

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 08 April 2025

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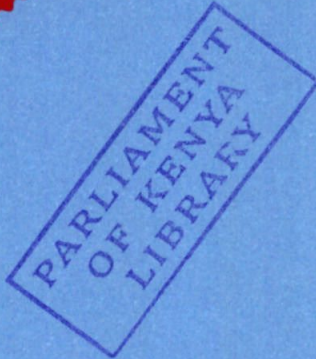
**REPORT**

BY:

Deputy  
Leader of the  
Majority Party

CLERK-AT  
THE-TABLE:

P. Muija (Pue)



OF

THE AUDITOR-GENERAL

ON

AFFORDABLE HOUSING BOARD

FOR THE THREE (3) MONTHS' PERIOD  
ENDED 30 JUNE, 2024



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**AFFORDABLE HOUSING BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

**Affordable Housing Board  
Annual Report and Financial Statements  
for the year ended June 30, 2024.**

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**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

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

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

## **2. Key Entity Information and Management**

### **(a) Background information**

The Affordable Housing Board is a Board established under the laws of Kenya under Section 16 the Affordable Housing Act, 2024 which is “An Act of parliament to give effect to Article 43 (1) (b) of the Constitution of Kenya, 2010; to provide a framework for development and access to affordable housing and institutional housing; and for connected purposes

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

### **Principal Activities**

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

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

- a) Facilitate the provision of funds for affordable housing and affordable housing schemes in the promotion of home ownership
- b) Provide low interest loans or low monthly payment home loans, where applicable for the acquisition of affordable housing units within the approved affordable housing schemes
- c) Facilitate design, development and maintenance of affordable housing schemes in all counties
- d) Facilitate development of institutional housing units
- e) Develop long term finance solutions for the development and off-take of affordable housing
- f) Provide funds for maintenance of any land or building, estate or interest therein, for any of the purposes of the Fund
- g) Fund any other activities incidental to the furtherance of the objects of the Fund, and,
- h) Facilitate the provision of services to the projects under the management of the Fund.
- i) Coordinate optimal utilization of the fund in implementation of affordable housing.
- j) Seek to achieve optimal efficiency and cost effectiveness in the development of affordable housing programmes
- k) Inspect and enforce compliance to this Act
- l) Identify, quantify and recommend to the Cabinet Secretary such other potential sources of revenue as may be available to the Fund.

### **Mission**

To facilitate access to adequate and decent housing and prepare urban plans for sustainable development.

### **Vision**

To be a globally competitive organization in provision of adequate and decent housing in a sustainable environment and coordinated urban development.

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**(b) Key Management**

The Board day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Management

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag.Chief Executive Officer	<b>SHEILA WAWERU, OGW</b>
2.	Fund Accountant	<b>CPA SOSPETER THUKU</b>
3.	Accountant	<b>CPA LUCY MBIRA</b>
4.	Ag. Corporate Secretary	<b>EVA MAGETO</b>

*(Include positions regarded as top management in your organisation as per your organisational structure).*

**(d) Fiduciary Oversight Arrangements**

The following committees provide fiduciary oversight over the management and activities of the Fund;

- Audit, Risk Management, Human Resource and Administration committee
- Parliamentary Oversight Committees
- Other oversight arrangements e.g The National Treasury

The reports and recommendation of above committees that are adopted by the Board are forwarded to the management for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(e) Fund Headquarters**

P.O. Box 27521-00100  
Prism Towers -23<sup>rd</sup> Floor  
3<sup>rd</sup> Ngong Avenue  
Nairobi, KENYA

**(f) Fund Contacts**

E-mail: [info@affordablehousingboard.go.ke](mailto:info@affordablehousingboard.go.ke)

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

**(g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

2. **Other Banks**

**h) Independent Auditor**

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**m) Principal Legal Adviser**

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**3. The Board of Directors**

<b>Ref</b>	<b>Directors</b>	<b>Details</b>
1.	Jeremiah Ndambuki Simu Chairperson	Mr. Simu is a Finance and Investment expert with over 20 years' experience in investment banking around East West and Southern Africa. Jeremiah holds a Master of Science degree in International Securities Investment and Banking and is a member of the Institute of Certified Investment and Financial Analysts and Institute of Bankers, South Africa
2.	Mary Mwiti Board member	Mary is a Business Management and Corporate Governance professional with a Master of Science in Human Resource Management and over 20 years of progressive experience in providing high-level systems and services, leadership for administrative functions. experience in public, private and NGO Sector. She is as member of the Institute of Human Resource Management in Kenya and is currently serving as the Chief Executive Officer of the Council of Governors
3.	Cosmas Mutava Board member	Cosmas is a security and Finance expert with a span of over 30 years experience and a Master's degree in business administration. He serves as a Board member of the Federation of Kenyan Employers and the Security Sector Board member of the Kenya Private Sector Alliance
4.	Ernest Nadome Board member	Ernest carries a wealth of experience in Energy, Labour, Investments and Human Resource. He

