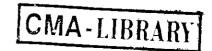


# **CONTENTS**

	Page
Directorate and Administration	2
Notice of Annual General Meeting	3 - 4
Report of the Directors	5 - 6
Chairman's Statement	7 - 10
Report of the Auditors	11
Consolidated Profit and Loss Account	12
Consolidated Balance Sheet	13
Balance Sheet of Company	14
Statement of Source and Application of Funds	15
Notes to the Accounts	16 - 23
Analysis of Advances	24
Directory of Services	25 - 26
Proxy Form Fomu ya Mwakilishi	27 28







14 32 32

### DIRECTORATE & ADMINISTRATION

Directors

Col (Rtd) Meshack Kiptoo arap Birgen - Chairman

Mr David John Burndred Mr Kungu Gatabaki Mr Martin Geake

Dr Wilfred Koinange (Alternate - FSO Awuor) Mr Walter Bernard Mukundi Mukuria (Managing) Mr Simeon S Lesrima (Alternate - Mr D K Ole Nasieku)

Company Secretary

S W Waiganjo B Comm(Hons), FCPA (K), ACIS

Share Registrar

A W Matu (Miss) CPS (K)

Auditors

Peat Marwick

Certified Public Accountants PO Box 40612, Nairobi

Registered Office & Head Office

Rehani House, Kenyatta Avenue/Koinange Street PO Box 30088, Phone 333910, 221101, Fax 334670

**Branches** 

Nairobi - Rehani House, Kenyatta Avenue/Koinange Street

PO Box 30088, Phone 333910, 221101, Fax 334670

Nairobi - Gill House, Moi Avenue

PO Box 73340, Phone 333761/221606, Fax 228436

Mombasa - Permanent House, Moi Avenue PO Box 84839, Phone 28776, Fax 227609

Nakuru - AFC Building, Geoffrey Kamau Way PO Box 7259, Phone 43399, 422816, Fax 213723

Nyeri - Kimathi Way

PO Box 693, Phone 2909, Fax 2290

Eldoret - KVDA Plaza Oloo Street/Utalii Street

PO Box 9015, Phone 32571/2, Fax 61774

Kisumu - Tivoli Centre, Court Road, PO Box 1557, Phone 40910/1, Fax 21422

Meru - Tom Mboya Street

PO Box 1911, Phone 30586, Fax 30569

Opening soon

Golf Course, Nairobi

Subsidiary Companies Kenya Building Society Ltd, Rehani House,

Kenyatta Avenue /Koinange Street

PO Box 40151, Phone 333910, 782966/7, Fax 334670

First Permanent (East Africa) Ltd., Rehani House,

Kenyatta Avenue / Koinange Street,

PO Box 30088, Phone 333910, 221101, Fax 334670

2007/0395



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the Housing Finance Company of Kenya Limited will be held at the Safari Park Hotel, Nairobi, on Friday 20th May, 1994 at 12:00 noon for the following purposes:-

- 1. To confirm the minutes of the 27th Annual General Meeting held on Friday, 14th May, 1993.
- 2. To receive, consider and adopt the accounts for the year ended 31st December, 1993 together with the Directors' and Auditors' Reports thereon.
- 3. To declare a dividend.
- 4. To elect Directors:-
  - (a) Dr Wilfred Koinange retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers himself for re-election.
  - (b) Mr John David Bundred retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers himself for re-election.
  - (c) Mr Simeon S. Lesrima, having been appointed to the Board under Article 84 of the Company's Articles of Association, retires at this Annual General Meeting and being eligible offers himself for re-election.
  - (d) Mr Martin Geake, having been appointed to the Board under Article 84 of the Company's Articles of Association retires at this Annual General Meeting and being eligible offers himself for re-election.
- 5. To fix the remuneration of Directors.
- 6. To note that Messrs Peat Marwick will continue in office as the Auditors by virtue of Section 159 (2) of the Companies Act (Cap. 486) and authorise Directors to fix their remuneration.
- 7. To transact any other ordinary business of an Annual General Meeting.
- 8. Increase in Authorised Share Capital To consider, and if thought fit, pass the following resolution which will be proposed as an Ordinary Resolution:

"That pursuant to Article 45 of the Articles of Association the capital of the Company be increased to Kenya Shillings three hundred and forty-five million (KShs. 345,000,000) by the creation of twenty-three million ordinary shares of Kenya shillings five (KShs. 5/-) each to rank *pari passu* in all respects with the existing shares in the capital of the Company"

9 Bonus Shares

To consider, and if thought fit, pass the following resolution which will be proposed as an Ordinary Resolution:

"That it is desirable in pursuance of Article 126 of the Articles of Association to capitalise the sum of Kenya Shillings one hundred



and fifteen million (KShs. 115,000,000) only being part of the amount standing to the credit of the Reserves Account and accordingly that such sum be capitalised and that the Directors be and are hereby authorised and directed to appropriate such sum to the holders of ordinary shares registered at the close of business on a day to be fixed by the Company, not being more than thirty days after receipt by the Company of the necessary approval to increase the share capital from the Capital markets Authority from whom permission has been sought, in proportion to the number of ordinary shares held by them respectively on such a date and to apply such sum on behalf of such holders in paying in full at par twenty-three million of the unissued shares in the capital of the Company, such shares to be allotted, distributed and credited as fully paid up to and amongst such holders in the proportions of one new share for every two ordinary shares then held, and that such new shares shall rank for all purposes pari passu with the existing issued ordinary shares of the Company and that the Directors be and are hereby also authorised generally to do and effect all acts and things required to give effect to this resolution and to deal with fractions in such manner as they think fit subject always to the Articles of Association of the Company".

By Order of the Board

S W Waiganjo Company Secretary Nairobi: 18th March 1994

### Notes:

- (i) Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. The proxy should be completed and returned to the Secretary, Rehani House, Nairobi so as to reach him not later than 24 hours before the time appointed for holding the meeting.
- (ii) A person appointed to act as proxy need not be a member of the Company.
- (iii) If the appointer is Government or any Corporation the Proxy must be under seal or under the hand of an Officer duly authorised in that behalf.



### REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the Audited Accounts of the Company for the year ending 31st December, 1993.

