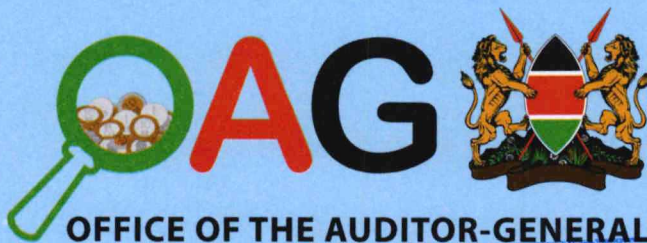


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**AFFORDABLE HOUSING FINANCE PROJECT**

**(IBRD CREDIT NO.8958-KE)**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

**THE NATIONAL TREASURY**



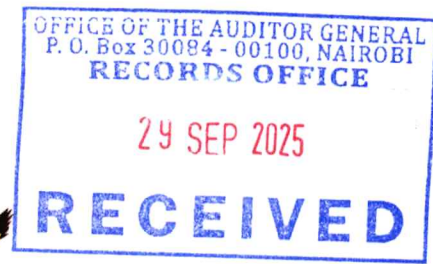
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DATE: 11 NOV 2025 DAY: WEDNESDAY

TABLED BY: DEPUTY MAJORITY WHIP  
FINLAY





**AFFORDABLE HOUSING FINANCE PROJECT**  
**THE NATIONAL TREASURY**  
**(RESOURCE MOBILISATION DEPARTMENT)**  
**PROJECT CREDIT NUMBER: IBRD CR.8958-KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Development Partner Commitment		Amount received to date – (30 <sup>th</sup> June 2025)		Undrawn balance to date	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
<b>(i) Loan</b>						
International Bank for Reconstruction and Development (IBRD) – Component 2	4,800,000	574,368,000	1,214,698	177,734,367	3,585,302	543,711,048
<b>Total</b>	<b>4,800,000</b>	<b>574,368,000</b>	<b>1,214,698</b>	<b>177,734,367</b>	<b>3,585,302</b>	<b>543,711,048</b>

*Note*

*Donor Commitment of Euro.4,800,000 at Exchange rate of 1 Euro equivalent Kshs119.66 as at 30th June 2020*

*The Exchange Rate as at 30th June 2025 of 1 Euro equivalent to Kshs 151.65 for the Undrawn Balance equates to Kshs. 543,711,048*

## 2.6 Roles and Responsibilities

No	Name	Title designation	Key qualification	Responsibilities
1.	Dr. Chris Kiptoo, CBS	Principal Secretary	<ul style="list-style-type: none"> <li>• Doctor of Philosophy (PHD)-Finance</li> <li>• Masters in Science (Ag Economics)</li> <li>• Bachelor of Science (Ag Economics)</li> </ul>	Accounting Officer The National Treasury
2.	Patrick Macharia	Project Coordinator	<ul style="list-style-type: none"> <li>• Bachelor of Arts in Economics</li> </ul>	Oversee project implementation
3.	Christine Dambya	Project Accountant	<ul style="list-style-type: none"> <li>• CPA(K)</li> <li>• Bachelors in Commerce (Finance)</li> </ul>	Ensure optimal use of project resources and accountability
4.	Danae Ottaro	Project Procurement Specialist	<ul style="list-style-type: none"> <li>• Bachelor of Commerce (Business Administration)</li> </ul>	Guide in procurement processes

## 2.7 Funding summary

The Project is for a duration of 6 years from 2019 to 2025. It has an approved funding of Euro 4.8 million equivalent to Kshs.574,368,000.00 as highlighted in the table below:

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

**Central Bank of Kenya**

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

**2.5 Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O Box 30084 – 00100

**NAIROBI, KENYA**

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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Areas that the project was formed to intervene	The project was formed to intervene in offering long term mortgage financing at fixed rates
Project duration	The project started on 5 <sup>th</sup> December 2019 and is expected to run until 30 <sup>th</sup> June 2025

**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	5 <sup>th</sup> December 2019
Project End Date:	30 <sup>th</sup> June 2025
Project Coordinator:	Mr Patrick Macharia
Project Development Partner:	International Bank for Reconstruction and Development (IBRD)

**2.3 Project Overview**

Line Ministry or State departments/ County Department	The project is under the supervision of the National Treasury
Project number	Loan No. 8958-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) Provision of financing to Kenya Mortgage Refinancing Company (KMRC) to be utilized as a line of credit for providing the mortgage refinancing to Eligible Participating Financial Institutions (ii) Provision of Technical Assistance to the implementing entities
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provision of line of credit to KMRC for onward lending to Primary Mortgage Lenders (PMLs) (ii) Capacity building for implementing entities and development of relevant policy documents
Other important background information of the project	N/A

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is **Affordable Housing Finance Project**.

#### **Objective**

The key objective of the project is to expand access to affordable housing to targeted beneficiaries.

#### **Address**

The Project Headquarters' location and contacts is as below:

P.O. Box 30007- 00100,  
Treasury Building,  
Harambee, Avenue  
**NAIROBI, KENYA**

Telephone: (254)020-2252299

Email: [info@treasury.go.ke](mailto:info@treasury.go.ke)

Website: [www.treasury.go.ke](http://www.treasury.go.ke)

**Project Location:** The National Treasury

The project does not have other offices or branches.

**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
IBRD	International Bank for Reconstruction and Development
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KMRC	Kenya Mortgage Refinancing Company
TNT	The National Treasury
PML	Primary Mortgage Lenders
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

*The National Treasury*  
*Affordable Housing Finance Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

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**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for current year and for cumulative to-date,

Kenya Affordable Housing Finance Project is funded by International Bank for Reconstruction and Development (IBRD). During FY 2024-2025 the project had a budget of Kshs.94 million with an actual expenditure of Kshs.70,394,502 (75%) as tabulated below.

ITEM	2024/2025		CUMULATIVE TO DATE
	BUDGET	ACTUAL	
Payment for Compensation to employees	7,000,000	6,825,000	27,475,000
Purchase of goods and services	87,312,000	63,294,102	147,687,530
<b>TOTAL</b>	<b>94,312,000</b>	<b>70,119,102</b>	<b>175,162,530</b>

- ii) **Physical progress based on outputs, outcomes, and impacts since project commencement**

Provision of long term and affordable mortgages

- iii) **The absorption rate for each year since the commencement of the project.**

Financial Year	Absorption Rate
2021-2022	10%
2022-2023	68%
2023-2024	67%
2024-2025	75%

- iv) **Implementation challenges and recommended next steps.**

1. Low level of mortgage creation by PMLs due to constrained macroeconomic situation in the country.
2. Constrained fiscal space on budgetary allocation to the project

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2025)		Cumulative amount paid to date – (30 <sup>th</sup> June 2025)		Unutilised balance to date (30th June 2025)	
	Euro	Kshs	Euro	Kshs	Euro	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Bank for Reconstruction and Development (IBRD) – Component 2	1,214,698	177,736,067		175,437,930	-	2,298,137
<b>Total</b>	<b>1,214,698</b>	<b>177,736,067</b>		<b>175,437,930</b>	<b>-</b>	<b>2,298,137</b>

**The next steps on curbing these challenges include;**

1. The government is working towards enhancing the macro-economic situation in the country. This will among others ensure populace has a higher disposable income that will facilitate uptake of mortgages. The specific measures include lowering taxes for building materials and tax rebates for mortgage takers.
2. On the constrained fiscal space, the project budget in the FY 2025/26 will be enhanced from Kshs. 10 million to Kshs 1.85 billion to facilitate settlement of the pending payments as we wind up the project.