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		holds a masters degree in Labour Management Relations and currently serves as the National General Secretary of the Kenta Electrical Trades & Allied Workers’ Union (KETAWU) and the Assistant National General Secretary of the Central Organization of Trade Unions (COTU-K). He is also a pension trustee of various retirement benefit schemes in Kenya.
5.	Lawrence Kibet Board member	Mr.Kibet is the alternate of the PS-National Treasury in the Board. He holds a Degree in Masters of Business Administration (MBA) with experience in General Management, Commercial and Business Strategy, Accounting and Finance Management, Corporate Governance, Capital Raising, Commercial Law Practice, Project Management and, Innovation Management. He is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Secretaries of Kenya (ICS), Law Society of Kenya (LSK) and Investor Relations Society (UK) and currently serves as the Director General, Public Investments and Portfolio Management at the National Treasury.
6.	Sheila Waweru, OGW Ag. Chief Executive Officer	Sheila Waweru, OGW is a social development practitioner and a delivery expert. She has over 18 years’ experience working in the development sector, working both in the public and private sectors.  She holds a Masters of Science Degree in Project

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		<p>Management and her areas of expertise are project management, monitoring and evaluation, research and advocacy.</p> <p>Sheila has worked on projects/programs in different thematic areas including housing and urban development, climate change adaptation, environmental and natural resources management and alternative livelihoods, agriculture and food security among others.</p>
7.	<p>Eva Mageto Ag. Corporate secretary</p>	<p>Eva is an Advocate of the High Court of Kenya with over 10 years experience in the Legal sector. She is also a member of the Institute of Certified Secretaries with over 14 years experience in offering services as a Certified Secretary.</p> <p>Her experience cuts across the private and public sector in Kenya covering Legal advisory, Company Secretarial, Governance and Public Policy matters. She is a member of ICS as per Mwongozo code of governance.</p>

Alternate Board members in FY 2023/2024 include the following;

1. Byron Buyu alternate to PS State Department For Housing and urban Development
2. Mr. Lawrence Kibet alternate to Principal Secretary for The National Treasury

**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	<p>Sheila Waweru</p> <p>She is the acting CEO of the board</p> <p>She's a holder of a masters Degree in Project Management and over 18 years of working experience in both public and private sector.</p>	<p>She is the acting CEO of the board and the Fund's Accounting Officer</p>
2.	<p>Eva Mageto</p> <p>Corporate secretary</p> <p>An advocate of High court of Kenya, a member of ICS and her experience over 14 years cuts across private and public sector in areas of legal advisory, company secretarial, governance and public policy matters.</p>	<p>She is the Ag. Corporate secretary for the board</p>
3.	<p>Sospeter Thuku</p> <p>He is a member of ICPAK and a Bachelor Degree holder in Commerce. Has over 17 years of experience in accounting in public sector.</p>	<p>He undertakes accounting services for the Fund</p>

## **5. Chairman's Statement**

The population of Kenya is over 50.6 million as of 2023, and urbanization is a very dominant trend with 29% of the population residing in urban centres. Four million Kenyans, approximately 56% of the urban population, are living in slums and Kenya's urbanization rate of 4.4% surpasses the global average of 2.1%. Further, 34.7% of households nationally, or 4.4 million households, live in poverty. Housing is a United Nations 2030 Agenda for Sustainable Development as it is recognized as one of the basic human needs besides food and clothing. It is considered as one of the most basic human rights and an essential component of the right to an adequate standard of living. Further, adequate and affordable housing is not only necessary for security and comfort, but also critical in fostering social cohesion and development of a nation. Beyond its socio-cultural elements, housing is also a critical driver of economic development as a result of its forward and backward linkages with other economic development processes. Adequate and affordable housing leads to benefits in health, education and economic opportunities. Provision of sustainable housing to Kenyans also forms a critical delivery pillar in the Kenya Vision 2030 blueprint and it is against this backdrop that an urgent intervention was needed given the pressing dangers the proliferation of slums pose to our society juxtaposed against a complete lack of supply of affordable and decent housing. The Affordable Housing Act was assented to on 19<sup>th</sup> March 2024 by His Excellency the President Dr. William Samoei Ruto and it was a historic moment for our nation as it effected Article 43(1)(b) of the Constitution on the right to accessible and adequate housing and to reasonable standards of sanitation for all Kenyans. It was also an important milestone towards meeting the housing and settlement key pillar of the Bottom-up Economic Transformation Agenda (BETA) which aims to turn the housing crisis into an economic opportunity through the housing value chain by increasing the supply of new houses to 250 000 per annum and percentage of affordable housing supply from 2% to 50% by 2027.