### 1. Principal activities

The Company is a Mortgage Institution licensed under the Banking Act (Cap. 486) and seeks to encourage and promote the flow of savings both private and public into financing homeownership through provision of savings and deposit facilities as well as such other services as the acceptance and administration of provident funds.

2. Results KShs.

Pre-tax profit of the Group for the year Taxation thereon

228,886,214 84,546,253

Profit after taxation

144,339,961

#### 3. Dividend

The Directors recommend a dividend of 20% on the paid-up share capital of KShs.230,000,000. This will be paid on or about 23rd May, 1994 to shareholders registered as at the close of business on 11th April, 1994.

### 4. Increase in Authorised Share Capital

It is proposed to the members of the Company at their Annual General Meeting on 20th May, 1994 that they consider increasing the capital of the Company to Kenya Shillings three hundred and forty-five million (KShs. 345,000,000) by the creation of twenty-three million ordinary shares of Kenya Shillings five (KShs.5/-) each to rank *pari passu* in all respects with the existing ordinary shares of the Company.

### 5. Bonus Shares

It is proposed to request members of the Company to approve that the increased share capital be satisfied by capitalisation of the sum of Kenya shillings one hundred fifteen million (KShs.115,000,000) being part of the amount standing to the credit of the Reserves Account and to issue bonus shares in the proportion of one ordinary share for every two shares held and that such new shares shall rank *pari passu* with the existing issued ordinary shares of the Company save that they will not qualify for the 1993 dividend.

### 6. Directors

The Directors who have held office since 1st January, 1993 are as follows:

Col (Rtd) Meshack Kiptoo arap Birgen - Chairman

\* Mr David John Burndred

Mr Kungu Gatabaki

Dr Wilfred Koinange (Alternate - Mr F S O Awuor)

Mr Simeon S Lesrima (with effect from 15th June, 1993. Alternate - Mr N K Ole Nasieku)

Mr Walter Bernard Mukundi Mukuria (Managing)

\*Mr Stephen Potter (resigned on 31st March, 1994)

Mr Joseah Kimutai arap Sang (resigned on 15th June, 1993)

\* Mr Martin Geake (with effect from 1st April, 1994)

<sup>\*</sup> British



### REPORT OF THE DIRECTORS

In accordance with the Articles of Association Mr Simeon S Lesrima, having been appointed to the Board under Article 84 of the Company's Articles of Association, retires at this Annual General Meeting and being eligible, offers himself for re-election.

Mr Martin Geake having been appointed to the Board under Article 84 retires at this Annual General Meeting and being eligible, offers himself for re-election.

Dr Wilfred Koinange retires by rotation and being eligible, offers himself for re-election.

Mr David John Burndred retires by rotation and being eligible, offers himself for reelection.

#### 7. Auditors

The Auditors, Messrs Peat Marwick will be re-appointed under Section 159 (2) of the Companies Act (Cap. 486) at a fee to be determined by the Directors.

By Order of the Board

S W Waiganjo Company Secretary Nairobi: 18th March, 1994





### **CHAIRMAN'S STATEMENT**

The Economy

The Kenyan economy went through a difficult year in 1993. Inflation soared to unprecedented heights during the year and

was still running at two digit figures by the end of 1993. There was excess money supply



HFCK's mortgage lending rate of 26% is still the lowest in the market.

in the economy and in an effort to mop up the excess liquidity the Central Bank of Kenya introduced high yielding Treasury Bills which had the effect of siphoning the money supply from the financial sector to the Government.

The very high Treasury Bill rates offered by the Central Bank of Kenya were responsible for the upward rise in deposit interest rates and the consequent adjustment of the lending rates by banks and financial institutions.

Your Company, was initially reluctant to increase the mortgage lending rates but with the rise in the cost of funds it had no option but to adjust the mortgage interest rate for residential properties to 26% per annum with effect from 1st January 1994. This rate is still the lowest mortgage rate in the market.

TAARIFA YA MWENYEKITI

Uchumi

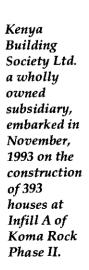
Uchumi wa Kenya ulikabiliwa na wakati mgumu mnamo mwaka wa 1993. Kulikuwako na ongezeko la bei lisilo na kifani na hadi mwakani bado ongezeko hilo lilikuwa likiendelea kwa wastani wa juu sana. Kiwango cha pesa katika uchumi wa inchi kilikuwa kimeongezeka mno na wakati wa harakati za kupunguza hizo pesa, Banki Kuu ya Kenya ilianzilisha mfumo uliofana sana wa hati za fedha za Serikali yaani "Treasury Bills".

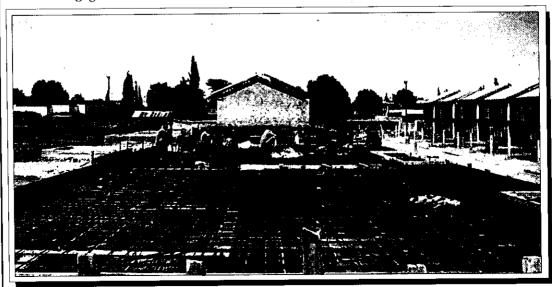
Hati hizo zenye mazao ya juu sana zilikusudiwa kufyonza fedha kutoka mkondo wa uchumi na kuzirudisha kwa Serikali kuu. Hati hizo zilizotolewa na Benki Kuu ya Kenya ndizo zilizosababisha ongezeko la fedha za riba za hela na ndipo hapo mabenki yakalazimika kuongeza faida inayotozwa mikopo.

Kampuni yenu hapo awali ilikubali, shingo upande, kuongeza viwango vya kukopesha fedha, lakini kwa ajili ya kuongezeka kwa thamani ya fedha, kampuni ilikuwa haina namna isipokuwa tu kurekebisha viwango vya riba vya kukopesha fedha za ujenzi wa nyumba za kukaa, hadi asilimia 26 kwa mwaka kuanzia tarehe mosi, Januari 1994. Viwango hivyo bado ni vya chini sana vikilinganishwa na vile vya mabenki.