**2.9 Summary of Project Compliance:**

- i. The project has complied to all applicable laws and regulations. All relevant statutory provisions pertaining to budgeting, disbursement, financial reporting and procurement as stipulated in the relevant Acts were followed in the acquisition of goods and services.
- ii. There have never been any consequences which the project has suffered since all the rules and regulations have been complied.
- iii. The mitigation measures taken are sensitization of the staff on the applicable laws and indicating the consequences they can face in not abiding to the regulations.

### 3. Statement of Performance against Project's Predetermined Objectives

#### Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the project's agreement/ plan is to;

- a) expand access to affordable housing finance to targeted beneficiaries with a home loan of a maximum Kshs.10.5 million.

#### Progress on attainment of strategic development objectives

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Affordable Housing Finance Project	The objective of the project is to expand access to affordable housing finance to targeted beneficiaries with a home loan of a maximum Kshs.10.5 million	Increased access to long term affordable mortgage finance	Number of people accessing long term affordable mortgages	1,580 beneficiaries accessed long term affordable mortgages

#### **4. Environmental and Sustainability Reporting**

The project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

##### **i. Sustainability strategy and profile**

The bulk of the project is being implemented by KMRC and the company is a going concern.

##### **ii. Environmental performance**

The implementation of the project has no negative impact on the environment.

##### **iii. Employee welfare**

The National Treasury has seconded three (3) staff to the Project Implementation Unit at the National Treasury on part time basis. However, the project through KMRC has recruited four (4) staff on contract under Technical Assistance to enhance capacity. The four were recruited through the KMRC Human Resource Instruments with the sole objective that at the completion of the Project, KMRC may absorb them for continuity and sustainability depending on performance. The project complies with the Occupational Safety and Health Act of 2007 (OSHA).

##### **iv. Market place practices-**

###### **a) Responsible Supply chain and supplier relations-**

The project has ensured fair play ground in awarding tenders and prompt payment to suppliers.

###### **b) Responsible ethical practices**

The project team has adopted accountability and transparency.

###### **c) Regulatory impact assessment**

The project has a positive impact to the populace.

##### **v. Community Engagements**

The project does not have any engagement with the community for ownership and sustainability.

## 5. Statement of Project Management Responsibilities

The **Principal Secretary** for the **National Treasury** and the **Project Coordinator** for **Affordable Housing Finance Project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The **Principal Secretary** for the Ministry of **National Treasury** and the **Project Coordinator** for **Affordable Housing Finance Project** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The **Principal Secretary** for the Ministry of **National Treasury** and the **Project Coordinator** for **Affordable Housing Finance Project** are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. The **Principal Secretary** for **National Treasury** and the **Project Coordinator** for **Affordable Housing Finance Project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.


The **Principal Secretary** for the Ministry of **National Treasury** and the **Project Coordinator** for **Affordable Housing Finance Project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Principal Secretary for the **National Treasury** and the Project Coordinator for **Affordable Housing Finance Project** on 25<sup>th</sup> September 2025 and signed by:



.....  
**Dr. Chris Kiptoo, CBS**  
**Principal Secretary**



.....  
**Patrick Macharia**  
**Project Coordinator**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

*Enhancing Accountability*

## REPORT OF THE AUDITOR-GENERAL ON AFFORDABLE HOUSING FINANCE PROJECT (IBRD CREDIT NO.8958-KE) FOR THE YEAR ENDED 30 JUNE, 2025 - THE NATIONAL TREASURY

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### 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.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Affordable Housing Finance Project - The National Treasury set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

statement of 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Affordable Housing Finance Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with Transitional International Public Sector Accounting Standards and comply with the Financing Agreement No. 8958 – KE between the Republic of Kenya and International Bank for Reconstruction and Development (IBRD) dated 5 December, 2019 and the Public Finance Management Act, 2012.

In addition, the special accounts statements present fairly, transactions for the year, and the closing balance have been reconciled with the books of account.

### **Basis for Qualified Opinion**

#### **Unconfirmed Lending and Repayments**

The International Bank for Reconstruction and Development (IBRD) entered into a loan agreement with the Republic of Kenya to lend an amount of two hundred nineteen million Euro, (EUR 219,000,000), to finance expansion of access to affordable housing finance to targeted beneficiaries according to a Financing agreement signed on 05 December, 2019 for the period up to 30 June, 2025. The loan was restructured by cancellation of EURO 45,000,000 in March, 2024. The project consisted of two parts namely support to Kenya Mortgage Refinance Company (KMRC) component who are the principal lenders and technical assistance component which was to be provided by The National Treasury and the Ministry of Land and Physical Planning. Records provided for audit revealed that disbursements amounting to Euro 148,028,519 (Kshs.19,620,451,418) have been made to Kenya Mortgage Refinance Company (KMRC) as at 30 June, 2025 for on lending to beneficiaries.

Further, according to the subsidiary loan agreement between the Government of Kenya and KMRC dated 26 February, 2020, the company was to repay the principal amount of the loan in forty (40) equal consecutive semi-annual installments on 30 March, and 30 September, each year commencing 30 March, 2024 and therefore the Company should have made three repayments by 30 June, 2025. However, the status of utilization of the Kshs.19,620,451,418 disbursed to KMRC that had been lent to beneficiaries and the Company's compliance with the terms of the loan's disbursement to beneficiaries and repayment of the principal amount could not be confirmed. This is because the financial statements of KMRC are not audited by Auditor-General or delegated auditor appointed

in line with Section 23 of the Public Audit Act, 2015. In addition, the amount disbursed to KMRC has not been reflected in the project financial statements.

In the circumstances, the accuracy and appropriate utilization of Kshs.19,620,451,418 disbursed to KMRC for project implementation could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipt budget and actual on a comparable basis of Kshs.94,312,000 and Kshs.72,692,639 respectively, resulting to an under-funding of Kshs.21,619,361 or 23% of the budget. Similarly, the project incurred an expenditure of Kshs.70,394,502 against a total budget of Kshs.94,312,000 resulting to under expenditure of Kshs.23,917,498 or 25%. The under-funding and under expenditure affected the planned activities, specifically training and benchmarking which may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the report of the previous year, two issues were raised under Report on the Financial Statements which were unresolved as at 30 June, 2025.

### **Other Information**

Management is responsible for the other information set out on page (iii) to (xv) which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting

and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project'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 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**

#### **Low Absorption of Project Funds**

On 5 December, 2019, the Cabinet Secretary, on behalf of the Republic of Kenya, entered into a loan agreement of EUR.219,000,000 with the International Bank for Reconstruction and Development, for implementation of Affordable Housing Finance Project. The loan agreement was subsequently amended on 5 February, 2024 and a further loan restructuring made on 29 May, 2024. The restructuring resulted to a cancellation of a loan amount of EUR.45,000,000 in respect of the loan. According to the loan agreement and the loan restructuring, The National Treasury, jointly with Ministry of Lands, Public Works, Housing and Urban Development, were to implement part 2 of the project, which entailed technical assistance for the project. The technical support comprised of several activities involving; goods, consulting services, non-consulting services, training and incremental operating costs for part 2 of the project. The amount of loan allocated to the project component was EUR.4,800,000.

