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REPORT

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OF

THE AUDITOR-GENERAL

ON

AFFORDABLE HOUSING BOARD

**FOR THE YEAR ENDED
30 JUNE, 2025**



AFFORDABLE HOUSING BOARD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

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1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
ICS	Institute of Certified Secretaries
IPSAS	International Public Sector Accounting Standards
OGW	Order of the Grand Warrior
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TNT	The National Treasury
AHB	Affordable Housing Board

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year – Means the prior period.

2. Key Entity Information and Management

(a) Background information

The *Affordable Housing Board* is a Board established under the laws of Kenya under Section 8 of the Affordable Housing Act 2024 which is “An Act of parliament to give effect to Article 43 (1) (b) of the Constitution of Kenya 2010; to provide a framework for development and access to affordable housing and institutional housing; and for connected purposes.

The *Affordable Housing Board* is domiciled and operates within the republic of Kenya. The registered office is set out in page (v).

(b) Principal Activities

As stipulated in the Affordable Housing Act, 2024, the objective and purpose for which the Board is established is to provide Funds for the design, development and maintenance of affordable housing, institutional housing and associated social and physical infrastructure.

The specific mandate of the Board as per the Affordable Housing Act, 2024 is to;

- i. Facilitate the provision of Funds for affordable housing and affordable housing schemes in the promotion of home ownership.
- ii. Provide low interest loans or low monthly payment home loans, where applicable for the acquisition of affordable housing units within approved affordable housing schemes.
- iii. Facilitate design, development and maintenance of affordable housing schemes in all counties.
- iv. Facilitate development of institutional housing units.
- v. Develop long term finance solutions for the development and off-take of affordable housing.
- vi. Provide Funds for maintenance of any land or building, estate or interest therein, for any of the purpose of the Fund.
- vii. Fund any other activities incidental to the furtherance of the objects of the Board, and,
- viii. Facilitate the provision of services to the projects under the management of the Fund.
- ix. Co-ordinate the optimal utilization of the Fund in implementation of affordable housing.
- x. Seek to achieve optimal efficiency and cost effective in the development of affordable housing programmes.
- xi. Inspect and enforce compliance to this Act

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4. Key Management Team.

	Management	Details
1.	<p>Sheila Waweru</p> <p>She is the acting CEO of the board. She has over 18 years' experience working both in the public and private sectors. She holds a Master of Science Degree in Project Management.</p>	<p>She is the acting CEO of the Board and the Funds Accounting Officer.</p>
2.	<p>Eva Mageto</p> <p>Eva is an advocate of the High Court of Kenya with over 10 years' experience in the legal sector. She is also a member of the Institute of Certified Secretaries with over 14 years' experience in offering services as a Certified Secretary.</p>	<p>She is the Ag. Corporate secretary for the Board</p>
3.	<p>Sospeter Thuku</p> <p>He is a member of ICPAK and holds a Bachelor of Commerce Degree. He has over 17 years' experience in accounting in the public sector</p>	<p>He undertakes accounting services for the Fund</p>

5. Statement by the Chairman

The Government set broad ambitions to ensure progressive realization of the right for every citizen to accessible and adequate housing of reasonable standards of sanitation in line with Article 43 (1) (b) of the Constitution. This article forms the legal basis for housing policies, such as Affordable Housing Programme and slum upgrading initiatives being critical programmes under the Bottom-Up Economic Transformation Agenda.

This goes beyond just providing basic supply and availability of housing but also ensuring that housing meets critical elements such as security of tenure, availability of other social services, infrastructure development, affordability, habitability and accessibility to all. Housing has been identified as one of the most critical sectors in terms of its contribution and impact on Kenya's socio-economic development.

With increasing population growth coupled with rapid urbanization, it is evident that we intentionally invest in the provision of urban infrastructural services such as housing in an inclusive and sustainable manner. This is envisaged under Sustainable Development Goal (SDG) 11 – “Sustainable Cities and Communities”

The year under review marked the first full operational year of the Affordable Housing Board (AHB) since its establishment in March 2024. It was a year of transition: from institutional setup to program delivery. Guided by our constitutional mandate and the Affordable Housing Act, 2024, the Board has already made tangible progress in turning the vision of affordable housing into a reality for thousands of Kenyans.

Strategic Progress

During the year, we strengthened our role as a catalyst for affordable housing development across the country. Our focus has remained anchored on increasing the supply of affordable housing units, expanding access to affordable housing finance, ensuring financial obligations of the Affordable Housing Program are met which has supported direct and indirect job creation, commerce and promotion of inclusive and sustainable community development.

A key milestone during the year was the development of a comprehensive regulatory framework that provides the foundation for sustainable implementation. The Affordable Housing Regulations set out clear eligibility criteria, standardized application processes, and transparent allocation mechanisms ensuring fairness and accessibility across all housing schemes.

The Boma Yangu housing portal has redefined how Kenyans access affordable housing. To date, over 880,000 Kenyans have registered on the platform and are saving toward homeownership. By consolidating all processes of applications, allocations, sales and repayments onto a single transparent and accountable digital platform, Boma Yangu has increased efficiency while enhancing public confidence.

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Several landmark projects reached completion and handover stages, while others advanced through various phases of design, financing and construction. These developments represent tangible progress in addressing the housing deficit and uplifting the living standards of ordinary citizens.