#### Matokeo ya utendaji

Ingawaje kulikuwepo na hali ya shida za uchumi, mwaka 1993 umekuwa mwaka wa kufana kwa kampuni yenu. Faida ya kundi kabla ya kuondoa fungu la kodi ilikuwa shilingi 228,886,214 ambalo ni ongezeko la asilimia 90 zaidi ya ile faida ya







The Banking Hall at the Companu's Rehani House has been refurbished and expanded to accommodate the increased number of depositors.

#### Operating results

Despite the difficult economic circumstances the year 1993 has been excellent for was KShs. 228,886,214, an increase of 90% over 1992. Of this figure, Housing Finance Company of Kenya Ltd. itself contributed KShs. 211,141,818, Kenya Building Society Ltd. recorded KShs. 17,328,566 and First Permanent (East Africa ) Ltd. KShs. 415,830 representing increases of 617% and 324% respectively over the previous year.

Total Group Assets grew by 7.6% to KShs. 4,469,405,135, the percentage increase being substantially lower than the rate of growth in profits showing clearly that much of the increase in profit was due to prudent business management and cost control as well as improved productivity resulting from staff training and improved on-line computer systems. There were also good returns on the investment of surplus funds in the Treasury Bills.

Total public deposits rose by 6% to KShs. 3,626,894,836 while the mortgage asset rose by 11% to KShs. 3,552,475,652. A total of KShs. 702,568,033 was disbursed during the vear compared to KShs. 614,186,046 for 1992, an increase of 14%. A total of 799 housing units were financed compared to 787 units financed in 1992.

#### Branch Network

In 1993 the Company opened two branches, one in Kisumu and the other at Meru. Plans are underway to open another city branch at Golf Course Estate, Nairobi.

The Banking Hall at the Company's Rehani House Branch has been refurbished and expanded in order to accommodate the number of increased depositors. All the branches are connected on-line with the mainframe computer at Head Office and customers can withdraw or deposit funds from any of the branches provided they have passbooks. Similarly, those customers with mortgage loans can make repayments to their mortgage loan accounts at any of the branches.

### Subsidiary Companies

Kenya Building Society Ltd., a wholly owned subsidiary, completed the development of Phase II houses at Koma Rock Estate in Nairobi as reported last year and embarked in November, 1993 on the construction of 393 houses at Infill A of the same Phase II. The first batch of completed houses will be available in the market in July, 1994 with the remainder being completed in January, 1995. Planning of 1,006

mwaka 1992. Kati ya fedha hizo, Housing Finance Company of Kenya Ltd. venyewe ilichanga shilingi 211,141,818, Kenya Building Society Ltd. ilipata shilingi 17,328,500 na First your company. Group profit before taxation Permanent (East Africa Ltd.) shifting) 415,830 ambayo ni ongezeko la asilimia 617 na 324 zaidi. va mwaka uliotangulia.

> lumla va mali va kundi iliongezeka kwa asilimia 7.6 hadi shilingi 4,469,405,135, na ongezeko kwa upande wa asilimia likiwa



dhir zaig galdare hi ku jej his to the Breeze day the conserving Office that have been been as

and the second of the second ististed to their continues in 351 and Shilbrook 702, Sastor Condition a may be zakibiczanostra a na shilinge old baselo alizohpas, mwake b lilikawa ongozeko arasiliana 14. lumia ka nyamba 799 zilijenga kepezilizotolewa zikilinganishwa na 🧢 🦠 ziliz gengwa mwaka 1902.

#### Matawi

Mname mwaka 1993, kampuni ili.e., matawi mawili, moja huko Kis . 💎 🖟 huko Mesa. Tayad kama reposi.



units in Koma Rock Phase II is in progress and construction is provisionally scheduled to start in the latter half of this year.

KBS has secured two parcels of land for housing development in Mombasa and expects to extend similar size acquisitions and housing development to other urban centres.

First Permanent (East Africa) Ltd. is another wholly owned subsidiary which owns two properties in Nairobi which are currently let.

### **Bonus Shares**

On account of exemplary performance of the Company and the need to comply with the requirements of the Banking Act, 1989 as regards capital adequacy, your Board has recommended the capitalisation of part of the amount standing to the credit of the Reserves Account in the amount of KShs. 115,000,000 by issuing of bonus shares at the rate of one share for every two shares held.

The documents relating to this bonus issue have been lodged with the Capital Markets Authority (CMA). The CMA has approved the issue with no responsibility as to the accuracy of the documents so lodged.

It is envisaged that the new share certificates will be posted on or about 30th June 1994 to all members on the Register at the close of business on 30th May 1994. The Register of members will be closed on 31st May 1994 for the purposes of preparing the new share certificates.

#### Dividend and Taxation

Corporation tax forms a very significant distribution of the available resources and has increased by 72% from KShs. 49,172,525 in 1992 to KShs.84,546,253 in 1993. The aftertax profit available for distribution is KShs. 144,339,961 of which it is proposed to pay to

tawi lingine katika mtaa wa Golf Course, Nairobi. Ukumbi wa tawi lililoko Rehani House, ambalo ni mali ya kampuni, umefanyiwa marekebisho na pia kupanuliwa ili uweze- kutoshea ile idadi inayoongezeka ya wateja. Matawi yote yana mitambo ya kompyuta iliyounganishwa na Afisi Kuu ya kampuni, na hivyo wateja wanaweza kutoa fedha ama kuziweka katika tawi lo lote, bora tu wawe na vitabu vyao vya akaunti. Hali kadhalika, wale wateja walio na madeni ya nyumba wanaweza kuyalipa ili ziwekwe katika akaunti zao katika tawi lolote.