The project's overall performance information indicates that as at 30 June, 2025, EUR. 1,214,698 had been drawn, out of EUR. 4,800,000 allocated to the project component, representing 25% of the funds. With the project having ended on 30 June, 2025, the remaining balance may not be utilized, unless the duration is extended.

In the circumstances, the effectiveness and impact of the loan granted by the International Bank for Reconstruction and Development could not be confirmed.

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

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

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

As required by Financing Agreement No. 8958 – KE between the Republic of Kenya and International Bank for Reconstruction and Development (IBRD) dated 5 December, 2019, I report, based on my audit, that:

- i. 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.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Transitional International Public Sector Accounting Standards and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 October, 2025

*The National Treasury*  
*Affordable Housing Finance Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

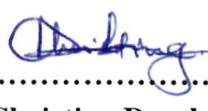
**7. Statement of Financial Performance for the Year Ended 30th June 2025.**

	Notes	FY 2024-2025
		Kshs
<b>Revenue</b>		
Revenue Transfers	6(a)	70,119,102
Miscellaneous Revenue	7	-
<b>Total revenue</b>		<b>70,119,102</b>
<b>Expenses</b>		
Employee costs	8	6,825,000
Use of goods and services	9	63,294,102
Depreciation and amortization expense	10	-
Transfer to other Government Entities		-
Other Transfers/Subsidies/Grants		-
Certified Works		-
<b>Total expenses</b>		<b>70,119,102</b>
<b>Other gains/(losses)</b>		
Gain/Loss on sale of assets		-
Gain/Loss on foreign exchange transactions		-
Impairment loss		-
<b>Surplus/ (deficit)</b>		<b>0</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
 .....  
**Dr. Chris Kiptoo, CBS**  
**Principal Secretary**  
**The National Treasury**

  
 .....  
**Patrick Macharia**  
**Project Coordinator**

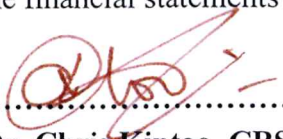
  
 .....  
**Christine Dambya**  
**Project Accountant**  
**ICPAK Member No:13329**

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

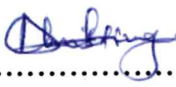
**8. Statement of Financial Position as at 30<sup>th</sup> June 2025**

	Note	FY 2024-2025	1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	11	2,298,137	5,565,334
Receivables	12	-	-
Inventories	13	-	-
Prepayment	14	1,000,000	-
<b>Total Current Assets</b>		<b>3,298,137</b>	<b>5,565,334</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
<b>Total Non- Current Assets</b>		<b>3,298,137</b>	<b>5,565,334</b>
<b>Total Assets (a)</b>		<b>3,298,137</b>	<b>5,565,334</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	17	724,600	-
Third Party Deposits	18	-	-
Deferred Income	19	2,573,537	5,565,334
<b>Total Current Liabilities</b>		<b>3,298,137</b>	<b>5,565,334</b>
<b>Total Liabilities (b)</b>			-
<b>Net Assets (a-b)</b>		<b>0</b>	<b>0</b>
<b>Represented By:</b>			
Accumulated Surplus		0	0
<b>Total Net Assets</b>		<b>0</b>	<b>0</b>

The financial statements were approved on 25<sup>th</sup> September 2025 and signed by:

  
.....  
**Dr. Chris Kiptoo, CBS**  
Principal Secretary  
The National Treasury

  
.....  
**Patrick Macharia**  
Project Coordinator

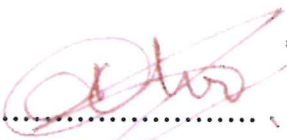
  
.....  
**Christine Dambya**  
Project Accountant  
ICPAK Member No:13329


**9. Statement of Changes in Net Assets**


Description	Accumulated Surplus
	Kshs
As at 30 <sup>th</sup> June 2024 (Cash Basis)	5,565,334
Adjustments:	
Asset Recognition	0
Liabilities recognition	(5,565,334)
<b>As at 1<sup>st</sup> July 2024</b>	<b>0</b>
Surplus/(Deficit) for the year	0
<b>As at 30<sup>th</sup> June 2025</b>	<b>0</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 25<sup>th</sup> September 2025 and signed by:


  
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**Principal Secretary**  
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**Project Coordinator**


  
.....  
**Christine Dambya**  
**Project Accountant**  
**ICPAK Member No:13329**

10. Statement of Cashflow for the year ended 30<sup>th</sup> June 2025

Description	Note	FY 2024-2025 Kshs
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers		67,127,305
<b>Total receipts</b>		<b>67,127,305</b>
<b>Payments</b>		
Employee costs		6,825,000
Use of goods and services		62,569,502
<b>Total payments</b>		<b>69,394,502</b>
<b>Net cash flow from operating activities</b>	20	<b>(3,267,197)</b>
<b>Cashflow from investing activities</b>		
Acquisition of non-financial assets		-
Proceeds from sale of Assets		-
Acquisition of Intangible assets		-
<b>Net cash flows from investing activities</b>		
<b>Cash flow from financing activities</b>		
<b>Net cash flow from financing activities</b>		<b>-</b>
Net increase/Decrease in cash and cash equivalents		(3,267,197)
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	11	<b>5,565,334</b>
<b>Cash and cash equivalent at end June 2025</b>	11	<b>2,298,137</b>

  
 .....  
**Dr. Chris Kiptoo, CBS**  
 Principal Secretary  
 The National Treasury

  
 .....  
**Patrick Macharia**  
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 .....  
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 Project Accountant  
 ICPAK Member No:13329

**11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30<sup>th</sup> June 2025**

<b>Receipts/Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Budget Carry Overs from previous periods</b>		-	-	5,565,334	-	-
<b>Receipts</b>						
Revenue Transfers	83,334,000	10,978,000	94,312,000	67,127,305	27,184,695	71%
Miscellaneous Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	<b>83,334,000</b>	<b>10,978,000</b>	<b>94,312,000</b>	<b>72,692,639</b>	<b>21,619,361</b>	<b>77%</b>
<b>Payments</b>						
Employee costs	7,000,000	-	7,000,000	6,825,000	175,000	98%
Use of goods and services	76,334,000	10,978,000	87,312,000	63,569,502	23,742,498	73%
<b>Total Payments</b>	<b>83,334,000</b>	<b>10,978,000</b>	<b>94,312,000</b>	<b>70,394,502</b>	<b>23,917,498</b>	<b>75%</b>
<b>Surplus</b>				<b>2,298,137</b>		

1. The project had an underutilization because it did not manage to undertake the training of NT and CBK staff on Affordable Housing and undertaking the bench marking studies in Morocco and India.
2. The changes between the original and final budget is due to the reallocations of the supplementary three budget.