Project Performance Highlights

In November 2024, the Board advertised 4,888 affordable housing units across 24 projects in 17 Counties. This balanced distribution spanning regions from Kirinyaga to Laikipia, Vihiga to Bomet, and Wajir to Kandara reflects our commitment to equitable national coverage rather than urban concentration alone.

The iconic Boma Yangu Mukuru Housing Estate stands out as a landmark initiative and a symbol of urban transformation. With 1,080 units allocated, it has uplifted families from informal settlements to transition into modern, dignified housing with essential amenities such as elevators, reliable sanitation systems and integrated infrastructure including schools, medical facilities amongst others. The social housing pipeline expanded significantly during the year under review with the award of contracts and commencement of construction of projects in Kibra, Kamiti, Mathare and Kasarani. This development has become a national reference point for urban renewal and the beginning of slum eradication a move away from slum upgrading approach.

The Board has directly enabled a pipeline of 178, 627 housing units at different stages of construction with 3,171 units complete. As a result of stimulus of the funding from the Board, the Affordable Housing Program has created over 330,000 jobs in construction both directly and indirectly. The programme also ensures support to local MSMEs that supply standardized doors and windows that were ringfenced intentionally for local supply.

As affordable housing must be anchored in livable and economically vibrant communities the Board also oversaw the completion and handover of critical social infrastructure, including Giaki Market in Meru County, Ntulele and Suswa Markets in Narok, Homa Bay Fish Market and Esise Market in Nyamira County. More than 300 additional market projects are under development across the country.

These initiatives not only provide livelihoods and stimulate local economies but also complement housing projects by integrating them into functioning, sustainable communities. They directly support the Bottom-up Economic Transformation Agenda (BETA) by strengthening agricultural value chains and creating employment opportunities within areas accessible to housing developments.

In addition, the Board lowered the minimum deposit requirement to 5% combined with 30-year fixed single-digit interest rates, just to open doors of homeownership to many low- and middle-income Kenyans who were previously excluded.

Financial Management and Fund Optimization

The Affordable Housing Levy has proven instrumental in mobilizing resources for the implementation of the programme. From inception of the levy collection, KES 125 billion has been collected by the Kenya Revenue Authority (KRA) of which Kshs 73.1 billion was for the period under

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review. These funds are being strategically directed to affordable housing projects and related social and physical infrastructure.

The audited financial statements confirm the prudent management of the Board's resources as we have remained committed to deploying funds efficiently to Implementing Agencies for the intended purposes.

Outlook & Future Priorities

The Board is firmly committed to delivering on the national target of 1,000,000 mortgages by 2030 and looking ahead, our five-year strategic plan, now under advanced development, will focus on ensuring that the Board grows from strength to strength as we implement our strategic plan. We will firmly support the Implementing Agencies by meeting their financial commitments thereby accelerating delivery of the Program while embedding long-term sustainability. To buttress the delivery, the Board will support operationalization of County Committees tasked with implementing the mandate of the Board across all 47 counties.

As the Implementing Agencies deliver on the construction of units, the Board has continued to create a network of partners that will facilitate transparent allocation and sales of the units to previously unserved Kenyans through the digital housing portal, Boma Yangu.

It is my sincere belief that collaboratively working with our Development Partners and Financial Institutions will enable us develop sustainable affordable financing solutions for the benefit of all Kenyans. I am certain that going forward, we will have projects across all 47 counties as I look forward to working with the County Governments to bring development and positive change across the country.

Appreciation

On behalf of the Board, I extend profound gratitude to His Excellency the President and Commander-in-Chief of the Kenya Defence Forces, Dr. William Samoei Ruto for wholeheartedly supporting and driving the Affordable Housing Programme. His conviction and leadership has been the cornerstone of our success and a source of national inspiration.

I also wish to acknowledge the exemplary leadership of Cabinet Secretary Alice Wahome and the visionary steadfast guidance of Principal Secretary Charles Hinga, whose efforts have been critical in advancing the housing agenda.

I would also like to I extend my sincere gratitude to my fellow Board members for their professionalism, commitment and dedication throughout the year.

Last but not least, I commend our lean management team during this first full year of operations and all the people who work at the Board for their exceptional dedication and commitment. I further recognize the contributions of county governments, contractors and all partners, whose dedication, expertise, and support are helping to make this Kenyan dream a reality.

My special appreciation to the millions that have made great sacrifice towards the affordable housing levy that has underpinned the ability to rollout out the Program across the country and ultimately ensure unprecedented affordable long term home financing is available to Kenyans.

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With sound governance, strong partnerships and an unwavering commitment to transparency, the Affordable Housing Programme will continue to transform communities and secure a future where every Kenyan enjoys the dignity of adequate and affordable housing.



Jeremiah N. Simu
Chairman
Affordable Housing Board

6. Report of the Chief Executive Officer

The Financial Year 2024/25 marked a defining period for the Affordable Housing Board's (AHB) operational maturity and program delivery capacity.

As Ag. Chief Executive Officer and Administrator of the Fund, I am pleased to report substantial achievements in housing delivery and allocation, policy implementation and institutional strengthening that position the Board as Kenya's premier housing development agency.