### Kampuni zetu ndogo ndogo

Kenya Building Society Ltd., kampuni ambayo ni mali ya HFCK, ilitekeleza ujenzi wa nyumba za Awamu ya Pili mtaa wa Koma Rock, jijini Nairobi, kama ilivyotarajiwa mwaka jana na kuanza, mnamo Novemba 1993, kujenga nyumba 393 katika Awamu hiyo ya pili. Fungu la kwanza la nyumba zitakazokamilika, zitatolewa mwezi Julai, 1994 na zile nyumba zitakazosalia, zitakamilishwa mwezi Januari, 1995. Harakati za kujenga nyumba nyingine 1,006 huko Koma Rock, katika Awamu ya Tatu zinaendelea, na kazi za ujenzi zimepangwa kuanzia sehemu ya pili ya mwaka huu. Kenya Building Society Ltd. imenunua viwanja viwili vya kujenga ni kampuni nyingine ambayo pia ni mali ya HFCK. Kampuni hii ina viwanja viwili mjini Nairobi, ambavyo kimekodishwa kwa wakati

### Hisa za bakshishi

Kwa ajili ya kazi nzuri iliyofanywa na kampuni yenu, na ile haja ya kufuata kanuni za sheria inayosimamia mabenki ya mwaka 1989 kwa mintaarafu ya utoshelezaji wa rasilimali, halmashauri yenu imependekeza utumizi wa faida zilizowekwa kwa kiwango cha shilingi

A bird's
eye-view of
Koma Rock
Estate
developed
by Kenya
Building
Society
Ltd.



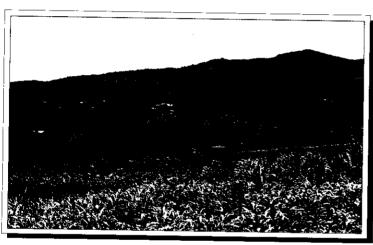


shareholders KShs. 46,000,000 as dividends leaving a balance of KShs. 98,339,961 to be transferred to the Reserve Account part of which will be applied in the issuance of the bonus shares. Such bonus shares will not qualify for the 1993 dividend.

### Directors and Management

There were a number of changes in your Board during 1993. Mr Joseah Kimutai arap Sang resigned in the course of the year after four years on the Board and was replaced by Mr Simeon S Lesrima. Mr S Potter resigned with effect from 31st March 1994 having served on the Board for four years. Mr Martin Geake joined the Board with effect from 1st April 1994. To these Directors I say thank you for your contribution to the growth of the Company.

The very exemplary performance of the



HFCK has helped thousands of Kenyans in many regions of the country build their own homes.

Company could not have been possible without the support of our customers and our depositors, together with the skill and dedication by staff, and I would wish to convey to them very special thanks from the Board.

We look forward to the year ahead with optimism and determination and with sustained confidence that HFCK will remain strong and the Rock of Kenya for many years to come.

Col (Rtd) M K arap Birgen Chairman 115,000,000 kununua hisa za bakshishi kwa kiwango cha hisa moja kwa kila hisa mbili aliyo nayo mtu. Mkataba unaohusu hisa hizo za bakshishi umepelekwa kwa Capital Markets Authority (CMA), CMA imetoa kibali kwamba hisa hizo zitolewe bila ya kikao hicho kuchukua jukumu kuthibitisha kwamba mkataba huo ni sahihi, Inatumciniwa kwamba shahada mpya za hisa zitatumwa tarehe 30 Juni 1994, hivi kwa wenye hisa wote ambao watakuwa wamesojiliwa wakati wa masaa ya kufunga kazi kufukia Mer 30 Jana Dattari ya wenyehisa itafungwa mmamo Mei 31, 1994 kwa madhumuni ya kutaya msali ca ti mpya za bisa.

#### Gawio na kodi

South a work impage and the control of the south of the s

The second secon

vol (Rhh M.K. arap Birgon Micenyekiti



# REPORT OF THE AUDITORS

We have audited the accounts as set out on pages 12 to 23 and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the Balance Sheet is in agreement therewith.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 16, give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1993 and of the profit and source and application of funds of the Group for the year to that date and comply with the requirements of the Companies Act.

Peat Marwick

Certified Public Accountants P.O. Box 40612 Nairobi

Date: 18th March 1994

# TAARIFA YA WAKAGUZI WA HESABU

Tumekagua hesabu zilizoko kwenye kurasa 12 hadi 23 na tumepatiwa tarifa na maelezo yote sahihi wakati wa ukaguzi wetu. Vitabu vya hesabu vimewekwa kwa njia sahihi na Urari wa Hesabu unalingana na vitabu hivyo.

Kwa maoni yetu, hesabu hizi ambazo zimeandaliwa kulingana na maongozi ya hesabu yaliyoko kwenye kurasa 16, zinaeleza ukweli na maoni ya haki jinsi hali ilivyo katika Kampuni na kundi lake kufikia tarehe 31 Desemba, 1993 na kuhusu faida na mapato na matumizi ya fedha za kundi kwa mwaka ulioisha tarehe hiyo na yakalingana na masharti ya Sheria za Makampuni.

Peat Marwick

Certified Public Accountants P.O. Box 40612 Nairobi

Date: 18th March 1994

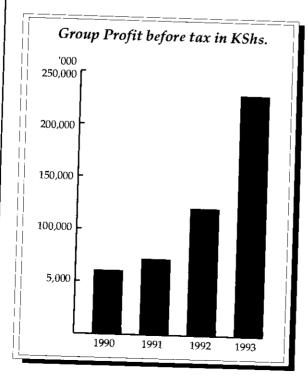


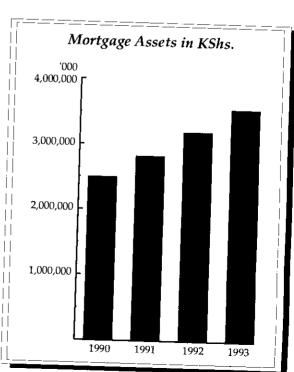
# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 1993

	Note	1993 KShs	1992 KShs
Profit before Taxation	2	228,886,214	120,714,215
Taxation	3	(84,546,253)	( 49,172,525)
Profit after Taxation		144,339,961	71,541,690
Dividends			
- Interim		_	(14,000,000)
- Final		(46,000,000)	(23,000,000)
Retained profit for the year		98,339,961	34,541,690
Retained profit for the year			=======
The parent company		86,560,261	32,065,576
Subsidiary companies		11,779,700	2,476,114
		98,339,961	34,541,690
Earnings per share KShs.	4	3.13	1.56

The notes on Pages 16 to 23 form part of theses accounts.