This singular defining action by His Excellency set in motion a transformative journey for Kenya where previously unserved and underserved Kenyans will finally have access to affordable home ownership in dignified schemes through out the Republic. By the establishment of the Affordable Housing Board (the Board) affordable homes will be made available to Kenyans at single digit fixed interest rates over up to 30 years which will be a game changer to addressing affordability challenges. During the period under review the Board was able to conduct its business following the gazettelement of Directors in line with the Affordable Housing Act 2024. In addition, the Board oversaw the deployment of an interim management team that continued the process as part of an inter-agency Government team that oversaw the publication of the draft Affordable Housing Regulations 2024.

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The Board also oversaw its oversight mandate ensuring the optimization of the investment of the funds, namely the Affordable Housing Levy and commenced the process of transitioning ongoing projects and programs under the affordable housing program. In addition, the Board also oversaw the development of the foundations of policies, operational structures and processes.

In the coming year, the Board commits to overseeing the transition of projects and programs under the Act, meeting the allocation requirements towards affordable housing and associated social and physical infrastructure, the development of the 5 year plan and institutional frameworks, structures, policies and operational procedures that will enable it responsibly realize its functions and purpose in line with its mandate.

I express my sincere appreciation to stakeholders for the support during these very early stages of our establishment. In this regard, I would like to thank the parent Ministry of Lands, Public Works, Housing and Urban Development and the Government of Kenya for the unwavering support.

As a nascent institution, I would like to express my profound appreciation to the Directors who have had unwavering commitment to serve professionally and with dedication to ensure the foundations for the Board are solid and ready for take off. To the interim management team, none of this would have been possible without you and I would like express my utmost gratitude for the commitment and hard work during this critical set up phase of this organization that with your continued dedication will transform Kenya. Lastly, I would like to express my appreciation to the founding Chairperson Dr. Linda Nkatha for her tireless dedication in establishing the early structures for the formation of the Affordable Housing Board.



**JEREMIAH N. SIMU  
CHAIRMAN  
AFFORDABLE HOUSING BOARD**

## **6. Report of the Chief Executive Officer**

The Government of Kenya has a goal to deliver affordable housing on ownership terms for the Kenyan citizens with an ambition to move from 30,000 mortgages to 1,000,000 mortgages with favourable ownership terms. It aims to construct 200,000 houses every year, undertake allocation and facilitate access to the houses. The Affordable Housing Program will not only bridge the annual housing gap, but will also spur economic growth in the country, especially in informal sectors. The Program is more than just a policy initiative; it represents a national priority that is deeply embedded in the Government's socio-economic vision.

The Affordable Housing Board was established in March 2024 under the Affordable Housing Act, 2024 (the Act) to oversee the development of affordable housing, institutional housing and associated social and physical infrastructure in Kenya. The Board will provide funds for the development and off take of affordable housing and associated social and physical infrastructure, as well as facilitate affordable home financing. The Board is proud to take on the responsibility of ensuring that this vision is delivered.

The establishment of the Affordable Housing Board has introduced a new level of governance, oversight, and strategic focus to the Affordable Housing Program. It is clear that we must ensure that the Program is delivered with efficiency, sustainability and transparency, and the Board is committed to this.

The Affordable Housing Board has had a successful year apart from a few challenges as it operationalizes. The institution was able to form the Board of Directors after the effect of the Act on 19<sup>th</sup> March, 2024 and also put in place an interim management team. This has enabled the institution to carry out its business in the year, as mandated by the Act. The Board had not received any funds within the year as it was established towards the end of the financial year 2023/24. However, it did incur costs mainly pertaining to board meetings and allowable salary top-ups to the deployed interim staff. The were Zero surplus for the year.



**SHEILA WAWERU, OGW  
AG. CHIEF EXECUTIVE OFFICER  
AFFORDABLE HOUSING BOARD**

## **7. Statement of Performance against Predetermined Objectives for FY 2023/2024**

### **Introduction**

Section 81(1) 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 objectives of Affordable housing Board are to:

- Provide funds for development of Affordable housing units
- Provide funds for development of institutional housing units
- Provide funds for associated social and physical infrastructure

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**8. Corporate Governance Statement**

**a) Appointment and Removal of Affordable housing Board Members**

The members of Affordable housing Board provided under Section 16(3)a,b,c and d(i),(ii)and (iii) e and f of the Act. Pursuant of Section16(5) the cabinet secretary shall ensure that not more than two-thirds of the members are of the same gender; take into account regional balance; consider special and marginalized groups including youth, women and persons with disability.