Operational Excellence and Program Delivery

The Affordable Housing Board delivered keys to homeowners of Boma Yangu New Mukuru Estate and Boma Yangu Homa Bay Estate during this year, and continues to do so in the coming financial year.

The AHB team, under the guidance of the Chairperson and the Board of Directors, worked tirelessly in delivery of the Affordable Housing Program, specifically on homeowner sensitization, customer services delivery, homes allocation, sales and marketing activations and ongoing communication with stakeholders. These efforts led to increased awareness on the program and customer satisfaction and will increase incomes for the Board as these homeowners commence repaying for these housing units.

Regulatory Framework Development and Implementation

The Board collaborated with the State Department for Housing and Urban Development and our Cabinet Secretary to finalize the Affordable Housing Regulations, 2024. These regulations establish comprehensive frameworks for unit allocation, deposit assistance, institutional housing development and housing projects off-take mechanisms among other key aspects.

The implementation of standardized home application forms and eligibility criteria has streamlined home access processes while maintaining program integrity. Our credit scoring mechanisms ensure responsible lending while expanding access to previously underserved populations. The introduction of deposit assistance for Kenyans earning below KShs 20,000 monthly has supported this access to homeownership, with over 1,080 social housing units allocated to vulnerable populations.

Financial Stewardship and Fund Administration

As Administrator of the Fund, I ensured optimal deployment of the Affordable Housing Levy resources across development projects and infrastructure initiatives. The establishment of robust financial controls and quarterly reporting mechanisms has enhanced transparency and accountability in funds utilization. The Board continues to implement delivery of the Affordable Housing Program in line with the Affordable Housing Act, 2024 and the legislations in place that guide the operations of government institutions, including those overseeing public funds.

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Looking Ahead

In the coming year, the Board will focus on scaling successful delivery models while addressing identified challenges. The Board will prioritize on land tenure and sectional properties titling, communication, sales and marketing, homes allocation, continued institutional strengthening, stakeholder strengthening and deepening.

Our commitment to transforming Kenya's housing landscape remains unwavering, guided by the principles of effectiveness, efficiency, integrity, transparency, quality and equity that define our institutional character.



SHEILA WAWERU, OGW

Ag. Chief Executive Officer/Administrator of the Fund
Affordable Housing Board

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Section 81 (2)(f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer presents statement of performance against predetermined objectives of the Board.

The key strategic objectives of the Affordable Housing Board are to:

- Provide Funds for development of Affordable housing units
- Provide Funds for development of Institutional housing units
- Provide Funds for associated social and physical infrastructure

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Table xx1: Programme performance

Program	Strategic Objective	Outcome	Output	Output indicator	Achievement for the FY			Cumulative Achievement by end of FY			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
<i>To develop 200,000 housing units in a year in Five years</i>	<i>To develop Affordable Housing Programme to Reduce the Housing Gap</i>	<i>Increased level of quality livelihoods, and reduction of slums</i>	<i>Houses at affordable to every citizen</i>	<i>No. of housing completed and ongoing Units newly Built</i>	200,000	3611	196,389	200,000	214,057	14,057	<i>A total of 210,446 units are ongoing that will be completed in FY 2025/26</i>
200,000					200,000	3611	196,389	200,000	214,057	14,057	

8. Corporate Governance Statement

a) Appointment and Removal of Affordable Housing Board members

The members of the Affordable Housing Board provided under Section 16(3) a,b,c,d (i),(ii) and (iii),e and f of the Act. Pursuant of Section 16(5) the cabinet secretary shall ensure that not more than two-thirds of the members are not of the same gender; taking into account regional balance; consider special and marginalized groups including youth, women and persons with disability. Section 16(6) the members of the board referred to in subsection (3), (a), (d) and (e) shall be appointed at different times so that the respective expiry dates of their terms of office shall be at different times.

Removal of any member is provided in Section 19(1), the Chairperson and the members of the Board shall hold office for a term of 3 years and may eligible for reappointment to a further and final term of 3 years. Section (2), despite the provisions of subsection (1), a member of the Board may be removed from office if that person-

- a) Has been absent from 3 consecutive meeting of the Board without justifiable cause or the permission of the Chairperson;
- b) Is adjudged bankrupt or enters into a composition or arrangement with the creditors of the person;
- c) Is convicted of an offence involving dishonesty or corruption;
- d) Becomes incapable of carrying out the functions of their office either arising from an infirmity of mind or body;
- e) Violates Chapter 6 of the Constitution;
- f) Fails to disclose any interest in a matter under consideration by the Board as provided for under section 23(1)

Section 19(3), a member of the Board shall cease to be a member if that member resigns from office by a notice in writing addresses to the appointing authority.

The Board conducts its affairs and meetings as per the schedule. The Board shall meet not less than 4 times in a financial year.

b) Functions of the Affordable Housing Board

As per Section 17 of the Act, the Board functions are;

- i. Co-ordinate the optimal utilization of the Fund in the implementation of programmes and projects relating to the development of affordable housing and institutional housing and associated social and physical infrastructure.