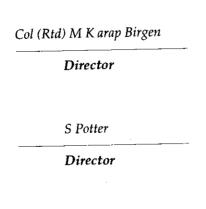


# CONSOLIDATED BALANCE SHEET

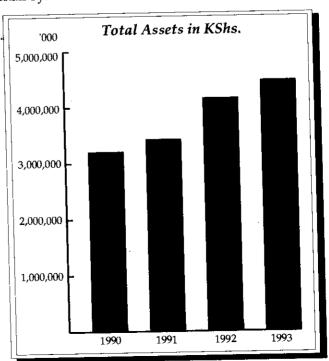
at 31st December, 1993

		1993	1992
	Note	KShs	KShs
Fixed Assets	5	260,768,711	231,530,164
Investment Properties		9,817,231	9,817,231
Mortgages	6	3,552,475,652	3,197,710,313
Long Term Investment	7	9,775,000	9,775,000
Koma Rock and other Housing Projects	9	204,459,927	129,867,028
Net Current Assets	10	432,108,614	576,168,304
		4,469,405,135	4,154,868,040
Financed by:			
Share Capital	11	230,000,000	230,000,000
Reserves	12	342,253,782	260,685,208
Long Term Loans	13	1,833,906	2,181,389
Shareholders' Income Notes and Loans	14	268,422,611	255,657,211
Public Deposits		3,626,894,836	3,406,344,232
		4,469,405,135	4,154,868,040

The accounts set out on pages 12 to 23 were approved by the Board of Directors on 18th March, 1993 and were signed on its behalf by:-



The notes on pages 16 to 23 form part of these accounts.





# **BALANCE SHEET**

at 31st December, 1993

	Note	1993 KShs	1992 KShs
Fixed Assets	5	256,153,801	227,637,618
Mortgages	6	3,552,475,652	3,197,710,313
Long Term Investment	7	9,775,000	9,775,000
Investment in Subsidiary Companies	8	55,020,000	55,020,000
Net Current Assets	10	576,208,278	656,732,405
Financed by:-		4,449,632,731	4,146,875,336
Share Capital	11	230,000,000	230,000,000
Reserves	12	322,481,378	252,692,504
Long Term Loans	13	1,833,906	2,181,389
Shareholders' Income Notes and Loans	14	268,422,611	255,657,211
Public Deposits		3,626,894,836	3,406,344,232
		4,449,632,731	4,146,875,336

The accounts set out on pages 12 to 23 were approved by the Board of Directors on 18th March, 1994 and were signed on its behalf by:-

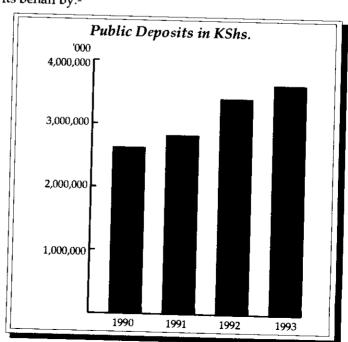
Col (Rtd) M K Birgen

Director

S Potter

Director

The notes on pages 16 to 23 form part of these accounts.





## **CONSOLIDATED STATEMENT**

of source and application of funds for the year ended 31st December, 1993

Source of funds	1993 KShs	1992 KShs
Group profit before taxation Adjustment for items not involving the movement of funds	228,886,214	120,714,215
Depreciation (Net) Mortgage loss provision Profit on sale of fixed assets Exchange variations on loan repayments	17,885,554 18,240,401 ( 707,970) 14,329,685	12,698,161 6,553,120 ( 415,200) 8,694,144
Total funds generated from operations	278,633,884	148,244,440
Funds from other sources	I	
Mortgage recoveries Increase in public deposits Proceeds on disposal of fixed assets Proceeds on share issue (net)	329,779,700 220,550,604 929,440 - 829,893,628	232,904,660 586,703,902 600,000 109,708,077 1,078,161,079
Application of funds		
Mortgage disbursements Purchase of fixed assets Dividends paid Taxation paid Shareholders' loan repayments Other loan repayments Koma Rock and other Housing Projects	702,785,440 48,590,183 30,000,000 65,068,902 17,242,500 347,483 74,592,899 938,627,407	614,186,046 16,524,348 18,000,000 40,503,611 12,342,576 840,215 113,548,415 815,945,211
(Decrease)/Increase in working capital	(108,733,779)	262,215,868
(Decrease)/Increase in working capital		
Debtors and prepayments Creditors and provisions Movement in net liquid funds:-	54,357,477 (102,965,298)	( 976,492) (60,595,440)
Funds at call and short notice, Treasury Bills and Bonds Cash at bank and in hand	(114,066,303) 53,940,345	324,472,648 ( 684,848)
	(108,733,779)	262,215,868



### 1 Accounting Policies

The following paragraphs describe the main accounting policies used by the Group:-

### a) Accounting convention

The accounts are prepared on a historical cost convention modified to include the revaluation of certain fixed assets.

### b) Consolidation of Group Companies

The consolidated accounts comprise the accounts of the parent company and its subsidiaries listed under Note 8, all of which are made up to the 31st December, 1993.

### c) Interest

Interest receivable and payable is calculated and included on the accrual basis.

### d) Depreciation and amortisation

Depreciation on fixed assets at cost or valuation and amortisation on assets subject to leasehire agreements is calculated on the straight line basis to write them off over their expected useful lives. The principal annual rates used are:-

Land - Freehold

- Nil

- Long leasehold

- Nil

- Short leasehold Buildings Over period of leaseOver period of lease

Furniture, fixtures, equipment,

and motor vehicles

- 5% - 25%

No depreciation is charged on investment properties

Excess depreciation provided on the surplus over cost of assets at revaluation is met by an annual transfer from Capital Reserve.

### e) Taxation

Current taxation is provided on the profits for the year as shown in the accounts adjusted in accordance with the tax legislation.

Provision for deferred tax is made only when the Directors consider that a material tax benefit or charge is likely to crystallise in the foreseeable future.

### f) Translation of Foreign Currencies

Transactions in foreign currencies during the period are converted into Kenya Shillings at rates ruling at the transactions' dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting realised and unrealised differences from conversion and translation are taken to the Profit and Loss Account and the Exchange Equalisation Reserve respectively.

### g) Treasury Bonds and Bills

Treasury Bonds are stated at nominal value. Discounts are amortised and taken to income in instalments that have regard to the maturity dates of the items concerned. Treasury bills are stated at cost. Any unearned interest on discount is amortised and credited to income over period of issue.