*The National Treasury  
Affordable Housing Finance Project  
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**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Expenditure on use of goods and services as per the statement of Budget	<b>63,569,502</b>
1	Prepayments	(1,000,000)
2	Payables	724,600
	Actual Expenditure on Use of goods and services as per the Statement of financial performance	<b>63,294,102</b>

## 12. Notes to the Financial Statements

### 1. General Information

Affordable Housing Finance Project is established by and derives its authority and accountability from Public Finance Management (PFM) Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is providing technical assistance to Kenya Mortgage Refinancing Company (KMRC).

### 2. Statement of Compliance and Basis of Preparation

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

These financial statements were authorized for issue by the accounting officer on 25<sup>th</sup> August 2025.

### 3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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 an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>This standard is not applicable to the project, as the project's operations do not involve any lease arrangements. Therefore, IPSAS 43 is not expected to have any impact on the project's financial reporting.</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>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:</p> <p>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>

*The National Treasury  
Affordable Housing Finance Project  
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Standard	Effective date and impact:
	<p><b>This standard is not applicable to the project, as the project does not own any non-current assets and has not classified any operations as discontinued. As a result, IPSAS 44 is not expected to have any impact on the project's financial statements.</b></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></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><b>This standard is not applicable to the project, as the project does not own or control any property, plant, equipment, heritage, or infrastructure assets. Therefore, IPSAS 45 is not expected to have any financial reporting impact on the project.</b></p>
<p>IPSAS 46 Measurement</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b>IPSAS 46 is not expected to have any financial reporting impact on the project.</b></p>

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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 47- Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></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 entity 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><b>This standard is not applicable to the project, as the project's mode of disbursement is direct payment. As a result, IPSAS 47 is not expected to have any impact on the project's financial statements.</b></p>
IPSAS 48- Transfer Expenses	<p><b>Applicable 1<sup>st</sup> January 2026</b></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><b>This standard is not applicable to the project, as the project's mode of disbursement is direct payment. As a result, IPSAS 48 is not expected to have any impact on the project's financial statements.</b></p>
IPSAS 49- Retirement Benefit Plans	<p><b>Applicable 1<sup>st</sup> January 2026</b></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><b>This standard is not applicable to the project, as the project does not have a retirement benefit plant. As a result, IPSAS 49 is not expected to have any impact on the project's financial statements.</b></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b>Applicable 1<sup>st</sup> January 2027</b></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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> </ol>

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Standard	Effective date and impact:
	<p>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> <p><b>This standard is not applicable to the project, as the project does not carry out Exploration For &amp; Evaluation of Mineral Resources. As a result, IPSAS 50 is not expected to have any impact on the project's financial statements.</b></p>

**iii) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**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 entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

**ii) Revenue from exchange transactions**

**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.

**b) Budget information**

The original budget for FY 2024/2025 was approved by the parliament on **18<sup>th</sup> June 2024**. 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 to conclude the final budget. Accordingly, the project recorded additional appropriations of **Ksh.10,978,000** on the FY 2024/2025 budget following the parliament approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 on page **6** of these financial statements.

**c) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

**Notes to the financial statements**

**d) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 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 Entity 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.

**e) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**f) Research and development costs**

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset.
- 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 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.

**Notes to the financial statements**

**g) 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Projects' financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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.

**Financial assets**

**Classification**

The entity 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 entity's 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 cashflows 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 an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity 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 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**

**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.

**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 entity 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.

**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.

**Impairment**

The entity 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 project does not recognize 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).

**Financial liabilities**

**Classification**

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

**h) 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:

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

**Notes to the financial statements**

**Inventories (Continued)**

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 project.

**i) Provisions**

Provisions are recognized when the project 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 project expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

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

**Contingent assets**

The project 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 Project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**j) Nature and purpose of reserves**

The project doesn't create or maintain any reserves in terms of specific requirements

**k) Changes in accounting policies and estimates**

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

**Notes to the financial statements**

**l) Employee benefits**

**Retirement benefit plans**

The project provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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.

**m) 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.

**n) 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.

**o) Related parties**

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

Notes to the financial statements

**p) Service concession arrangements**

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

**q) 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.

**r) 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.

**Notes to the financial statements**

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the project'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.

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the *Entity*.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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.

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

6. Revenue Transfers.

Description	2025
	Kshs
<b>Unconditional Transfers</b>	
Transfers from IBRD	67,127,305
<b>Total Unconditional Transfers</b>	<b>67,127,305</b>
<b>Total Transfers for the Year</b>	<b>67,127,305</b>

The purpose of the funding was to provide technical assistance and also capacity building to Kenya Mortgage Refinancing Company, the Project implementing team and other stake holders.

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers 2024/25
	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	0	-
Development Partner -IBRD	64,553,768	2,573,537	0	67,127,305
<b>Subtotal</b>	<b>64,553,768</b>	<b>2,573,537</b>	<b>0</b>	<b>67,127,305</b>
Deferred Income realized	5,565,334		0	5,565,334
Transfers in Kind	-			-
<b>Total</b>	<b>70,119,102</b>	<b>2,573,537</b>	<b>0</b>	<b>72,692,639</b>

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Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

7. Miscellaneous revenue

Description	FY 2024/25
	Kshs
Interest Income	-
<b>Total</b>	-

8. Employees Costs

Description	FY 2024/25
	Kshs
Basic salaries of permanent employees	4,793,447
Pay as you Earn	1,662,193
Compulsory national social security schemes	116,640
Compulsory national health insurance schemes	150,345
Housing Levy	102,375
<b>Total</b>	<b>6,825,000</b>

9. Use of Goods and Services

Description	FY 2024/25
	Kshs
Payment for Workshop and Conferences	26,243,644
Printing and advertising	265,350
Training payments	6,843,188
Consultancy Services	29,941,920
<b>Total</b>	<b>63,294,102</b>

10. Depreciation and Amortization expense

Description	FY 2024/25
	Kshs
Property, Plant and Equipment	-
Intangible Assets	-
<b>Total</b>	-

The project does not have any asset hence there is no depreciation or amortization expense pertaining to the project.

11. Cash and Cash Equivalents

Description	2024/25	1 <sup>st</sup> July
	Kshs	Kshs
Cash in Bank	2,298,137	5,565,334
Cash on hand	-	-
<b>Total Cash and Cash Equivalents</b>	<b>2,298,137</b>	<b>5,565,334</b>

Notes to the financial statements

**Project Bank Accounts**

<b>Details</b>	<b>2024/25</b>	<b>1<sup>st</sup> July 2024</b>
	<b>Euro</b>	<b>Euro</b>
<b>Foreign Currency Accounts</b>		
Central Bank of Kenya [A/c No 100044228]	183,449	-
Total Foreign Currency balances	<u>183,449</u>	=
<b>Local Currency Accounts</b>	<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya [A/c No.1000528885]	2,298,137	5,565,334
Total local currency balances	<u>2,298,137</u>	<u>5,565,334</u>
<b>Total bank account balances</b>	<u><b>2,298,137</b></u>	<u><b>5,565,334</b></u>

Notes to the Financial Statements (Continued)

12. Receivables

Description	2024/25	1 <sup>st</sup> July 2024
	Kshs	Kshs
Counter Part Funding	-	-
Contractor's Advance payments	-	-
<b>Total Receivables</b>	-	-