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- ii. Seek to achieve optimal efficiency and cost effectiveness in the development of affordable housing programmes and projects Funded by the Fund.
- iii. Based on a 5 year affordable housing investment programme and annual affordable housing investment programme, determine the allocation of financial resources required for the development of the affordable housing projects, institutional housing and associated social and physical infrastructure.
- iv. Manage the Fund and allocate monies in accordance with section (ii).
- v. Inspect and enforce compliance to the Act, guidelines and regulations set under the Act.
- vi. Monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services Funded by the Fund.
- vii. Identify, quantify and recommend to the Cabinet Secretary such other potential sources of revenue as may be available to the Fund for the development of the affordable housing projects, institutional housing and associated social and physical infrastructure for consideration by the Cabinet Secretary to the National Treasury.
- viii. Approve the opening and closing of bank accounts of the Fund by the Administrator of the Fund.
- ix. Approve estimates of revenue and expenditure of the Fund for each financial year.

Section 24 of the Act indicates how the Board will be remunerated. The chairperson and the members of the Board shall be paid such sitting allowances or other remuneration for expenses as recommended by the Salaries and Remuneration Commission.

On conflict of interest and disclosure of interest of a member of the Board is present at a meeting of the Board or any committee of the Board at which any matter is subject of consideration and in which matter the member or the dependants of the member are directly or indirectly interested in a private capacity, the member shall as soon as practicable, after the commencement of the meeting, disclose such interest and shall not, unless the Board otherwise directs, take part in any consideration or discussion or vote on any question relating on such a matter. Disclosure of interest shall be recorded in the minutes of the meeting at which it is made. Failure to disclose such interests shall lead to the disqualification of the member from holding office as a member as per Section 23(3) of the Act. The Board had upheld high moral values on leadership and integrity as outlined in Chapter Six of the Constitution 2010.

9. Management Discussion and Analysis

The management together with the Board to invest excess Funds as per the Act in three instalments by buying 91-Day treasury bills and was able to get a favourable investment income.

10. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

Affordable Housing Fund exists to transform lives by ensuring Article 43(1) b of our constitution is attained i.e. Right to accessible and adequate Housing. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, to provide Funds for the design, development and maintenance of affordable housing, institutional housing and associated social and physical infrastructure this effort also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

b) Environmental performance /climate change/ mitigation of natural disasters

Affordable Housing Fund is committed to better sanitation, improvement of the biodiversity and maintenance of the environment. The Fund has made various strides in environment performance by improving the sanitation of slums, urban areas and rural Kenya. This has been done by constructing social amenities, drainage system and connection of clean water to these ongoing projects.

c) Employee welfare

We invest in providing the best working environment for our employees. Affordable Housing Fund's recruitment is guided by the Employment Act, the Affordable Housing Act, 2024 and other regulations issued from time to time. In line with the law and regulations, the Fund offers equal opportunity to all while adhering to the one third gender rule and special groups. We also recognize and appreciate our employees for exemplary performance. The reward and sanctions system is based on performance appraisal. The board promotes a healthy lifestyle. Employees are encouraged and supported to continually build on their skills and knowledge. The Fund invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The board has ensured on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in

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terms of movement and accessibility within the office. The Board has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

d) *Market Place Practices*

The Fund is committed to fair and ethical market practises. The procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from all over the country for purposes of uplifting them economically. Our ethical market practises ensure the Fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organizational sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

The Board has put in efforts to ensure;

- I) Responsible competition practise by encouraging fair competition and zero tolerance to corruption.
- II) Good business practise including cordial supply chain and supplier relations by honouring contracts and respecting payments practises
- III) Responsible marketing and advertisement
- IV) Product stewardship by safeguarding consumer rights and interest

e) *Corporate Social Responsibility/Community Engagements*

The Fund and through its implementing agencies endeavours to sustain community engagements through corporate social responsibility as well as appreciating our existence through engaging local contractors and suppliers as much as possible. The community is heavily engaged through public participation in the identification and implementation of Affordable Housing Projects as well as their involvement in development or review of relevant legislation and policies.

11. Report of the Directors

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

xiii. Principal Activities

The principal activities of the Fund are to facilitate the provision of Funds for affordable housing and affordable housing schemes in the promotion of home ownership, to provide low interest loans or low monthly payment home loans, where applicable for the acquisition of affordable housing units within the approved affordable housing schemes in all counties, to facilitate development of institutional housing units, to develop long-term finance solutions for the development and off-take of affordable housing, to provide Funds for maintenance of any land or building, estate or interest therein, for any of the purposes of the Fund, to Fund any other activities incidental to the furtherance of the objects of the Fund, and, to facilitate the provision of services to the projects under management of the Fund.

ii) Results

The results of the Fund for the year ended June 30, 2025 are set out in pages 1 to 6

iii) Directors

The Board of Directors who served during the year are shown in page (vii).

In accordance with Section 19(1) of the Affordable Housing Act, 2024 “the Chairperson and the members of the Board shall hold office for a term of 3 years and may be eligible for reappointment to a further and final term of 3 years.” The current Board is still within its term of office.

iv) Surplus remission

In accordance with regulation 219(2) of the Public Finance Management (National Government) Regulations, regulatory entities’ shall remit into Consolidated Fund, 90% of its surplus Funds reported in the audited financial statements after the end of each financial year. However, The Board has a surplus during the year (FY 2024/2025) of Kshs.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Board in accordance with Article 229 (4) b of the Constitution of Kenya and the Public Audit Act 2015.