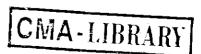
2. Group Profit before Taxation is arrived at after (Crediting)/Charging the following items

	1993 KShs	1992 KShs
Crediting:-		
Interest receivable	(916,503,482)	(615,890,156)
Excess depreciation transferred from capital reserve	( 1,244,612)	(1,244,006)
Provision for loss on short	( 1,211,0)	• • • •
term deposits no longer required	( 505.050)	(13,456,770)
Profit on sale of fixed assets	( 707,970)	( 415,200)
Charging:-		
Interest payable	550,780,307	422,052,066
Depreciation	19,130,166	13,942,167
Directors' remuneration	7E0 0E1	662,712
Fees and expenses	750,951 2,767,725	1,732,800
Other emoluments Audit fees and expenses	1,394,163	865,735
Exchange loss on repayment of	·	
Sterling loan	14,329,685	8,694,144
Provision for loss on short term deposits	12,685,757	
3. Taxation		
a) At 35% (1992- 37.5%)		
on the profit for the year as adjusted	84,696,349	49,172,525
for tax purposes Overprovision in prior year	( 150,096)	47,11 <i>2,</i> 323
	84,546,253	49,172,525
[		

b) No credit has been taken in these accouns for tax relief that will accrue in future years from the excess of tax written down values at 31st December, 1993 over the corresponding book values of the assets concerned. At existing rates of tax, such future relief amounts to KShs. 608, 206 (1992 - KShs.2,579,844).

### 4. Earnings per share

Earnings per share are calculated on the profit after taxation of KShs.144,339,961 (1992 - KShs. 71,541,690) and on the number of shares in isssue at the balance sheet date.





### 5. Fixed Assets

a) Group:-

		Land — — —			Furniture	
	Freehold	Leasehold Long	Short		fixtures equipment & motor	t
	KShs	term KShs	term KShs	Buildings KShs	vehicles KShs	Total KShs
Cost or valuat	ion:					
At 1.1.93 Additions	2,000,000	59,250,000	800,000	136,007,268	85,576,122	283,633,390
during year Disposals	<u>-</u> 	<u> </u>	- -	8,620,868	39,969,315 (2,548,050)	, ,
At 31.12.93	2,000,000	59,250,000	800,000	144,628,136	122,997,387	329,675,523
At cost At Valuation	2,000,000	2,400,000 56,850,000	800,000	14,078,136 130,550,000	122,997,387	139,475,523 190,200,000
Depreciation:						
At 1.1.93 Charge for the On disposals	- year - -	- - -	- - -	4,913,684 2,007,456	47,189,542 17,122,710 (2,326,580)	52,103,226 19,130,166 (2,326,580)
At 31.12.93		-	<del>-</del>	6,921,140	61,985,672	68,906,812
At cost At valuation	- 	<u>-</u>	-	2,283,777 4,637,363	61,985,672	64,269,449 4,637,363
Net book value	:					
At 31.12.93	2,000,000	59,250,000	800,000	137,706,996	61,011,715	260,768,711
At 31.12.92	2,000,000	59,250,000	800,000	131,093,584	38,386,580	231,530,164

### Revaluation of assets

The company's land and buildings were revaluaed on 31st December 1990 by Tysons Limited, a firm of professional valuers, on the basis of market value.



- 5. Fixed Assets
- b) Company:-

		- Land			Furniture fixtures	•
	Freehold	Leasehold Long term	Short term	e Buildings	equipment & motor vehicles	Total
	KShs	KShs	KShs	KShs	KShs	KShs
Cost or valuation:	:					
At 1.1.93	2,000,000	59,250,000	800,000	133,197,195	83,264,881	278,512,076
Additions during year	-	- -	<del>-</del>	8,620,868	38,367,140 (2,548,050)	46,988,008 (2,548,050)
Disposals						
At 31.12.93	2,000,000	59,250,000	800,000	141,818,063	119,083,971	322,952,034
At cost	-	2,400,000	000 000	11,268,063	119,083,971	132,752,034 190,200,000
At valuation	2,000,000	56,850,000	800,000	130,550,000		190,200,000
Depreciation:						
At 1.1.93	-	-	- '	4,421,934	46,452,524	
Charge for year	-	-	-	1,693,468	16,556,887	
On disposals					(2,326,580)	(2,326,580)
At 31.12.93	<u>.</u>			6,115,402	60,682,831	66,799,133
At cost	_	_	_	1,478,039	60,682,831	62,161,770
At cost At valuation	<u>-</u>		-	4,637,363		4,637,343
Net book value:						
At 31.12.93	2,000,000	549,250,000	800,000	135,702,661	58,401,140	256,153,801
At 31.12.92	2,000,000	59,250,000	800,000	) 128,775,261	36,812,357	227,637,618

### Revaluation of assets

The Company's land and buildings were revalued on 31st December, 1990 by Tysons Limited, a firm of professional valuers, on the basis of market value.



### 6. Mortgage Commitments

### Group and Company

Mortgage commitments amounting to KShs. 1,207,997,000 (1992 - KShs. 557,898,000) are analysed below:-

	1993 KShs	1992 KShs
Commitment in principle but not authorised for payment	540,298,000	390,847,000
Authorised but not paid	667,699,000	167,051,000 
	1,207,997,000	557,898,000

### 7. Long Term Investment - 10.75% Kenya Stock 1981/2000

This consists of 50,000 KShs. 200.00 stocks each at a cost of Sh. 195.50. The rate of interest is 10.75 % per annum payable half yearly on 30th June and 30th September every year, up to maturity.

### 8. Investment in Subsidiaries (Unquoted)

#### Shares at cost

First Permanent (East Africa)	% of Shares held	1993 KShs	1992 KShs
Limited	100	5,020,000	5,020,000
Kenya Building Society Limited	100	50,000,000	50,000,000
		55,020,000	55,020,000

### 9. Koma Rock and other Housing Projects

	1993 KShs	199 <b>2</b> KShs
Costs to date Koma Rock Housing Project Mombasa Housing Project	192,189,201 12,270,726	128,778,818 1,088,210
	204,459,927	129,867,028

Commitments in respect of these projects, authorised and contracted for but not provided as at 31st December, 1993, amounted to KShs. 237,427,812 (1992 - KShs. 203,523,038).