Section 16(6) The members of the Board referred to in subsection (3), (a), (d) and (e) shall be appointed at different times so that the respective expiry dates of their terms of office shall be at different times.

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

- (a) has been absent from three consecutive meetings of the Board without justifiable cause or the permission of the Chairperson;
- (b) is adjudged bankrupt or enters into a composition or arrangement with the creditors of the person;
- (c) is convicted of an offence involving dishonesty or corruption;
- (d) becomes incapable of carrying out the functions of their office, either arising from an infirmity of mind or body;(e) violates Chapter Six of the Constitution;
- (f) fails to disclose any interest in a matter under consideration by the Board as provided for under section 23(1).

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

The board conducts its affairs and meetings as per second schedule. The board shall meet not less than four times in a financial year.

**b) Functions of the Affordable Housing Board**

As per Section17 of the Act the Board derives its functions which are;

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

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(b) Seek to achieve optimal efficiency and cost effectiveness in the development of affordable housing programmes and projects funded by the Fund.

(c) Based on a five-year affordable housing investment programme and annual affordable Housing investment programme, determine the allocation of financial resources required for the development of the affordable housing projects, institutional housing and associated social and physical infrastructure.

(d) Manage the Fund and allocate monies in accordance with section 11.

(e) Inspect and enforce compliance to this Act, guidelines and regulations set under the Act.

(f) Monitor and evaluate, by means of technical, financial and performance audits, the delivery of goods, works and services funded by the Fund.

(g) Identify, quantify and recommend to the Cabinet Secretary such other potential sources of revenue as may be available to the Fund for the development, of affordable housing programmes and projects and associated social and physical infrastructure for consideration by the Cabinet Secretary to the National Treasury.

(h) Approve the opening and closing of bank accounts of the Fund by the administrator of the Fund.

(i) Approve estimates of revenue and expenditure of the Board for each financial year.

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

On conflict of interest and disclosure of interest of a member of the Board is present at a meeting of the Board or any committee of the Board at which any matter is the subject of consideration and in which matter the member or the dependents of the member are directly or indirectly interested in a private capacity, the member shall, as soon as practicable, after the commencement of the meeting, disclose such interest and shall not, unless the Board otherwise directs, take part in any consideration or discussion, or vote on any question relating on such matter. A disclosure of interest shall be recorded in the minutes of the meeting at which it is made. Failure to disclose such interest shall lead to the disqualification of the member from holding office as a member as per Section 23(3) of the Act.

The board had upheld high moral values on leadership and integrity as outlined in chapter six of constitution ,2010.

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**9. Management Discussion and Analysis**

The management worked together with the board to invest the excess funds as guided by the Affordable Housing Act, 2024 in three installments by buying 91-Day treasury bills and was able to get a favorable investment income.

## **10. Environmental and Sustainability Reporting**

### **i) *Sustainability strategy and profile***

Affordable housing Board exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, to provide funds for the design, development and maintenance of affordable housing, institutional housing and associated social and physical infrastructure this effort also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

### **ii) *Environmental performance***

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

### **iii) *Employee welfare***

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

The board has ensured on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Board has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

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**iv) *Market place practices-***

The Fund is committed to fair and ethical market practices.

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

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

The board has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interest

**v) *Corporate Social Responsibility / Community Engagements***

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

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**11. Report of the Directors**

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

**i) Principal activities**

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

**ii) Results**

The results of the Board's for the year ended June 30, 2024, are set out on pages 1 to 6.

**iii) Directors**

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

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

**iv) Surplus remission *(if you fall under Category 3)***

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. However, The Board had a zero surplus during the year and hence no remittance to the Consolidated Fund.

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**v) Auditors**

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

By Order of the Board



.....

**EVA MAGETO**

**Ag. Corporation Secretary/Secretary to the Board  
Affordable Housing Board**

## **12. Statement of The Board's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 55 (1) of the Affordable Housing Act, 2024 require the accounting officer to prepare financial statements in respect of that Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the board for that year. The accounting officer is also required to ensure that the *Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the board. The Directors are also responsible for safeguarding the assets of the board.