Affordable Housing Board
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By Order of the Board



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EVA MAGETO

Ag. Corporation Secretary/Secretary to the Board

Affordable Housing Board

12. Statement of Board's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 and Section 55 (1) of the Affordable Housing Act, 2024 requires the Fund Administrator to prepare financial statements in respect of that Fund, which gives a true and fair view of the state of affairs of the Fund for that year. The Fund Administrator is also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safe guarding the assets of the Fund.

The Board is responsible for the preparation and presentation of the Funds financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility mainly 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 Fund.
- 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 Fund
- v) Selecting and applying appropriate accounting policies and;
- vi) Making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Funds financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimated, in conformity with International Public Sector Accounting Standards (IPSAS) and in a manner required by the PFM Act, 2012 and the Affordable Housing Act 2024. The Board is of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as adequacy of the systems of internal financial control.

In preparing the financial statements, the Board of Directors have assessed the entity's ability to continue as a going concern.

Nothing has come to the attention of the Board of Directors to indicate that Fund will not remain a going concern for at least the next 12 months from the date of this statement

**Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.**

Approval of the financial statements

The Affordable Housing Board financial statements were approved on 26/08 2025 and signed by:



.....
JEREMIAH N. SIMU

**Chairman
Affordable Housing Board**



.....
**SHEILA WAWERU, OGW
Ag. Chief Executive Officer/
Fund Administrator
Affordable Housing Board**

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REPORT OF THE AUDITOR-GENERAL ON AFFORDABLE HOUSING BOARD FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report 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

Opinion

I have audited the accompanying financial statements of Affordable Housing Board set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025, and the statement of statement of financial performance, statement of

Report of the Auditor-General on Affordable Housing Board for the year ended 30 June, 2025

changes in net assets, 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, the financial statements present fairly, in all material respects, the financial position of Affordable Housing Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Affordable Housing Act, 2024 and the Public Finance Management Act.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Affordable Housing Board Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Other Matter

Unresolved Prior Year Matters

In the prior year audit report, two issues were raised under the Emphasis of Matter. This includes lack of an approved operational instruments. Review of the status during audit of the Fund in 2024/2025 revealed that the matters remained unresolved.

Other Information

The Management is responsible for the Other Information set out on page iii to xxvi which comprise of Key Board Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Introduction, 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 Board'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 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 matter 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

Non-Compliance with Board Composition Requirements

Review of Board records revealed that the Board constituted of seven (7) members instead of the required ten (10) members. This was contrary to Section 16(3) of the Affordable Housing Act, 2024 which provides that the Board shall have ten (10) members whose composition is stated in this Section.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 Staffing

Review of the staff establishment revealed that the Affordable Housing Board was inadequately staffed, with only twenty-six (26) officers deployed from the State Department for Housing and Urban Planning on acting capacity, instead of the approved establishment of 107 staff.

In the circumstances, the effectiveness of the Board's operations in service delivery to the public 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 Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

19 December, 2025

12. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024/2025	3 months of 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the Fund	6	1,007,898,466	1,621,266
Total		1,007,898,466	1,621,266
Revenue from exchange transactions			
Interest on Investment (Finance Income)	7	-	-
Total revenue		1,007,898,466	1,621,266
Less Expenses			
Employee Costs	8	6,669,669	657,866
Use of Good and services	9	712,893,826	-
Board Expenses	10	20,483,037	963,400
Depreciation Expense	11	470,078	-
Total expenses		740,516,610	1,621,266
Other gains/(losses)			-
Surplus Before Tax		267,381,856	-
Taxation		-	-
Surplus for the Year		267,381,856	-
Net Surplus for the Year		267,381,856	-

The Financial Statements set out on pages 1 to 6 were signed by:



SHEILA WAWERU,OGW
 Ag. CEO/Fund
 Administrator
 Date: 29/8/2025



SOSPETER THUKU
 Fund Accountant
 ICPAK M/No. 20424
 Date: 29/8/2025



JEREMIAH SIMU
 Chairman of the Board
 Date: 29/08/2025

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

14 Statement of Financial Position as at 30 June 2025

	Notes	2024/2025	3 months of 2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	12	28,769,390	-
Receivables	13	12,503,614	1,621,266
Inventories	14	6,794,446	-
Total Current Assets		48,067,450	1,621,266
Non-Current Assets			
Property, Plant and Equipment	15	41,721,142	-
Intangible Assets	16	178,230,482	-
Total Non- Current Assets			-
Total Assets (a)		268,019,074	1,621,266
Liabilities			
Current Liabilities			
Accounts Payables	17	637,218	1,621,266
Taxation	18	-	-
Total Current Liabilities		637,218	1,621,266
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities (b)		637,218	1,621,266
Net Assets (a-b)		267,381,856	-
Represented by:			-
Reserves		-	-
Accumulated Surplus		267,381,856	-
Capital Fund		-	-
Net Assets		267,381,856	-

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

The financial statements set out on pages 1 to 6 were signed by:



.....
SHEILA WAWERU,OGW

Ag. CEO/Fund

Administrator

Date: 29/8/2025



.....
SOSPETER THUKU

Fund Accountant

ICPAK M/No. 20424

Date: 29/8/2025



.....
JEREMIAH SIMU

Chairman of the Board

Date: 29/08/2025

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

15 Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Retained earnings	Capital Fund	Total
	Ksh	Ksh	Ksh	Ksh
As at 30th June 2024	-	-	-	-
Adjustments	-	-	-	-
Recognition of Assets	-	-	-	-
Recognition of liabilities	-	-	-	-
Surplus for the year	267,381,856	-	-	267,381,856
Capital Funds received in the year	-	-	-	-
As at June 30, 2025	267,381,856	-	-	267,381,856