#### 12. Reserves

	Capital KShs	Share premium KShs	Exchange equalisation KShs	Retained on profits KShs	Total KShs
Group:					
Balance 1.1.93	169,623,299	25,705,048	(25,068,783)	90,425,644	260,685,208
Excess depreciation transferred to profit and loss account	(1,244,612)	-	-	-	( 1,244,612)
Retained profit for the year	-	-	-	98,339,961	98,339,961
Tax relief on unrealised exchange losses	<b>-</b> .	-	9,506,377	-	9,506,377
Exchange loss on revaluation of Sterling loan	-		(25,033,152)	<u>-</u>	(25,033,152)
Balance at 31.12.93	168,378,687	25,705,048	3 (40,595,558)	188,765,605	342,253,782
Company:- Balance 1.1.93	169,623,299	25,705,048	3 (25,068,783)	82,432,940	252,692,504
Excess depreciation transferred to profit and loss account	(1,244,612)	-	-	-	( 1,244,612)
Retained profit for the year	-	-	-	86,560,261	86,560,261
Tax relief on unrealised exchange losses	-	-	9,506,377	-	9,506,377
Exchange loss on revaluation of Sterling loan	-		(25,033,152)	<u>-</u>	(25,033,152)
Balance at 31.12.93	168,378,687	25,705,04	8 (40,595,558)	168,993,201	322,481,378

### 13. Long Term Loans (Secured)

The total loan balance of KShs.1,833,906.00 is secured against a legal charge on Rehani House. The loan balance is being repaid in twenty half yearly instalments of KShs. 343,323 (including interest) commencing from December, 1987. During 1994 principal loan repayments will amount to KShs. 366,968.



### 10. Net Current Assets

	Group		Company	
	1993 KShs	1992 KShs	1993 KShs	1992 KShs
Current assets:				
Debtors and prepayments Subsidiary Company Funds at call and	101,474,837 -	47,117,360	100,499,582 53,130,407	43,434,265 58,794,679
short notice Treasury Bills and Bonds Taxation Cash and bank	125,000,000 426,596,201	623,662,504 42,000,000 2,207,827	125,000,000 426,596,201 -	623,662,504 42,000,000 -
balances	97,946,752	38,885,601	95,969,105	40,174,646
	751,017,790	753,873,292	801,195,295	808,066,094
Less: Current liabilities:				
Creditors and provisions Taxation Dividend Bank Overdraft	216,118,834 44,669,536 53,000,000 5,120,806	113,153,536 27,551,452 37,000,000	131,044,951 40,942,066 53,000,000	86,818,987 27,514,702 37,000,000
	318,909,176	177,704,988	224,987,017	151,333,689
Net current assets	432,108,614	576,168,304	576,208,278	656,732,405

### 11. Share Capital

Authorised	1993 KShs	1992 KShs
46,000,000 Ordinary shares of KShs. 5.00 each	230,000,000	230,000,000
Issued and fully paid 46,000,000 Ordinary shars of KShs. 5.00 each	230,000,000	230,000,000



#### 14. Shareholders' Income Notes and Loans

	1993 KShs	1992 KShs
Government of Kenya - Income notes	50,750,000	50,750,000
Commonwealth Development Corporation 1975 to 2003	574,400,864	319,321,586
	625,150,864	370,071,586
Less: Unrealised exchange differences recoverable from the Government of Kenya under a Risk Assumption Agreement	(340,503,406)	(107,695,906)
Tax relief on unrealised exchange losses	( 16,224,847)	( 6,718,469)
	268,422,611	255,657,211

The loans are repayable over the following period:-

- a) Commonwealth Development Corporation 1975 to 2003
  - i) During 1994 principal loan repayments to Commonwealth Development Corporation will amount to KShs. 9,026,276 at the rate of exchange ruling at 31st December, 1993.
  - ii) In respect of Koma Rock (formerly Kayole) loan of Stg. £5,000,000, the company has committed to pay to the Government of Kenya a risk assumption fee at the rate of 2.5% per annum on the outstanding loan balance to cover itself fully against future exchange losses on repayments of principal amounts and interest on due dates. During 1994 principal loan repayments will amount to KShs. 16,583,798 at the rate of KShs. 33.167596 being the rate under the Risk Assumption Agreement with the Government of Kenya.
- b) i) Government of Kenya Income notes carry no redemption date.

### 15. Capital Commitments

### Group and Company:

	1993 KShs	1992 KShs
Authorised but not contracted	21,128,427	501,308,816
Contracted for but not provided for	263,349,885	11,833,084

#### 16. Incorporation

The Company is incorporated in Kenya under the Companies Act.



# 

		Amount KShs 1993	Amount KShs 1992
(A) Estates			
Kenya Building Society Ltd Ko	ma Rock Phase I	-	4,446,860.00
National Housing Corp.Uhuru	Gardens Phase II	480,000.00	3,740,100.00
National Housing Corp. K	Gibera Highrise	-	82,000,000.00
Trans- Asia Trading Co. Ltd Riv	ver Bank Estate	-	8,138,200.00
Harambee SACCO	Ushirika Estate	25,172,740.00	-
Kenya Building Society Ltd Ko	oma Rock I 'B'	82,107,160.00	11,906,160.00
Kenya Building Society Ltd	Koma Rock II	14,654,800.00	-
(B) Individuals			
Existing Properties		198,895,140.00	151,626,720.00
Re-Mortgages		24,160,300.00	31,860,320.00
New Construction		116,825,040.00	101,081,140.00
New Properties		129,770,700.00	219,386,546.00
Commercial Properties		110,368,940.00	-
Total Advances		702,434,820.00	614,186,046.00
Price Ranges (KShs.)			
(A) Estates			
Malindi Mortgage Scheme	Minimum	145,000.00	145,000.00
Koma Rock II	Maximum	1,700,000.00	1,340,000.00
(B) Individuals			
Existing Houses	Minimum	330,000.00	335,000.00
Existing Houses	Maximim	16,000,000.00	3,000,000.00
New Houses	Minimum	600,000.00	600,000.00
New Houses	Maximum	19,179,346.00	2,500,000.00
Construction Cases	Minimum	350,000.00	300,000.00
Construction Cases	Maximum	12,500,000.00	10,060,000.00



### DIRECTORY OF SERVICES

HFCK has one primary objective: to help you own your own home.