The Board is responsible for the preparation and presentation of the board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *Fund*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

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

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**Approval of the financial statements**

The Affordable Housing Board financial statements were approved by the Board on \_\_\_\_\_ 2024 and signed on its behalf by:



.....  
**JEREMIAH N. SIMU**

**Chairman of the Board**



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

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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## **REPORT OF THE AUDITOR-GENERAL ON AFFORDABLE HOUSING BOARD FOR THE THREE (3) MONTHS' PERIOD ENDED 30 JUNE, 2024**

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Affordable Housing Board set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2024 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 period then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Affordable Housing Board as at 30 June, 2024 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Affordable Housing Act, 2024 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Lack of Approved Operational Instruments**

I draw attention to the Background information on page ii of non-financial information in the financial statements. The Affordable Housing Board is established under Section 16 of the Affordable Housing Act, 2024 to provide a framework for the development and access to affordable housing and institutional housing; and for connected purposes. The fund was operationalized by the Affordable Housing Act, 2024 assented to on 19 March, 2024. Previously, the program has been implemented through the State Department for Housing and Urban Development and the National Housing Corporation. The implementation of affordable housing was initiated through the Finance Act, 2023. The statement of financial performance as disclosed in Note 6 to the financial statements reflects transfers from the Affordable Housing Fund amount of Kshs.1,621,266. Although the amounts were recognized on rates provided by the Affordable Housing Act, 2024, there was no approval by the Cabinet Secretary for The National Treasury for the transfers from the Fund to the Board. Further, the Board incurred Board of Directors' expenses and employees' costs of Kshs.963,400 and Kshs.657,866, respectively.

However, the expenses were incurred without an approved budget. Although the payments were based on the existing rate approved by the Salaries and Remuneration Commission, the Board had not formulated its own Policy and Guidelines to manage its operations by 30 June, 2024. The Board has however conducted several sensitization workshops and commenced the formulation of policies and guidelines to guide its future operations.

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

## **Other Information**

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

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of the Management and those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 December, 2024**


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**14. Statement of Financial Performance for the Year Ended 30 June 2024**


	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Transfers from Affordable Housing Fund	6	1,621,266.00	0.00
			0.00
<b>Revenue from Exchange Transactions</b>		1,621,266.00	
Finance Income (Interest on Investment)	7	0.00	0.00
<b>Total Revenue</b>		1,621,266.00	0.00
<b>Expenses</b>			
Board Expenses	8	963,400.00	0.00
Employee costs	9	657,866.00	
<b>Total expenses</b>		1,621,266.00	0.00
<b>Other gains/(losses)</b>		0.00	0.00
<b>Surplus Before Tax</b>		0.00	0.00
Taxation	10	0.00	0.00
<b>Surplus for the Year</b>		0.00	0.00
<b>Net Surplus for the year</b>		0.00	0.00

The notes set out on pages 7 to 41 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
.....  
**SHEILA WAWERU, OGW**  
Ag.CEO/Fund  
Administrator

  
.....  
**SOSPETER THUKU**  
Fund Accountant

  
.....  
**JEREMIAH N. SIMU**  
Chairman of the Board

Date: 30/09/2024

ICPAK M/No:20424  
Date: 30/9/2024

Date: 30/09/2024

\*Comparative year means prior year/ previous period

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**15 Statement of Financial Position as at 30 June 2024**

	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	0.00	0.00
Receivables	13 (a)	<b>1,621,266.00</b>	0.00
Investments in Financial Assets		0.00	0.00
<b>Total Current Assets</b>		<b>1,621,266.00</b>	<b>0.00</b>
<b>Non-Current Assets</b>			
Receivables from Exchange Transactions	13 (b)	0.00	0.00
<b>Total Non- Current Assets</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Assets (A)</b>		<b>1,621,266.00</b>	<b>0.00</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payables	16	1,621,266.00	0.00
Taxation	11	0.00	0.00
<b>Total Current Liabilities</b>		<b>1,621,266.00</b>	<b>0.00</b>
<b>Non-Current Liabilities</b>		0.00	0.00
<b>Total Non- Current Liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Total Liabilities (B)</b>		<b>1,621,266.00</b>	<b>0.00</b>
<b>Net Assets (A-B)</b>		<b>0.00</b>	<b>0.00</b>
<b>Represented by:</b>			
Reserves		0.00	0.00
Accumulated Surplus		0.00	0.00
Capital Fund		0.00	0.00
<b>Net Assets</b>		<b>0.00</b>	<b>0.00</b>

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The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

		
.....	.....	.....
<b>SHEILA WAWERU,OGW</b>	<b>SOSPETER THUKU</b>	<b>JEREMIAH N.SIMU</b>
<b>Ag.CEO/Fund</b>		
<b>Administrator,</b>	<b>Fund Accountant</b>	<b>Chairman of the Board</b>
	<b>ICPAK Member</b>	
	<b>Number:20424</b>	
<b>Date..</b> 30/09/2024 .....	<b>Date..</b> 30/9/2024 .....	<b>Date..</b> 30/09/2024 .....