There were no receivables for the project

Ageing analysis for Receivables

Description	2024/25		1 <sup>st</sup> July 2024	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

There were no receivables for the project

13. Inventories

Description	2024/25	1 <sup>st</sup> July 2024
	Kshs	Kshs
Consumable stores	-	-
Construction stores	-	-
Less: allowance for impairment	(-)	(-)
<b>Total inventories</b>	-	-

There were no inventories for the project

14. Prepayments

Description	2024/25	1 <sup>st</sup> July 2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Tuition fee to Strathmore	1,000,000	-
<b>Total Prepayments</b>	<b>1,000,000</b>	-

*The National Treasury*  
*Affordable Housing Finance Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

15. Property, Plant and Equipment

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Other Assets	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	%	%	%	%		
As At 1 July 2024 (opening balances)	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	(-)	-	-	(-)	(-)	(-)
Transfers/Adjustments	(-)	-	(-)	(-)	-	(-)
As at 30 <sup>th</sup> June 2025	-	-	-	-	-	-
<b>Depreciation And Impairment</b>						
As at 1 July 2025	(-)	(-)	(-)	(-)		(-)
Depreciation charge for the year	(-)	(-)	(-)	(-)		(-)
Impairment loss	(-)	(-)	(-)	(-)		(-)
Transfers/ Adjustments	(-)	-	(-)	(-)		(-)
As At 30 <sup>th</sup> June 2025	-	-	-	(-)		-
<b>Net Book Values</b>						
As at 1 <sup>st</sup> July 2024	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025	-	-	-	-	-	-

The project does not own or control any tangible or intangible assets as of the reporting period. Accordingly, no asset values are recorded, and there is no depreciation expense to report.

*The National Treasury  
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Notes to the financial statements

16. Intangible Assets

Description	1 <sup>st</sup> July 2024
	Kshs
<b>Cost</b>	
As at 1 <sup>st</sup> July 2024	-
Additions	-
As At 30 <sup>th</sup> June 2025	-
<b>Amortization and impairment</b>	
As at 1 <sup>st</sup> July 2024	-
Amortization	-
Impairment loss	-
As At 30 <sup>th</sup> June 2025	-
NBV as at 1 <sup>st</sup> July 2024	-
NBV as at 30 <sup>th</sup> June 2025	-

The project does not own or control any intangible assets as of the reporting period. Accordingly, no asset values are recorded, and there is no amortization expense to report.

17. Trade and Other Payables

Description	2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Trade payables	724,600		-	
Employee payables	-		-	
<b>Total trade and other payables</b>	<b>724,600</b>		<b>-</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	724,600	100%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (tie to above total)</b>	<b>724,600</b>	<b>100%</b>	<b>-</b>	

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Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

**18. Third-Party Deposits**

Description	2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
Contractor's Retention	-		-	
Gratuity	-		-	
<b>Total deposits</b>	-		-	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
<b>Under one year</b>	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-		-	

The project does not have any third-party deposits during the reporting period.

**19. Deferred Income**

Description	2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
IBRD	2,573,537		-	
<b>Total Deferred Income</b>	<b>2,573,537</b>		<b>-</b>	

Deferred income relates unutilized amounts received from IBRD. This is because the project had received the funds but had not yet met the conditions attached to the grant to earn the revenue. The funds are recognized as revenue only when the conditions are fulfilled, which often involves spending the money on the specified purpose.

*The National Treasury*  
*Affordable Housing Finance Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

**Deferred Income Movement Schedule**

	<b>Development Partner 1</b>	<b>Development Partner 2</b>	<b>Others</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Balance as at 1 <sup>st</sup> July 2024	<b>5,565,334</b>	-	-	<b>5,565,334</b>
Additions	67,127,305	-	-	67,127,305
Transfers To Performance Statement as Revenue	(70,119,102)	(-)	(-)	(70,119,102)
Balance as at 30 <sup>th</sup> June 2025	<b>2,573,537</b>	-	-	<b>2,573,537</b>

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

**20. Cash Generated from Operations**

Description	2024/25
	Kshs
<b>Surplus/Deficit for the year</b>	<b>0</b>
<b>Adjusted for:</b>	
Depreciation	-
Non-cash grants received	(-)
Impairment	-
Gains and losses on disposal of assets	-(-)
<b>Working capital adjustments</b>	
Increase in inventory	(-)
Increase in receivables (Prepayments)	(1,000,000)
Decrease in deferred income	(2,991,797)
Increase in payables	724,600
Increase in payments received in advance	-
<b>Net cash flow from operating activities</b>	<b>(3,267,197)</b>

**21. Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

**Special Deposit Accounts Movement Schedule**

<b>Description</b>	<b>2024/25</b>	<b>1<sup>st</sup> July 2024</b>
	<b>Euro</b>	<b>Euro</b>
(i) A/C Name [A/c No.1000442228]		
Opening balance	-	-
Total amount deposited in the account	455,074	-
Total amount withdrawn	<u>271,625</u>	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<u>183,449</u>	=

**Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the project 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 project, holding 100% of the project's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

*The National Treasury*  
*Affordable Housing Finance Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

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**Notes to the financial statements**

**22.Events after the Reporting Period**

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

**23.Ultimate And Holding Entity**

The Entity is a project under the National Treasury. Its ultimate parent is the Government of Kenya.

**24.Currency**

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

<b>Reference No. on the external Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
159.	Unconfirmed Lending and Repayments	The funds for the credit line are “a transfer to other levels of government”. As per the Loan Agreement, TNT is obliged to transfer these funds as per the request from KMRC. The mandate of KMRC is to refinance mortgages created by the Primary Mortgage Lenders and ensure the targeted beneficiaries are as per the Loan Agreement	Not resolved	N/A
160.	Unsupported Expenditure on Air Travel	It is true that Annex 4a to the Financial Statements reflects pending accounts payables of Kshs.1,672,770 relating to provision of return air tickets. This was to facilitate officers travelling from Nairobi to Kuala Lumpur for benchmarking visit on Risk Sharing Facility on affordable mortgages. It is, however, not true that the payment was not supported with the list of participants for the training, proof of attendance by participants training program events, copies of passports, air tickets and reports of the benchmarking.	Not resolved	N/A
161.	Budgetary Control and Performance	The underfunding was occasioned by the project failing to undertake activities that were planned for the financial year due to the following reasons;	Not resolved	N/A

*The National Treasury  
Affordable Housing Finance Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Reference No. on the external Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>i. Failure to undertake the planned training for the PIU in Arusha due to austerity measures under foreign training; and</p> <p>ii. Procurement process for Consultancy to undertake Medium Term review on KMRC was not concluded during the Financial Year. The tender has currently been evaluated and awarded in FY 2024/25.</p>		
162.	Low Absorption of Funds	<p>Management acknowledges the unutilized amount of Kshs.127,764,147.78 that was occasioned partly due to delay in issuance of the operation certificate by CBK to KMRC to start lending among other implementation challenges. Due to this, the Government sought for the extension of the project by one more year to close on June 30, 2025. Subsequently, the Government reviewed the performance of the project and noted the low uptake of mortgages. This informed the need to partially cancel the credit by Euro.45,000,000 on May 29, 2024.</p>	Not resolved	N/A