This is primarily achieved through promotion of savings. Between 1965 and 1993, HFCK has advanced more than KShs. 5.6 billion towards the development of housing and home ownership in Kenya, and helped thousands of families own their own dream home. HFCK is firmly committed to enabling many more Kenyans realise this dream in the future.

HFCK is thus a key player in Kenya's financial sector and the company is now the pace-setter in the housing and mortgage industry.

But HFCK provides more than just money. Much more. It provides a host of related services, and customers can depend on the following comprehensive package of services to cater for their varying needs - all under the HFCK roof.

### **Banking Services**

HFCK offers you various savings accounts with rates of interest that are competitive. These are Savings Accounts, Deposit Accounts, Children's Accounts, Provident or Pension Funds, Fixed Term Deposit Accounts, Special Accounts - for individuals or companies with funds for specific projects wishing to earn interest on them pending utilisation; and Housing Development Bonds.

HFCK offers ten different types of *Housing Development Bonds* with special tax advantages, designed to channel funds into housing while giving very attractive returns to investors.

#### Valuation Services

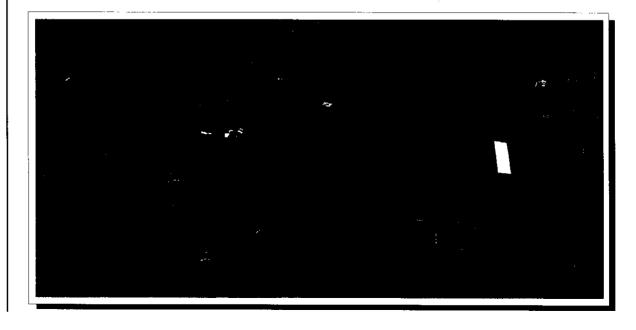
The company carries out valuations of undeveloped plots, extensions and repairs, as well as valuation on behalf of companies which purchase or rent houses for their employees or which give housing allowance to their staff. HFCK also offers inspection services for houses being constructed by individuals.

### Estate Development

Estate developers can obtain a professional opinion on the efficiency of their investments as well as the suitability of the location, design and pricing of the houses they intend to build. After inspecting developer's plans, HFCK can issue a commitment to finance those willing to buy the houses.

### Insurance Cover

All houses that HFCK finances must be insured for fire. The Company makes all the necessary arrangements on behalf of the client and also arranges life insurance for the borrower so that family members are protected and guaranteed ownership, even if a tragedy occurs.



The Company carries out valuations of undeveloped plots, extensions and repairs, as well as valuation on behalf of companies.



### DIRECTORY OF SERVICES



The Company has a modern computer with the latest technology and all branches countrywide are on-line with the main-frame computer at the Head Office.

### Company Mortgage Schemes

When a company wants to pass on reduced interest rates to its employees as a benefit, it can use this facility, which enables employees to enjoy often substantially reduced mortgage interest rates.

#### Loans

Customers can obtain loans for five kinds of building projects; existing houses, new houses, individual construction, extensions and commercial buildings.

### **Bridging Finance**

A developer may at times be short of cash to finish a project. At the developer's request, HFCK can issue the bridging finance required for completion of the project, thus giving home buyers an even wider choice.

### Computerisation

The Company has installed at the Head Office a modern computer with the latest technology and all branches countrywide communicate interactive on-line through Kenpac with the main-frame computer at the Head Office.

Customers can withdraw and/or deposit funds from any of the branches provided they have passbooks. Similarly those customers with mortgage loans can make repayments to their mortgage loan accounts at any of the branches.

#### Looking into the future

In future, HFCK intends to become more active not only in the core area of development and finance of residential houses, but also other ancillary areas of business related to HFCK's skills, structure, resources and competitive strength.

The expanded portfolio will include mortgages on commercial properties, insurance, estate management, technical consultancy and any other construction and/or finance related business for which the company is equipped, and which will have a positive impact on the company's revenue and asset base.



# **PROXY FORM**

The Secretary Housing Finance Company of Kenya Ltd Rehani House Kenyatta Avenue PO Box 30088 NAIROBI

i/We		
	ING FINANCE COMPANY OF KENYA LIMITE	ED, hereby
of PO Box		
and failing him		
of PO Box	and failing him the Chairman of the	Meeting
as my/our proxy to vote for MEETING of the Companiadjournment thereof:	for me/us and on my/our behalf at the ANNUA ny to be held on Friday, 20th May, 1994 at 12:00 n	L GENERAL oon and at any
	day of	1994
Dated this	uay 01	
	Signature	

### Note

- In the case of a member being a Corporation the Proxy must be under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- The proxy should be returned to the Secretary, Rehani House, Nairobi so as to reach him not later than 24 hours before the time appointed for holding the meeting.



## FOMU YA MWAKILISHI

The Secretary
Housing Finance Company of Kenya Ltd
Rehani House
Kenyatta Avenue
PO Box 30088
NAIROBI

Mimi/Sisi

wa PO Box

nikiwa mwanachama/tukiwa wanachama HOUSING FINANCE COMPANY OF KENYA

LIMITED namchagua/tunamchagua

wa PO Box

na akikosa yeye

wa PO Box ama akikosa yeye, basi namchagua/tunamchagua Mwenyekiti wa mkutano kama mwakilishi wangu/ wetu kupiga kura kwa niaba yangu/yetu kwenye MKUTANO MKUU WA MWAKA wa kampuni utakao fanywa Ijumaa, tarehe 20 Mei,1994 saa sita mchana ama siku yoyote ile iwapo mkutano utaahirishwa.

Tarehe

#### Sahihi

#### Ukumbusho

- 1. Iwapo mwanachama ni Kampuni basi hapo Uakilishi lazima uwe na Muhuri (Seal) ya kampuni hiyo ama sahihi ya afisa wa Kampuni ama wakili aliyeruhusiwa kufanya hivyo kwa barua.
- 2 Hati hiyo ya kuteua lazima itumwe kwa Katibu, Rehani House, Nairobi ili imfikie kwa muda usiopungua masaa 24 kabla ya muda uliowekwa wa kufanya mkutano huu.