**16. Statement of Changes in Net Assets for the Year ended 30 June 2024**

<b>Description</b>	<b>Ordinary Share Capital</b>	<b>Revaluation Reserve</b>	<b>Fair value Adjustment Reserve</b>	<b>Retained Earnings</b>	<b>Proposed Dividends</b>	<b>Capital/Development Grants</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at July 1, 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Surplus/ (deficit) for the year	-	-	-	0.00	-	-	0.00
Capital/development grants received during the year	-	-	-	-	-	0.00	<b>0.00</b>
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0.00	-	0.00	<b>0.00</b>
<b>As at June 30, 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>0.00</b>

*Note:*

1. *For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
2. *Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.*

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**17. Statement of Cash Flows for the Year ended 30 June 2024**

	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Transfers from Other Governments Entities		0.00	0.00
<b>Total Receipts</b>		<b>0.00</b>	<b>0.00</b>
<b>Payments</b>			
Board Expenses		0.00	0.00
<b>Total Payments</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Cash flows from/ (used in) Operating Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Investments	13	(0.00)	0.00
Sale of investments	13	0.00	0.00
<b>Net Cash Flows from/ (used in) Investing activities</b>		<b>(0.00)</b>	<b>0.00</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		0.00	0.00
Repayment of Borrowings		0.00	0.00
<b>Net Cash Flows from Financing Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>Net Increase/ (Decrease) in cash &amp; Cash equivalents</b>		<b>0.00</b>	<b>0.00</b>
Cash and cash equivalents at 1 July 2023		0.00	0.00
<b>Cash and cash equivalents at 30 June 2024</b>		<b>0.00</b>	<b>0.00</b>

The year under review there were no a cashflows from operating and financing activities.

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*



**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from the fund administrative fees				1,621,266.00		
Finance Income (Interest on Investment)				0.00		
<b>Total Income</b>				<b>1,621,266.00</b>		
<b>Expenses</b>						
Board expenses				963,400.00		
Employees Costs				657,866.00		
<b>Total Expenditure</b>				<b>1,621,266.00</b>		
<b>Surplus for the period</b>				<b>0.00</b>		
<b>Capital Expenditure</b>				<b>0.00</b>		

**Budget notes**

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (Budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

**Reconciliation**

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**19. Notes to the Financial Statements**

**1. General Information**

The Affordable Housing Fund is established by Section 8 of the Affordable Housing Act, 2024 and derives its authority and accountability from Article 43 (1) (b) of the Constitution of Kenya, 2010. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

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

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the board. *The* financial statements have been prepared in accordance with the PFM Act, 2012 the Affordable Housing Act, 2024 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Notes to the Financial Statements**

**3. Adoption of New and Revised Standards**

***i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.***

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

***ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024***

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<i>Applicable 1<sup>st</sup> January 2025</i> 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

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Standard	Effective date and impact:
	<p>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><i>The application of the Standard is expected to have no impact to the Board</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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> <p><i>The application of the Standard is expected to have no impact to the Fund</i></p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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><i>The application of the Standard is expected to have no impact to the Fund</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></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</li> </ul>

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Standard	Effective date and impact:
	<p>measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>The application of the Standard is expected to have no impact to the Fund</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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><i>The application of the Standard is expected to have no impact to the Board</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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><i>The application of the Standard is expected to have no impact to the Board</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></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><i>The application of the Standard is expected to have no impact to the Board</i></p>

**iii. Early adoption of standards**

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

**Notes to the financial statements (continued)**

**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 *Fund* 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 realized in the statement of financial performance over the useful life of the assets that has 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

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

**b) Budget Information**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Budget Information (continued)**

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 1 of these financial statements.

**c) Taxes**

**Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *board* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

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

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

**e) Property, plant and equipment**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) Leases**

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Fund*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**g) 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.

**h) Research and Development Costs**

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

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

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

**Summary of Significant Accounting Policies (Continued)**

**i) 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 board's 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.

**a) Financial assets**

**Classification of Financial Assets**

The Fund 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 irrevocable election at initial recognition for particular investments in equity instruments.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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.

**Fair value through net assets/ equity**

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

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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.

**Impairment**

The Fund 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 entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

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

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**k) Provisions**

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

**l) Social Benefits**

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

**m) Contingent Liabilities**

The Entity 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.

**n) Contingent Assets**

The Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity 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.

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**o) Nature and purpose of reserves**

The Board has not adopted any policy on creating and maintaining reserves

**p) Changes in Accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

The board doesn't have a retirement benefit scheme since staff are paid by parent ministries. (the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) 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.

**t) Related parties**

The board's 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 board, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and Key Management.