.....  
Dr. Chris Kiptoo, CBS  
Principal Secretary

.....  
Patrick Macharia  
Project Coordinator

**Annex 2: Reconciliation of inter-entity transfers**

<b>Project Name:</b>				
<b>Break down of transfers from the National Treasury</b>				
<b>a.</b>	<b>Government Counterpart funding</b>			
		Bank Statement Date	Amount (Kshs)	
		<b>Total</b>	-	
<b>B.</b>	<b>Direct payments</b>			
		Bank Statement Date	Amount (Kshs)	
			-	
		<b>Total</b>	-	
<b>C.</b>	<b>Others</b>			
		Bank Statement Date	Amount (Kshs)	FY 2024/2025
		16 <sup>th</sup> September 2024	26,864,706	
		30 <sup>th</sup> May 2025	12,305,290	
		10 <sup>th</sup> July 2025	27,957,309	
		<b>Total</b>	<b>67,127,305</b>	
		<b>Total (A+B+C)</b>	<b>67,127,305</b>	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department



.....  
**George K. Gichuru**  
Head of Accounting Unit  
The National Treasury



.....  
**Patrick Macharia**  
Project Coordinator

**Annex 3: Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) Previous Year</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) Current Year</b>
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment					
Machinery and Equipment					
Biological assets					
Infrastructure Assets- Roads, Rails					
Heritage and cultural assets					
Intangible assets					
Work in Progress					
<b>Total</b>					

The project did not procure any asset.

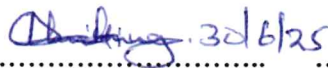
**Annex 4: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2025
- ii. Special Deposit Account(s) reconciliation statement(s)

**REPUBLIC OF KENYA  
THE NATIONAL TREASURY  
AFFORDABLE HOUSING FINANCE PROJECT  
BANK RECONCILIATION STATEMENT  
PROJECT A/C NO.1000528885  
2024/2025 FINANCIAL YEAR  
AS AT 30TH JUNE 2025**

	SHS	SHS
Balance as per Bank Certificate		2,312,350.40
Less: -		
1. Payments in cash Book not yet recorded in Bank Statement	(28,146,523.50)	
Less: -		
2. Receipts in Bank statement not yet recorded in Cashbook	-	
Add: -		(28,146,523.50)
1. Payments in Bank statement not yet recorded in Cashbook	175,000.00	
Add: -		
2. Receipts in cash Book not yet recorded in Bank Statement	27,957,309.40	28,132,309.40
Cashbook Balance		<b>2,298,136.30</b>

I certify that I have verified the Bank Balance in the Cashbook with the Bank statement and that the above Reconciliation is correct.

 30/6/25
 AAG

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**SIGNATURE & DATE                      DESIGNATION**

THE NATIONAL TREASURY  
 AFFORDABLE HOUSING FINANCE PROJECT  
 2024/2025 FINANCIAL YEAR PROJECT ACCOUNT  
 ACCOUNT : 1000528885

APPENDIX I

PAYMENTS IN CASHBOOK NOT IN BANK STATEMENT AS AT 30TH JUNE 2025

DATE	VOUCHER No.	PARTICULARS	AMOUNT(KSH)
30.11.2024	6943	SHIF-TALASO GOLLO	4,812.50
30.11.2024	6945	SHIF-VICTORIA ACHILLAH	4,812.50
30.11.2024	6946	SHIF-SHEILLA MUSYSOKI	4,812.50
30.06.2025	22404	TALASO GOLLO-JUNE SALARY	121,886.10
30.06.2025	22404	PAYE	41,355.90
30.06.2025	22404	HOUSING LEVY	2,625.00
30.06.2025	22404	NSSF	4,320.00
30.06.2025	22404	SHIF	4,813.00
30.06.2025	22405	VICTORIA ACHILLAH-JUNE SALARY	121,886.10
30.06.2025	22405	PAYE	41,355.90
30.06.2025	22405	HOUSING LEVY	2,625.00
30.06.2025	22405	NSSF	4,320.00
30.06.2025	22405	SHIF	4,813.00
30.06.2025	22403	SHEILLA MUSYOKI-JUNE SALARY	121,886.10
30.06.2025	22403	PAYE	41,355.90
30.06.2025	22403	HOUSING LEVY	2,625.00
30.06.2025	22403	NSSF	4,320.00
30.06.2025	22403	SHIF	4,813.00
30.06.2025	27445	REBECCA MLAWASI	18,900.00
30.06.2025	29384	AMAKOBE MULUKA EMMILY	18,900.00
30.06.2025	27444	PATRICK IRUNGU MACHARIA	42,000.00
30.06.2025	27447	GIDEON RUTTO	42,000.00
30.06.2025	29535	JOSEPH WARUIRU	50,400.00
30.06.2025	27446	FLORAH MUTHAURA	50,400.00
30.06.2025	14224	IRENE KADIMA	22,400.00
30.06.2025	14219	OLIVE GITAU	33,600.00
30.06.2025	22397	KENNEDY NYAKUNDI NYACHIRO	220,600.00
30.06.2025	22672	KENYA INSTITUTE OF SUPPLIES MANAGEMENT	387,600.00
30.06.2025	22672	VAT	6,800.00
30.06.2025	13031	IRENE KADIMA	13,900.00
30.06.2025	28712	ALPEX CONSULTINGAFRICA LTD	23,953,536.00
30.06.2025	28709	AFRICAN TOUCH SAFARIS LIMITED	2,746,050.00
		<b>TOTALS</b>	<b>28,146,523.50</b>

APPENDIX II

RECEIPTS IN BANK STATEMENT NOT IN CASHBOOK AS AT 30TH JUNE 2025

DATE	RECEIPT NO.	PARTICULARS	AMOUNT(KSH)
	RECEIPT		-
		<b>TOTALS</b>	<b>-</b>

APPENDIX III

PAYMENTS IN BANK STATEMENT NOT IN CASHBOOK AS AT 30TH JUNE 2025

DATE	CHO/IB NO.	PARTICULARS	AMOUNT(KSH)
		REFUND TO NT MAIN ACCOUNTS	175,000.00
		<b>TOTALS</b>	<b>175,000.00</b>

APPENDIX IV

RECEIPTS IN CASHBOOK NOT IN BANK STATEMENT AS AT 30TH JUNE 2025

DATE	VOUCHER NO.	RECEIPT	PARTICULARS	AMOUNT(KSH)
				27,957,309.40
			<b>TOTALS</b>	<b>27,957,309.40</b>

**KENYA AFFORDABLE HOUSING FINANCE PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30TH JUNE 2025**

**Credit No.: IBRD LOAN CREDIT NO.89580-KE (DA-B)  
Bank Account No.:1000442228 Held with CENTRAL BANK OF KENYA**

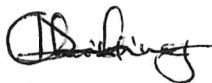
	NOTES	AMOUNT EUR	AMOUNT EUR
1	Amount advanced by IDA		1,214,732.59
	<b>Less:</b>		
2	Total amount justified		990,399.74
3	<b>Outstanding amount advanced to be justified</b>		<b>224,332.85</b>
	<b>Represented by:</b>		
4	Ending Designated Account Balance at 30.06.2025		183,449.44
5	Amount claimed but not credited at 30.06.2025		-
6	Amount withdrawn and not claimed as at 30.06.2025		<b>40,883.41</b>
7	Service charges (if not included in 5 & 6 above)		-
	<b>Less:</b>		
8	Interest earning (if included in Designated Account)		-
9	<b>Total advance to Designated Account year ended 30.06.2025</b>		<b>224,332.85</b>