Note:

- 1. For items that are not common in the financial statements, the Board should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*
- 3. Entities have the liberty to add additional reserves as appropriate. For all reserves presented, provide the nature and purpose.*

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

16. Statement of Cash Flows for the year ended 30 June 2025

		2024/2025	3 months of 2023/2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfer from Other Government Entities		1,007,898,466	-
Total receipts		1,007,898,466	-
Payments			
Employee Costs		7,327,535	-
Use of Goods and Services		729,933,402	-
Board Expenses		21,446,437	-
Total payments		758,707,374	-
Net cash flows from/(used in) operating activities		249,191,092	-
			-
Cash flows from investing activities			
Purchase of Property Plant and Equipment	15	42,191,220	-
Purchase of Intangible Assets	16	178,230,482	-
Net cash flows from/(used in) investing activities		220,421,702	-
			-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows from financing Activities		-	-
			-
Net increase/(decrease) in cash & Cash equivalents		-	-
Cash and cash equivalents at 1 July 2024		-	
Cash and cash equivalents at 30 June 2025		28,769,390	-

(PSASB has prescribed the use of direct method for cashflow preparation)

Affordable Housing Board
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17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Recurrent and Development Combined

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	A	B	c=a+b	D	e=c-d	f=d/c %
Receipts						
Transfers from the Fund	1,133,919,720	(126,021,254)	1,007,898,466	1,007,898,466	-	100%
Total Receipts	1,133,919,720	(126,021,254)	1,007,898,466	1,007,898,466	-	
Payments						
Employee costs	161,050,720	(153,037,854.00)	8,012,866	7,327,535	685,331	91%
Use of goods and services	942,869,000	27,016,600	969,885,600	950,355,104	19,530,496	98%
Board allowances	30,000,000	-	30,000,000	21,446,437	8,553,563	71%
Total payments	1,133,919,720	(126,021,254)	1,007,898,466	979,129,076	28,769,390	97%
Surplus						

(a) **Variance analysis:** [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

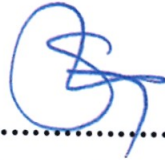
(b) **Reallocations within the year:** (Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.7.23.)

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

The entity financial statements were approved on 26/8/2025 2025 and signed by:



.....
SHEILA WAWERU,OGW
Ag. CEO/Fund Administrator
Date: 29/8/2025



.....
SOSPETER THUKU
Fund Accountant
ICPAK M/No. 20424
Date: 29/8/2025



.....
JEREMIAH SIMU
Chairman of the Board
Date: 29/08/2025

Affordable Housing Board
Annual Report and Financial Statements for the year ended June 30, 2025.

Budget Reconciliation to the Statement of Cash Flows

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	28,769,390
No difference between Budget and Cashflow	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	28,769,390

Budget Notes

*Provide an explanation of differences between actual and budgeted amounts for significant under/ overutilization IPSAS 24.14
Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

18. Notes to the Financial Statements

1. Establishment

The Affordable Housing Fund is established by Section 8 of the Affordable Housing Act, 2024 and derives its authority and accountability from Article 13 (1) (b) of the Constitution of Kenya, 2010. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The Fund's principal activity is to provide Funds for the design, development and maintenance of affordable housing institutional housing and associated social and physical infrastructure.

2. Statement of Compliance and Basis of Reporting

Statement of Compliance

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

For the purpose of these financial statements, the Affordable Housing Board has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. Affordable Housing Board is a reporting entity whose primary objective is to provide policy and coordination of government services.

The use of public resources by Affordable Housing Board is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These financial statements were authorized for issue by the Accounting Officer on 30th June 2025.

Notes to the financial statements

Reporting period

The reporting period for these financial statements is for the period ended June 30, 2025.

Basis of preparation

These financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are

Affordable Housing Board
Annual Reports and Financial Statements for the year ended June 30, 2025.

recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these financial statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of *FUND* for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

Affordable Housing Board pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless there is clear the Affordable Housing Board on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the Board's policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the Board's future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest

**Affordable Housing Board
Annual Reports and Financial Statements for the year ended June 30, 2025.**

and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya’s current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. Affordable Housing Board’s commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the Affordable Housing Board as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the Board’s.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>

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Standard	Effective date and impact:
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>

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Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an BOARD shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the BOARD if relevant</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

Affordable Housing Board
Annual Reports and Financial Statements for the year ended June 30, 2025.

iii) Early adoption of standards

The BOARD did not early – adopt any new or amended standards in the financial year or *the BOARD adopted the following standards early (state the standards, reason for early adoption and impact on BOARD's financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Fees, taxes and Fines

The Affordable Housing Board recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Affordable Housing Board and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The MDA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

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

Rental income

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

b) Budget information

The original budget for the Current FY 2024/2025 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Board did not receive any appropriations from the 2024/25 budget.