**u) Service concession arrangements**

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

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**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**v) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**w) Comparative figures**

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

**x) 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, 2024

**Notes to the Financial Statements (Continued)**

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity 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 value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions . 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 Board has provided for current provisions in relation to section 4 (a) and Section 4 (b) of the Affordable Housing Act, 2024 which funds had not been transferred as at the end of the Financial Year

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

**Transfers from Ministries, Departments and Agencies (MDAs)**

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023/2024	2022/2023
			Kshs		
Affordable Housing Fund (Administrative fee)	1,621,266.00	0.00	0.00	1,621,266.00	0.00
		0.00	0.00		
<b>Total</b>	<b>1,621,266.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,621,266.00</b>	<b>0.00</b>

The amount above haven't been received from Affordable housing Fund.

**7. Finance Income (Interest on Investment)**

Description	2023/2024	2022/2023
	Kshs	Kshs
	0.00	0.00
	0.00	0.00
<b>Total Finance Income</b>	<b>0.00</b>	<b>0.00</b>

*(Represents interest realised/earned as discounted Initial Treasury Bills investments i.e., yield to Maturity at investment)*

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**Notes to the Financial Statements (Continued)**

**8. Board Expenses**

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairperson Honoraria allowances	264,000.00	0.00
Chairperson Airtime allowance	16,500.00	
Board Millage allowances	82,900.00	
Board sitting allowances meetings	320,000.00	
Board allowances seminar	280,000.00	
<b>Total Expenses</b>	<b>963,400.00</b>	<b>0.00</b>

**9. Employees Costs**

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	657,866.00	0.00
<b>Total expenses</b>	<b>657,866.00</b>	<b>0.00</b>

**10. (a) Gain/Loss on foreign exchange transactions**

Description	2023/2024	2022/2023
	Kshs	Kshs
Gain on foreign exchange transactions	0.00	0.00
Loss on foreign exchange transactions	(0.00)	(0.00)
<b>Total Gain/Loss</b>	<b>0.00</b>	<b>0.00</b>

**(b) Gain/ (loss) on Fair Value Investments**

Description	2023/2024	2022/2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	0.00	0.00
Fair value – Investment property	0.00	0.00
Fair value- other financial assets (specify)	0.00	0.00
<b>Total Gain</b>	<b>0.00</b>	<b>0.00</b>

*(Provide brief explanation fair value valuation on investment assets)*

**11. Taxation**

Description	2023/2024	2022/2023
	Kshs	Kshs
Current income tax charge	0.00	0.00
<b>Income tax expense reported in the statement of financial performance</b>	<b>0.00</b>	<b>0.00</b>

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**Notes to the Financial Statements (Continued)**

**12. Cash and Cash Equivalents**

Description	2023/2024	2022/2023
	Kshs	Kshs
	0.00	0.00
<b>Total Cash and Cash Equivalents</b>	<b>0.00</b>	<b>0.00</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows. List all bank accounts. Provide brief explanation on cash variations compared to the previous year)*

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2023/2024	2022/2023
		Kshs	Kshs
a)		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
b)		0.00	0.00
<b>Sub- Total</b>		<b>0.00</b>	<b>0.00</b>
<b>Grand Total</b>		<b>0.00</b>	<b>0.00</b>

**13. Receivables from Exchange Transactions**

**(a) Receivables (Current)**

Description	2023/2024	2022/2023
	Kshs	Kshs
Receivables		
Administrative Fee from The Fund	1,621,266.00	
<b>Total Current Receivables</b>	<b>1,621,266.00</b>	<b>0.00</b>

*(Provide brief explanation on current receivables)*

**(b) Receivables from Exchange Transactions (Long-Term)**

Description	2023/2024	2022/2023
	Kshs	Kshs
Receivables		
	0.00	0.00
<b>Total receivables</b>	<b>0.00</b>	<b>0.00</b>

**Notes to the Financial Statements (Continued)**

**(c) Ageing analysis for Receivables (Current)**

Description	2023/2024	2022/2023
	Kshs	Kshs

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	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	<b>1,621,266.00</b>			
Between 1- 2 years	0.00			
Between 2-3 years	0.00			
Over 3 years	0.00			
<b>Total (a+b)</b>	<b>1,621,266.00</b>			

**14. Investments in Financial Assets**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Investment in Treasury bills and bonds</b>		
CBK	0.00	0.00
Sub- total	<b>0.00</b>	<b>0.00</b>
<b>Grand total</b>	<b>0.00</b>	<b>0.00</b>

*(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.*

**b) Movement of Equity Investments**

<b>Impairment allowance/ provision</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	0.00	
Purchase of investments in the year	0.00	
Sale of investments during the year	0.0	
Gain/(loss) in fair value of investments through surplus or deficit	0.00	
At the end of the year	<b>0.00</b>	