Descrpancy between total appearing on lines 3 and 9

-

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures



**AUTHORIZED REPRESENTATIVE  
RESOURCES MOBILIZATION DEPARTMENT  
THE NATIONAL TREASURY**

**DATE:** 05-08-2025

**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30th JUNE, 2025</b>
Account No.	<b>1000442228</b>
Depository Bank	<b>CENTRAL BANK OF KENYA.</b>
Address	<b>CENTRAL BANK OF KENYA.</b>
Related Loan	<b>AFFORDABLE HOUSING FINANCE DA-B-NT</b>
Credit Agreement	
Currency	<b>EUR</b>

**Part A - Account Activity**

Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	<b>0.00</b>
---	-------------

**Add:**

Total Amount deposited by World Bank	<b>455,074.48</b>
--------------------------------------	-------------------

Total Interest earnings if deposited in account	
---	--

Total amount refunded to cover ineligible expenditure	
--	--

**Deduct:**

Total amount withdrawn	<b>271,625.04</b>
------------------------	-------------------

Total service charges if not included above in amount withdrawn	
--	--

Ending balance on 30th June,2025	<b>183,449.44</b>
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**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE: \_\_\_\_\_

DATE \_\_\_\_\_

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE: \_\_\_\_\_

DATE \_\_\_\_\_

*[Signature]*  
14/07/2025  
*[Signature]*  
05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2025 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Run Date: 17/07/2025 Run Time: 12:12:38  
 CENTRAL BANK OF KENYA  
 BANKI KUU YA KENYA  
 P.O.BOX 60000-0200  
 NAIROBI  
 STATEMENT PERIOD: From 01/07/2024 To

STATEMENT OF ACCOUNT PAGE NO. 1  
 ACCOUNT NUMBER : 1000442228  
 ACCOUNT TITLE : AFFORDABLE HOUSING FINANCE DA-B-NT  
 30/06/2025

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0.00			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	28/08/2024	FT24241K1XRN.1	PROJECT FUNDING	0.00	188,115.50	188115.5
2	03/09/2024	FT24247TQYWS.1	PA136411	-188,115.50	0.00	0
3	03/03/2025	FT25062KLL2G.1	FUNDING.	0.00	83,509.54	83509.54
4	17/04/2025	FT251073S1GZ.1	PA138375	-83,509.54	0.00	0
5	27/06/2025	FT25178VQH5J.1	PROJECT FUNDING	0.00	183,449.44	183449.44
				CLOSING BALANCE :		183449.44

END OF ACCOUNT STATEMENT

Favourites	TABLE,STMT,OF,ACCT,EPRM	Home   Reports   View Selection	Find
Account	equals	▼ 1000442228	
Statement From	equals	▼ 20240701	
Statement To	equals	▼ 20250630	
TABLE,STMT,OF,ACCT,EPRM			

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Loan: IBRD 89580 (FSL - Fixed Spread Loan) | Status: Disbursing and Repaying | Country: Kenya |

Project: P165034 - Kenya Affordable Housing Finance Project

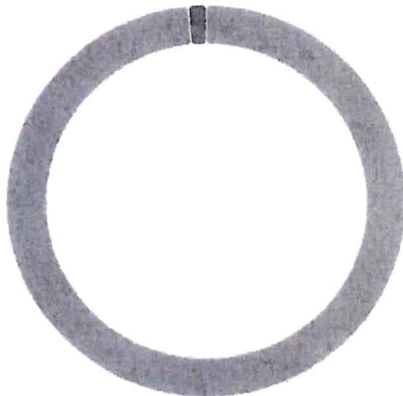
Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursements

### Important Dates

Approval	Signing	Commitment Charges Start Date	Effective	First Repayment	Closing	Application Deadline	Last Repayment
30-Apr-2019	05-Dec-2019	03-Feb-2020	02-Jun-2020	15-Jul-2024	30-Jun-2025	31-Oct-2025	15-Jan-2044

Currency of Commitment : EUR

Show amounts in EUR



Disbursed 98.5% Undisbursed 1.5%

#### Loan Information (EUR)

Signed Amount	219,000,000.00
Cancelled	45,000,000.00
Disbursed	171,414,273.59
Undisbursed	2,585,726.41
Special Commitments	0.00
Funds Available	2,585,726.41

#### Funds Available (EUR)

Withdrawal Applications	0.00
Special Commitment Issuance Applications	0.00
<b>Estimated Funds Available</b>	<b>2,585,726.41</b>

Last Bill, IBRD 89580, due on 15-Jul-2025

15,000,000.00

#### Retroactive Available

Borrower: The National Treasury and Planning

Date Payable	Currency	Amount Payable
15-Jul-2025	EUR	6,077,307.51

Retroactive Limit	15,000,000.00
Retroactive Disbursed	0.00
Period of Retroactivity	01-Jan-2019 to 04-Dec-2019

<b>162,150,718.85</b>	<b>3.61 %</b>	<b>0.25 %</b>
<b>Principal Outstanding</b>	<b>Net Lending Rate</b>	<b>Net Commitment Fee</b>
Disbursed	Lending Rate	Commitment Fee
171,414,273.59	3.61 %	0.25 %
Deferred Principal	Waiver	Waiver
0.00	0.00 %	0.00 %
Actual Obligation	Interest Waiver Status	
0.00	Ineligible	
Repaid	Type	
9,263,554.74	Variable	
Prepaid	Rate Reset Date	
0.00	15-Jan-2025	
Regular Repayments		
9,263,554.74		
Accrual Charges to be capitalized/billed		
0.00		
Total PPF Obligation		
0.00		

USD Equivalents

Original Approved Amount	250,000,000.00
Current Undisbursed	3,037,969.96
Historical Disbursed	187,649,449.41

Reference Information

Lending Instrument :	IPF - Investment Project Financing	Average Repayment Maturity :	14.940 Years
Loan Type :	Fixed Spread Loan - COMMITMENT_LINKED	Available Embedded Options :	- Caps / Collars - Currency Conversion Option - Hedge request starting type - Interest Rate Conversions Option (Other than Subloan)
Borrower of Record :	The National Treasury and Planning		
Guarantor :	Kenya	Maturity Type :	LEVEL
Loan Term :	25 Years	Maturity Profile :	CUSTOM
Grace Period :	5 Years		
ARF Terms :	6 Months		
Next ARF Date :	15-Jul-2025		



**Loan:** IBRD 89580 (FSL - Fixed Spread Loan) | **Status:** Disbursing and Repaying | **Country:** Kenya |

**Project:** P165034 - Kenya Affordable Housing Finance Project

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#) | [Disbursemen](#)