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

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 page 1 of these financial statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

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

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Board incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Board expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

f) Tangible Natural Resources

The Board recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the Board; the Board controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the Board discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. The affordable Housing Board shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange

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transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

h) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Board can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of

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expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Board does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the Board measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Board classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Boards management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Board has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Board classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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 fair value through

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surplus or deficit, are measured at amortized cost. A gain or loss on an instrument 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.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Board manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Board assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Board recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) .

b) Financial liabilities

Classification

The Board classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.

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Notes to the Financial Statements (Continued)

- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Board*.

l) Provisions

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Board recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Board will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

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

o) Contingent assets

The BOARD does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the BOARD in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the

Affordable Housing Board

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Notes to the Financial Statements (Continued)

financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p) Nature and purpose of reserves

The BOARD creates and maintains reserves in terms of specific requirements. *BOARD to state the reserves maintained and appropriate policies adopted.*

q) Changes in accounting policies and estimates

The BOARD recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

r) Employee benefits

Retirement benefit plans

The *Board* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Board pays fixed contributions into a separate MDA (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

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Notes to the Financial Statements (Continued)

t) Borrowing costs

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

u) Related parties

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

v) Service concession arrangements

The *BOARD* 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 *BOARD* 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

Notes to the Financial Statements (Continued)

arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *BOARD* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

x) Comparative figures

In preparing these financial statements, the *BOARD* has elected to apply paragraph 79 of IPSAS 33, which allows for the election by the *BOARD* to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

Notes to the Financial Statements (Continued)

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 BOARD based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the BOARD. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the BOARD.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of Boarding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. *(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Affordable Housing Board
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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Affordable Housing Board	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers 2024/2025	Total transfers 2023/2024
	Kshs	Kshs	Kshs	Kshs
Affordable Housing Fund	1,007,898,466	-	1,007,898,466	-
Total	1,007,898,466	-	1,007,898,466	-

7. Finance Income

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Finance Income	-	-
	-	-
Total	-	-

8. Employee Costs

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
15% Top up Special Duty Allowance	3,576,492	657,866
Salary and wages - Interns	217,507	-
Wages - Casuals	2,677,630	-
Employer contributions to compulsory - AHL	115,696	-
Employer contributions - SHA	82,344	-
Employee costs	6,669,669	657,866

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Notes to the Financial Statements (Continued)

9. Use of goods

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Bank charges	199,988	-
Communication supplies and services	38,351,242	-
Domestic travel and Subsistence	61,414,256	-
Foreign travel and Subsistence	13,995,308	-
Fuel oil and lubricants	3,985,776	-
Hospitality supplies and services	32,041,595	-
Insurance cost	9,000,000	-
Office and general supplies and services	55,085,916	-
Other operating expenses	339,675,501	-
Printing, advertising and information supplies and services	126,978,066	-
Rentals	17,947,172	-
Routine maintenance - other assets	2,412,140	-
Specialized materials and services	2,977,000	-
Training expenses	8,829,866	-
Total	712,893,826	-

10. Board Expenses

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Chairman's Honoraria	960,000	264,000
Sitting Allowances	1,771,250	320,000
Medical Insurance	2,000,000	-
Seminars, Retreat, Travel and Accommodation	15,149,399	280,000
Board Mileage allowances	542,388	82,900
Chairperson Airtime Allowance	60,000	16,500
Total	20,483,037	963,400

**Affordable Housing Board
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Notes to the Financial Statements (Continued)

11. Depreciation and Amortization Expense

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Property, plant and equipment	470,078	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total	470,078	-

12. Cash and Cash Equivalents

Description	2024/20265	3 months of 2023/2024
	Kshs	Kshs
Affordable Housing Board a/c-1336018240		
KCB Operations Account	28,769,390	-
Total	28,769,390	-

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

13) b Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	3 months 2023/2024
		Kshs	Kshs
Affordable Housing Board - KCB Operations Account	1336018240	28,749,390	-
Others (Specify)		-	-
Cash on Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		-	-
Grand Total		28,749,390	-

Notes to the Financial Statements (Continued)

13. Receivables from Exchange Transactions (Current)

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Administrative fee from the Fund	-	1,621,266
Current receivables – Office Rent Prepayment	9,180,170	-
Current receivables – Comprehensive group medical cover	2,000,000	-
Current receivables – Service charge prepayment	1,323,444	-
Total receivables (a+b)	12,503,614	1,621,266

13.a Ageing analysis for Receivables

Description	2024/2025		3 months of 2023/2024	
	Kshs		Kshs	
	2024/25	% of the total	1 st July 2024	% of the total
Less than 1 year	12,503,614	%	1,621,266	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	12,503,614	%	1,621,266	%

13.b Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance	2024/2025
	Kshs
At the beginning of the year	1,621,266
Additional allowance during the year	12,503,614
Recovered during the year	(1,621,266)
Written off during the year	(-)
At the end of the year	12,503,614

14. Inventories

Description	2024/2025	3 months of 2023/2024
	Kshs	Kshs
Consumable stores	6,794,446	-
Goods held for distribution	-	-
Total	6,794,446	-

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Notes to the Financial Statements (Continued)