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**Notes to the Financial Statements (Continued)**

**15. Property, Plant and Equipment (Disclosure)**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1July 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Transfers/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2023</b>								
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Transfer/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2024</b>								
<b>Depreciation And Impairment</b>								
<b>At 1July 2023</b>								
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Transfers/ Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>As At 30<sup>th</sup> 2024</b>								
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Transfer/Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net Book Values</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2023</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2024</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*(Include a brief description of WIP as a footer.)*

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**Notes to the Financial Statements (Continued)**

**Valuation**

No revaluation during the year since the Fund had not acquired any Assets

**16. Current Provisions**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Board Expenses	963,400.00		0.00	
Employees Costs	657,866.00		0.00	
<b>Total Trade and Other Accounts payables</b>	<b>1,621,266.00</b>		<b>0.00</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2023/2024</b>	<b>% Of the Total</b>	<b>2022/2023</b>	<b>% of the Total</b>
Under one year	1,621,266.00	100%	0.00	0%
1-2 years	0.00	%		0%
2-3 years	0.00	%		0%
Over 3 years	0.00	%		0%
<b>Total (tie to above total)</b>	<b>1,621,266.00</b>		<b>0.00</b>	

Section 11 (4) (b) requires to transfer up-to 2% percent of the monies to be transferred to the Board for the administration of the Fund. This was provided for on the actual expenses incurred as at 30<sup>th</sup> June, 2024.

**Retirement benefit Asset/ Liability**

The Fund doesn't operate any retirement benefit scheme since the staff are being paid by their parent ministries.

**17. Borrowings**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
<b>Borrowings</b>				
Balance at beginning of the year	0.00		0.00	
Borrowings during the year	0.00		0.00	
Repayments during the year	0.00		0.00	
<b>Balance at End of the Year</b>	<b>0.00</b>		<b>0.00</b>	

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**Notes to the Financial Statements (Continued)**

**18. Surplus Remission (for category 3 entities)**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement, The Fund made Zero surplus during the year.

**19. Financial Risk Management**

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

**i) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

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**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund's directors, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Current Provisions	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>As at 30<sup>th</sup> June 2024</b>				
Current Provisions	0.00	1,621,266.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1,621,266.00</b>	<b>0.00</b>	<b>0.00</b>

**Financial Risk Management**

**iii) Market risk**

The Board has put in place an internal audit function to assist it in assessing the risk faced by the board on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The boards Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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There has been no change to the Board's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

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

**Financial Risk Management**

The Board did not maintain a foreign currency account and therefore not exposed to any Financial Risk

**b) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management has endeavour to invest in treasury bills which have low interest risk

**Financial Risk Management**

**Sensitivity analysis**

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

Sensitivity analyses indicate low changes in treasury bills interest rate

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data

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obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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**Notes to the Financial Statements (Continued)**

**20. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

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

**21. Program for Results (PforR) Disclosure**

*This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.*

<b>Name of the PforR: xxxxxxxx</b>	
<b>Financing Partners: xxxxxxxxxxxx</b>	
<b>Purpose of the PforR: xxxxx</b>	
<b>Expenditure Details</b>	<b>Amount in Kshs</b>
Cumulative actual expenditures for the previous years	xxx
Actual expenditure in the current financial year.	xxx
1. <i>Employee Cost</i>	xxx
2. <i>Use of goods and Services</i>	xxx
3. <i>Grants and Subsidies</i>	xxx

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**20. Appendices**

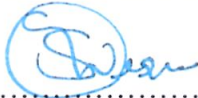
**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

<b>Reference No. on the external audit 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>
N/A				

**Guidance Notes:**

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



.....  
SHEILA WAWERU,OGW

Ag. Chief Executive Officer/Fund Administrator

Date: 30/09/2024

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**Appendix II: Projects implemented by The Fund**

Projects implemented by the fund as Funded by the Government.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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**Appendix II: Projects implemented by The Fund**

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Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)

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*(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)*

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount – Kshs.	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Affordable Housing Fund							1,621,266.00		1,621,266.00
<b>Total</b>							<b>1,621,266.00</b>		<b>1,621,266.00</b>

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**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring Entity:** Affordable Housing Fund

**Name of Beneficiary Entity:** Affordable Housing Board

Confirmation of amounts received by Fund as at 30 <sup>th</sup> June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
				0.00	
<b>Total</b>				<b>0.00</b>	

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name ..... Sign ..... Date.....

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**Appendix VI: Reporting of Climate Relevant Expenditures**

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

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**Appendix VII: Reporting on Disaster Management Expenditure**

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