[Applications](#) | [eSignatorie\(s\)](#) | [Beneficiaries](#) | [Contracts](#) | [Designated/UN Accounts](#) | [Category Schedule](#) |

**Withdrawal Applications**

**Disbursement Milestone**

<b>Loan Approval Date</b> 30-Apr-2019	<b>Loan Signing Date</b> 05-Dec-2019	<b>Loan Made Effective</b> 02-Jun-2020	<b>Authorized Signatories Submitted to WB</b> 19-Jun-2025	<b>Authorized Signatories Approved</b> 19-Jun-2025	<b>Loan is Ready for Disbursing Online</b> 25-Jul-2025
--	---	---	--	---	---

Submit Withdrawal Application

**Transaction List**

Showing results 1 - 10 of 44 entries

Filter by DA-B | Paid Summary | Value Date

Search

Application						Paid					
Borrower Reference	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by	Last Updated
AHFP-WA-9	DA-B	Completed	EUR	183,454.44	2	EUR	183,454.44	20-Jun-2025	26-Jun-2025	Borrower	26-Jun-2025
AHFP-WA-8	DA-B	Completed	EUR	83,514.54	2	EUR	83,514.54	19-Feb-2025	28-Feb-2025	Borrower	28-Feb-2025
AHFP-WA-7	DA-B	Completed	EUR	188,120.50	2	EUR	188,120.50	19-Aug-2024	26-Aug-2024	Borrower	26-Aug-2024
AHFP-WA-6	DA-B	Completed	EUR	0.00	2	EUR	0.00	03-Jul-2024	09-Jul-2024	Borrower	09-Jul-2024
AHFP-WA-4	DA-B	Completed	EUR	93,397.64	2	EUR	93,397.64	25-Aug-2023	31-Aug-2023	Borrower	31-Aug-2023
AHFP-WA-5	DA-B	Completed	EUR	75,820.08	2	EUR	75,820.08	25-Aug-2023	31-Aug-2023	Borrower	31-Aug-2023
AHFP-WA-3	DA-B	Completed	EUR	300,000.00	DA-B	EUR	300,000.00	02-Jun-2023	14-Jun-2023	Borrower	14-Jun-2023
AHFP-WA-2	DA-B	Completed	EUR	90,425.39	2	EUR	90,425.39	31-Oct-2022	17-Nov-2022	Borrower	17-Nov-2022
AHFP-WA-1	DA-B	Completed	EUR	200,000.00	DA-B	EUR	200,000.00	12-Oct-2021	22-Oct-2021	Borrower	22-Oct-2021



**Loan:** IBRD 89580 (FSL - Fixed Spread Loan) | **Status:** Disbursing and Repaying | **Country:** Kenya |

**Project:** P165034 - Kenya Affordable Housing Finance Project

- Loan Overview
- Disbursements
- History
- Repayments
- Amortization Schedule
- Audit Submission
- Disbursemen
- Applications
- eSignatorie(s)
- Beneficiaries
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- Designated/UN Accounts
- Category Schedule

**Withdrawal Applications**

**Disbursement Milestone**

<b>Loan Approval Date</b> 30-Apr-2019	<b>Loan Signing Date</b> 05-Dec-2019	<b>Loan Made Effective</b> 02-Jun-2020	<b>Authorized Signatories Submitted to WB</b> 19-Jun-2025	<b>Authorized Signatories Approved</b> 19-Jun-2025	<b>Loan is Ready for Disbursing Online</b> 25-Jul-2025
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Submit Withdrawal Application

**Transaction List**

Showing results 1 - 10 of 44 entries

Filter by DA-B Documented Detail Value Date

Search

Application						Paid					
Borrower Reference	Type	Status	Ccy	Amount	Category Summary	Ccy	Amount	Date received	Value Date	Logged by	Last Updated
AHFP-WA-9	DA-B	Completed	EUR	183,454.44	2	EUR	183,454.44	20-Jun-2025	26-Jun-2025	Borrower	26-Jun-2025
AHFP-WA-8	DA-B	Completed	EUR	83,514.54	2	EUR	83,514.54	19-Feb-2025	28-Feb-2025	Borrower	28-Feb-2025
AHFP-WA-7	DA-B	Completed	EUR	188,120.50	2	EUR	188,120.50	19-Aug-2024	26-Aug-2024	Borrower	26-Aug-2024
AHFP-WA-6	DA-B	Completed	EUR	275,667.15	2	EUR	275,667.15	03-Jul-2024	09-Jul-2024	Borrower	09-Jul-2024
AHFP-WA-4	DA-B	Completed	EUR	93,397.64	2	EUR	93,397.64	25-Aug-2023	31-Aug-2023	Borrower	31-Aug-2023
AHFP-WA-5	DA-B	Completed	EUR	75,820.08	2	EUR	75,820.08	25-Aug-2023	31-Aug-2023	Borrower	31-Aug-2023
AHFP-WA 3	DA-B	Completed by WB	EUR	300,000.00	DA-B		0.00	02-Jun-2023		Guyo Galgallo	14-Jun-2023
AHFP-WA 2	DA-B	Completed	EUR	90,425.39	2	EUR	90,425.39	31-Oct-2022	17-Nov-2022	Borrower	17-Nov-2022
AHFP-WA 1	DA-B	Completed by WB	EUR	200,000.00	DA-B		0.00	12-Oct-2021		Christine Dambya	22-Oct-2021



Loan: IBRD 89580 (FSL - Fixed Spread Loan) | Status: Disbursing and Repaying | Country: Kenya |

Project: P165034 - Kenya Affordable Housing Finance Project

Loan Overview | Disbursements | History | Repayments | Amortization Schedule | Audit Submission | Disbursemen

Applications | eSignatorie(s) | Beneficiaries | Contracts | Designated/UN Accounts | Category Schedule |

Designated Account Detail- DA-B

Account Details

Account Holder	AFFORDABLE HOUSING FINANCE PROJECT	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXX	Current Authorized Allocation	500,000.00
Account Number	XXXXXXXX28	Associated Categories	2 - (Gds,Ncs,Cs,Tr & IOC prt 2)
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLGB2LXXX	Other Financing Sources	

Transaction Details

Currency (EUR) View Transaction List

Total Deposits Less Refunds	1,214,732.59
Documented	990,399.74
Outstanding Balance	224,332.85
Waived Documentation Amount	0.00
Transaction in Process	0.00



**KENYA AFFORDABLE HOUSING FINANCE PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2024**

**Credit No.: IBRD LOAN CREDIT NO.89580-KE (DA-B)**

**Bank Account No.: 1000442228 Held with CENTRAL BANK OF KENYA**

		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			759,643.11
	<b>Less:</b>			
2	Total amount documented			535,310.26
3	<b>Outstanding amount to be documented</b>			<b>224,332.85</b>
	<b>Represented by:</b>			
4	Ending Special account Balance as as 30 June 2024			-
5	Amounts claimed but not credited as at 30 June 2024			
6	<b>Amounts withdrawn and not claimed</b>			<b>224,332.85</b>
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	<b>Total advance to Special Account Year ended 30 June 2024</b>			<b>224,332.85</b>

Discrepancy between total appearing on line 3 and 9

-

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

**AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY**

**DATE:**



FOR THE YEAR 1917

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