15. Property, Plant, and Equipment

	Land	Buildings	Motor vehicles	Infrastructure assets	Furniture and fittings	Computers & ICT Equipment	Heritage assets	Work in progress	Service concession assets	Total
Depreciation Rate		2-10%	10-16.67%	2-20%	12.5%	33.3%	x%			
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1 st July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	10,039,130	32,152,090	-	178,230,482	-	220,421,702
Transfer/Adjustments	-	-	-	-	-	-	-	-	-	-
As At Jun 2025	-	-	-	-	10,039,130	32,152,090	-	178,230,482	-	220,421,702
Depreciation And Impairment	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	(470,078)	-	-	-	(470,078)
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-
As At	-	-	-	-	10,039,130	31,682,012	-	178,230,482	-	219,951,624
Net Book Values	-	-	-	-	10,039,130	31,682,012	-	178,230,482	-	219,951,624
Opening Bal as at 1 st July 2024	-	-	-	-	-	-	-	-	-	-
As At June, 2025	-	-	-	-	10,039,130	31,682,012	-	178,230,482	-	219,951,624

(The work in Progress includes the E-Board, Dashboard, Housing Portal & ERP the ICT equipment were depreciated for only three months and Furniture were bought in the month of June)

Affordable Housing Board
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Notes to the Financial Statements (Continued)

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the Board would pay for the remaining service potential of an asset at the measurement date

16. Intangible Assets

Description	2024/2025	3 months 2023/2024
	Kshs	Kshs
Cost		
At the beginning of the year	-	-
Additions	178,230,482	-
Disposal	-	-
Total	178,230,482	-

The board procured a developer to develop four Software Systems

17. Trade and Other Payables

Description	2024/2025		3 months 2023/2024		
	Kshs		Kshs		
Trade payables		-		-	
Payments received in advance		-		-	
Employee Costs		-		657,866	
Board expenses		-		963,400	
Payables		637,218		-	
Total trade and other payables		637,218		1,621,000	
Ageing analysis: (Trade and other payables)		% of the Total		% of the Total	
	2024/2025		1st July 2024		
	Under one year	637,218	100%	1,621,000	100%
	1-2 years	-	%	-	%
	2-3 years	-	%	-	%
	Over 3 years	-	%	-	%
Total (tie to above total)	637,218		1,621,000		

The payable stated above relate to the housing portal development and support.

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Notes to the Financial Statements (Continued)

18. Taxation

Description	2024/2025	3 moths 2023/2024
	Kshs	Kshs
Current income tax charge	-	-
Deferred Tax	-	-
Total	-	-

19. Cash Generated from Operations

	2024/2025
	Kshs
Surplus for the year before tax	29,800,578
Adjusted for:	
Depreciation	470,078
Non-cash grants received	-
Gains and losses on disposal of assets	-
Working capital adjustments	
Increase in inventory	(6,794,446)
Increase in receivables	(10,918,428)
Increase in payables	984,048
Net cash flow from operating activities	28,649,390

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

20. Financial Risk Management

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

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

i) Credit risk

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

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Notes to the Financial Statements (Continued)

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Board's management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

The carrying amount of financial assets recorded in the financial statements representing the Board's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at at July 2024				
Receivables from exchange transactions	12,503,614	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	28,749,390	-	-	-
Total	41,253,004	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Board's statement of financial position)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Board has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Board has significant concentration of credit risk. The board of directors sets the Board's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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Notes to the Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board's directors, who have built an appropriate liquidity risk management framework for the management of the Board's short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Board under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	637,218	-	-	637,218
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	637,218	-	-	637,218

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Board's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Board's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Board's exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (Continued)

a) Foreign currency risk

The Board has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Board manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The carrying amount of the Board's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Board's market assumptions. These two types of inputs have created the following fair value hierarchy:

Notes to the Financial Statements (Continued)

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Board considers relevant and observable market prices in its valuations where possible.

iv) Capital Risk Management

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

21. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Board, holding 100% of the Fund's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The State Department for Housing and Urban Development
- ii) County Governments
- iii) National Housing Corporation
- iv) The Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund
- v) Key management.
- vi) Board of directors.
- vii) National Social Security Fund

Notes to the Financial Statements (Continued)

viii) National Construction Authority

22. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires the Board to present segmental information of each geographic region or department to enable users understand the Board's performance and allocation of resources to different segments)

23. Events after the Reporting Period

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

24. Ultimate And Holding Affordable Housing Board

The Board's ultimate parent is the Government of Kenya.

25. Currency

The financial statements are presented in Kenya Shillings (Kshs) and is rounded off to the nearest shilling.

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19. Appendix

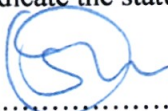
Appendix 1: Implementation Status of Auditor-General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Approved Operational Instruments	The approval to spend granted by the Cabinet Secretary incharge of The National Treasury	Resolved	N/A

Guidance Notes:

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



Accounting Officer

Date 27/8/2025

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Appendix II: Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Office equipment, furniture and fittings	-	10,039,139	-	-	10,039,139
ICT Equipment	-	32,152,090	-	-	32,152,090
Intangible assets	-	-	-	-	-
Work in Progress	-	178,230,482	-	-	178,230,482
Total	-	220,421,711	-	-	220,421,711

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Appendix IV: Transfers from Other Government Entities

Transferring Entity	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
						Deferred Income	Receivables	Others - must be specific	
Affordable Housing Fund	Various	Recurrent	1,007,898,466						

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Disaster Expenditure Reporting Template

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments