment embargo by the Government and as such, staff have been exiting without subsequent replacements.</p> <p>(ii) The Corporation has also been operating without the requisite Human Resources Policy documents as prescribed by the Government. The corporation attempt to replace office administrators was declined by the Head of Public Service due to the lack of these instruments. The human Resources instruments were subsequently approved in July 2023 and operationalized in September 2023.</p> <p>(iii) In addition, the Corporation's salary structure was last reviewed in 2012 and staff promotions have been curtailed by the lack of the Human Resource Policy Instruments. This meant that that staff have been in the same position and salary for over twenty (20) years or more.</p> <p>In the circumstances, failure to recruit or retain the required number of employees may hinder the effective delivery of services by Corporation.</p>	The Positions are now advertised internally and externally and the recruitment process is on-going.	Partly resolved	31st March 2025

Appendix II: Projects Implemented By The Entity

Status of Projects completion as at 30th June 2024.

PROJECT	TOTAL PROJECT COST	TOTAL EXPENDED TO DATE	COMPLETION % TO DATE	BUDGET	ACTUAL	SOURCES OF FUNDS
Changamwe 111	498,000,000	146,498,791	50%	498,000,000	145,570,792	Internal
Voi infill	224,575,000	168,745,806	80%	244,000,000	11,306,210	Internal
Nakuru MUD	587,042,245	125,725,817	20%	587,042,245	124,788,059	Internal
Kanyakwar 111	446,613,917	347,172,937	70%	446,613,917	347,150,537	Internal
Eldoret Rent Office	72,530,520	24,453,746	35%	72,530,520	23,573,591	Internal
Kericho	283,483,145	45,618,104	20%	283,483,145	44,454,578	Internal
Stoni athi sec 2A	769,976,976	447,568,654	60%	769,976,976	178,389,934	Internal
Kakamega Amalemba	178,786,368	74,757,828	55%	178,786,828	73,965,675	Internal
Meru MUD	447,072,516	108,122,782	30%	447,072,516	102,456,657	Internal
Embu AHP	227,125,341	155,335,192	85%	227,125,341	151,642,946	Internal
Kirinyaga AHP	228,973,645	173,365,857	85%	228,973,645	172,474,667	Internal
Nyandarua AHP	256,000,000	104,079,027	70%	256,000,000	103,676,899	Internal
Homa bay AHP	227,010,010	219,773,917	85%	227,010,010	197,756,640	Internal

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