



HOUSING FINANCE COMPANY OF KENYA LIMITED

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se HFCK Headquarters at Kenyatta/ Koinange Street Nairobi.





DIRECTORS AND MANAGEMENT

Board of Directors

Mr. C. D. K. Arap -Kirui - (Chairman) - (Kenyan)

Mrs. A. A. W. Amissabuor - (Kenyan)

Mr. K. Gatabaki - (Kenyan)

Mr. M. Geake - (British)

Mr. B. K. Kipkulei - (Kenyan)

Mr. W. B. M. Mukuria (Managing) - (Kenyan)

Eng. A. M. H. Sharawe - (Kenyan) (Alternate - Mr. Z. M. Bukania - (Kenyan)

Secretary

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

Share Registrar

A. W. Matu (Miss) CPS (K)

Auditors

Peat Marwick
Certified Public Accountants
P.O. Box 40612, Nairobi

Registered Office & Head Office

Rehani House, Kenyatta Avenue/Koinange Street
P.O. Box 30088, Nairobi. Phone 333910, 221101, Fax. 334670

Bankers

Barclays Bank of Kenya Ltd. Mama Ngina Street, Nairobi

Subsidiary Companies

Kenya Building Society Ltd., Rehani House,
Kenyatta Avenue / Koinange Street
P.O. Box 40151, Nairobi Phone 333910, 782966/7, Fax 334670

First Permanent (East Africa) Ltd., Rehani House,
Kenyatta Avenue / Koinange Street,
P.O. Box 30088, Nairobi Phone 333910, 221101, Fax 334670

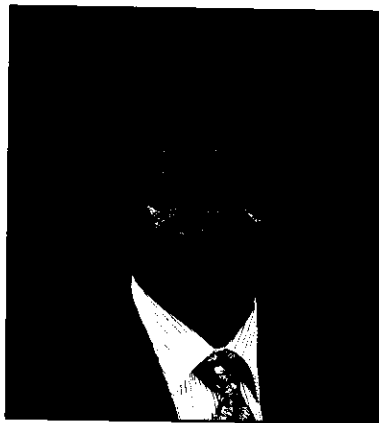
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MEMBERS OF BOARD OF DIRECTORS



Mr. M. Geake



Mr. C. D. K. Arap -Kirui
Chairman



Mr. B. K. Kipkulei



Mr. K. Gatabaki



Mr. W. B. M. Mukuria
Managing Director



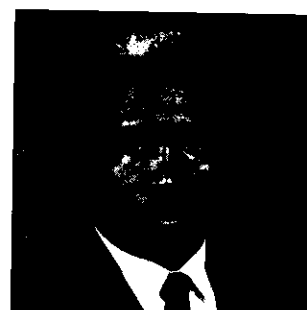
Mrs. A. A. W. Amissabuor



Eng. A. M. H. Sharawe



Mr. Z. M. Bukania
(Alternate Director)



S. W. Waiganjo
(Secretary to the Board)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 31ST ANNUAL GENERAL MEETING OF THE HOUSING FINANCE COMPANY OF KENYA LIMITED WILL BE HELD AT THE SAFARI PARK HOTEL, NAIROBI ON FRIDAY, 16TH MAY, 1997 AT 12:00 NOON FOR THE FOLLOWING PURPOSES:

1. To confirm the Minutes of the 30th Annual General Meeting held on Friday, 17th May, 1996.
2. To receive, consider and adopt the accounts for the year ended 31st December, 1996 together with the Directors' and Auditors' Reports thereon.
3. To declare a dividend.
4. To elect Directors:-
 - (a) Eng. Abdullahi Mohamed Hussein Sharawe retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers himself for re-election.
 - (b) Mrs. Anne Atieno Weda Amissabuor retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers herself for re-election.
5. To fix the remuneration of Directors.
6. To note that Messrs Peat Marwick will continue in office as 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.

By order of the Board.

S.W. Waiganjo
COMPANY SECRETARY
Nairobi: 27th February, 1997

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.

TANGAZO LA MKUTANO MKUU WA KILA MWAKA

INATOLEWA TAARIFA KWAMBA MKUTANO MKUU WA 31 WA KILA MWAKA WA HOUSING FINANCE COMPANY OF KENYA LIMITED UTAFAANYIKA SAFARI PARK HOTEL, NAIROBI IJUMAA, TAREHE 16 MEI, 1997 SAA SITA MCHANA KWA MADHUMUNI YAFUATAYO:

1. Kuidhinisha yaliyosemwa kwenye Mkutano Mkuu wa 30 wa Kila Mwaka uliofanyika Ijumaa, 17 Mei, 1996.
2. Kupokea, kuchunguza na kuidhinisha Hesabu za Pesa za mwaka uliomalizikia 31 Desemba, 1996 pamoja na taarifa za Wakurugenzi na Wakaguzi wa Hesabu za Pesa.
3. Kutangaza malipo kwa wenye hisa.
4. Kuchagua Wakurugenzi:
 - (a) Eng. Abdullahi Mohamed Hussein Sharawe anastaafu kufuatana na utaratibu wa kustaafu kwa zamu kulingana na Kanuni 78 ya Kanuni za Kampuni na kwa kuwa bado anastahili, amejitolea kuchaguliwa tena.
 - (b) Bi. Anne Atieno Weda Amissabuor anastaafu kufuatana na utaratibu wa kustaafu kwa zamu kulingana na Kanuni 78 ya Kanuni za Kampuni na kwa kuwa bado anastahili, amejitolea kuchaguliwa tena.
5. Kuamua malipo kwa Wakurugenzi.
6. Kupokea habari kwamba Messrs Peat Marwick wataendelea kuwa Wakaguzi wa Hesabu za Pesa kwa mujibu wa sehemu 159 (2) ya Sheria ya Makampuni (Ibara 486) na kutoa mamlaka kwa Wakurugenzi kuamua malipo kwa Wakaguzi wa Hesabu za Pesa.
7. Kushughulikia jambo jingine lolote la kawaida la Mkutano Mkuu wa Kila Mwaka.

Kwa Amri ya Halmashauri

S.W. Waiganjo
KATIBU WA KAMPUNI
Nairobi: 27 Februari, 1997

Maelezo Zaidi:

- (i) Mwanachama yoyote wa Kampuni anayestahili kuhudhuria na kupiga kura katika mkutano unaotangazwa ana haki ya kuteua mtu mwingine kupiga kura kwa niaba yake. Fomu ya kupiga kura ijazwe na irejeshwe kwa Katibu, Rehani House, Nairobi, ili imfikie sio chini ya masaa 24 kabla ya wakati wa kupiga kura.
- (ii) Sio lazima mtu anayeteuliwa kupiga kura kwa niaba ya mtu mwingine awe mwanachama.
- (iii) Ikiwa anayepiga kura kupitia mtu mwingine ni Serikali au Shirika, ni lazima fomu ya kupiga kura iwe na alama ya Serikali au Shirika au iwe imetiwa sahihi na Ofisa ambaye ameidhinishwa kutekeleza wadhifa huo.

CHAIRMAN'S STATEMENT

TAARIFA YA MWENYEKITI

Ladies and Gentlemen,
It is with great pleasure that I welcome you to our 31st Annual General Meeting.

Operating Results

The Group's consolidated profit for the year ended 31st December, 1996 increased to KShs. 407,893,419 from KShs. 286,539,730 in the previous year. After deducting corporation tax of KShs. 155,016,723 payable to the Government the profit after tax is KShs. 252,876,696 compared to KShs. 180,966,153 for the last year.

The operating results constitute a considerable improvement on the last period.

Dividends

An interim dividend of 10% equal to KShs. 46,000,000 was declared in August 1996 and paid in September 1996.

The Board of Directors recommends the payment of a final dividend of 15% on the issued share capital of KShs. 460 million.

SUBSIDIARY COMPANIES

Kenya Building Society Limited

Kenya Building Society Limited is a wholly owned subsidiary company and is involved in construction of houses for sale. It has ongoing construction projects at Koma Rock Phases III(A) and III(b) in Nairobi and plans for the construction of Koma Rock Phase IV are in progress. Fahari Estate in Mombasa was completed in the course of the year and selling of the houses is in progress.

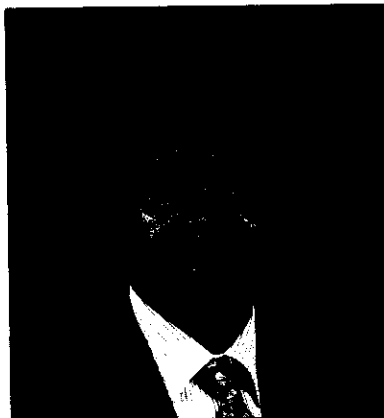
KBS contribution to Group profit before taxation this year is Shs. 31,151,592 compared to Shs. 38,670,454 in 1995. The lower profit has been as a result of delayed sales of bungalows and flats at Koma Rock Estate Phase II and at Fahari Estate Mombasa. Management of the Company is being strengthened with additional technical staff in order for them to respond more positively to the housing needs of Kenyans.

First Permanent (East Africa) Limited

This is another wholly owned subsidiary which owns three properties in Nairobi which are currently let. It has increased its contribution to Group Profit before tax in 1996 to KShs. 1,147,097 from KShs. 989,997 in 1995.

Deposit Mobilisation and Advances on Mortgage

Your company is a principal player in the mortgage market. The mortgages are funded through public deposits. As you will note from our balance sheet, public deposits moved



Mr. C. D. K. Arap-Kirui

Mabibi na Mabwana,
Nina furaha kubwa kuwakaribisha kwenye Mkutano Mkuu wa 31 wa Kila Mwaka.

Matokeo ya Utendaji

Faida jumla ya kundi la HFCK kwa mwaka uliomalizikia 31 Desemba, 1996 iliongezeka hadi Ksh. 407,893,419 kutoka Ksh. 286,539,730 mwaka uliotangulia. Baada ya kulipa kodi ya Ksh. 155,016,723 kwa Serikali, faida ya baada ya kulipa kodi ni Ksh. 252,876,696, ikilinganishwa na Kshs. 180,966,153 mwaka uliotangulia.

Matokeo ya utendaji yanachukuliwa kuwa mazuri kwa kadri fulani.

Malipo kwa Wenye Hisa

Malipo ya mwanzo ya 10% yanayolingana na Ksh. 46,000,000 yalitangazwa Agosti na kulipwa Septemba 1996.

Halmashauri ya Wakurugenzi inapendekeza malipo ya mwisho ya 15% kwenye hisa zilizolipwa za Ksh. 460 milioni.

MAKAMPUNI YA HFCK

Kenya Building Society Limited

Kenya Building Society Limited ni kampuni ambalo limemilikiwa kamili na HFCK na linashughulikia ujenzi wa nyumba za kuuza. Lina miradi inayoendelea ya ujenzi Koma Rock III(A) na III(B) katika Nairobi na mipango ya ujenzi wa Koma Rock IV inaendelea. Mtaa wa Fahari huko Mombasa ulikamilika mwaka huu na uuzaji wa nyumba unaendelea.

Mchango wa KBS kwa faida ya Kundi la HFCK kabla ya kulipa kodi mwaka huu ni Ksh. 31,151,592 ikilinganishwa na Ksh. 38,670,454 katika 1995. Kiwango hiki cha chini kimesababishwa na kuchelewa kwa uuzaji nyumba za mtaa wa Koma Rock II na Mtaa wa Fahari, Mombasa. Usimamizi wa Kampuni unaimarishwa kwa wafanyakazi zaidi wa kitaalamu ili waweze kushughulikia vyema zaidi mahitaji ya Wakenya.

First Permanent (East Africa) Limited

Hili ni kampuni lingine ambalo limemilikiwa kamili na HFCK na ambalo linamiliki mali tatu katika Nairobi ambazo zinakodishwa kwa hivi sasa. Limeongeza mchango wake kwa Faida ya Kundi la HFCK ya kabla ya kulipa kodi ya 1996 hadi Kshs. 1,147,097 kutoka Kshs. 989,997 mwaka wa 1995.

Ukusanyaji wa Pesa

Kampuni lenu ni mshiriki mkubwa kwenye soko la mikopo

from KShs. 5,513,428,676 to KShs. 6,951,720,751 during the year while mortgages rose from KShs. 4,582,459,027 to KShs. 5,825,791,424. A total of 1149 housing units were financed compared to 930 units in 1995 with total disbursements being KShs. 1,731,490,182 as compared to KShs. 1,138,484,140 in 1995.

Branch Network

Thika Branch was opened in September 1996. Plans are under way for the opening of another branch at Buru Buru in Nairobi later in the year. This will enhance the company's deposit taking capacity which deposits will be channelled to the financing of mortgages. Your Company expects to continue with a prudent expansion of its branch network.

Computerisation

In order to improve on the level of customer service the company is in the process of upgrading current on-line computer services so as to be able to deal with more customers much more quickly and efficiently. An upto date software package BANKplus which is more suitable for our operations has been purchased and is in the process of being installed. The upgraded on-line computer services will be operational in the third quarter of 1997. All the branches are connected on-line with the mainframe computer at the Head Office and customers can deposit or withdraw funds from any of our branches. Mortgage customers can also deposit their repayments at any of our branches.

Directors and Management

There has been no change in your Board since the date of the last Annual General Meeting held on 17th May 1996.

I would wish to conclude by thanking on behalf of the Board and Shareholders all the employees of the company and its subsidiaries for their contribution to the very good performance of the Company in 1996.

Charles D. K. Arap-Kirui
CHAIRMAN



ya kujenga na kununua nyumba. Mikopo ya kujenga na kununua nyumba inagharamiwa kutokana na pesa zinazowekwa na umma. Kama mtakavyoona kwenye urari wa mapato na matumizi ya pesa, pesa kutokana na umma ziliongezeka kutoka Ksh. 5,513,428,676 hadi Ksh. 6,951,720,751 katika mwaka uliomalizikia 31 Desemba 1996 wakati ambapo mikopo iliyotolewa kwa umiliki wa nyumba iliongezeka kutoka Ksh. 4,582,460,027 hadi Ksh. 5,825,791,424. Jumla ya nyumba 1149 ziligharamiwa zikilinganishwa na nyumba 930 mwaka wa 1995. Pesa zilizotolewa kwa shughuli hii ni Ksh. 1,731,490,182 ikilinganishwa na Ksh. 1,138,484,140 mwaka wa 1995.

Matawi

Tawi la Thika lilifunguliwa Septemba 1996. Kuna mipango ya kufungua tawi jingine Buru Buru katika Nairobi baadaye mwaka huu. Jambo hili litaimarisha uwezo wa kampuni wa ukusanyaji akiba. Akiba hii itaelekezwa kwenye kugharamia mikopo ya umiliki wa nyumba. Kampuni Lenu linatarajia kuzidi kupanuka kwa kufungua matawi mapya nchini.

Utumiaji wa Kompiuta

Ili kuboresha huduma kwa wateja, Kampuni limo kwenye harakati za kuimarisha utumiaji kompiuta ili iweze kushughulikia wateja wengi haraka zaidi na vizuri zaidi. Chombo cha BANKplus ambacho kinafaa zaidi kwa shughuli zetu kimenunuliwa kutoka Afrika Kusini na kazi ya kukiweka mahali kitakapofanyia kazi inaendelea. Huduma zilizoimarishwa za kompiuta zitaanza kutumika robo ya tatu ya 1997. Matawi yote yameunganishwa na kompiuta kuu kwenye Ofisi Kuu na wateja wanaweza kuweka au kutoa pesa kutoka tawi letu lolote. Wateja wa mikopo ya umiliki wa nyumba pia wanaweza kulipa mikopo yao kwenye tawi letu lo lote.

Wakurugenzi na Usimamizi

Hakukuwa na badiliko lolote katika Halmashauri yenu tangu Mkutano Mkuu wa mwisho wa Kila Mwaka uliofanyika 17 Mei 1996. Ningependa kumalizia kwa kushukuru kwa niaba ya Halmashauri na Wenye Hisa wafanyakazi wote wa Kampuni na kundi lake kwa mchango wao mwaka wa 1996.

Charles D.K. Arap-Kirui
MWENYEKITI

➤ The Chairman Mr. Charles D. K. Arap-Kirui Congratulates Mr. G. Lwangu after completing 25 years service during the Company's end of the year and long service award's party.



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, 1996.

1. Principal Activities

The company is a Mortgage Institution licensed under the Banking Act (Cap.488) and seeks to encourage and promote the flow of savings both private and public into financing home-ownership through provision of savings and deposit facilities as well as such other services as the acceptance and administration of provident funds. Additionally the Company also lends for the purchase and construction of commercial properties and also on the purchase of plots in urban areas.

2. Results

	KShs
Pre-tax profit of the Group for the year	407,893,419
Taxation thereon	155,016,723
Profit after taxation	<u>252,876,696</u>

3. Dividend

An interim dividend of 10% equal to Kshs. 46,000,000 was declared in August 1996 and paid in September 1996.

The Directors recommend a final dividend of 15% on the paid-up share capital of Kshs.460,000,000. This will be paid on or about 19th May, 1997 to shareholders registered as at the close of business on 8th April, 1997.

4. Directors

The Directors who have held office since 1st January, 1996 are as follows:-

Mr. Charles Davy Kipnetich Arap-Kirui - (Chairman)

Mrs. Anne Atieno Weda Amissabuor

Mr. Kungu Gatabaki

Mr. Martin Geake

Mr. Benjamin Kipkech Kipkulei

Mr. Walter Bernard Mukundi Mukuria - (Managing)

Eng. Abdullahi Mohamed Hussein Sharawe - (Alternate Mr. Zebedee M. Bukania)

Eng. Abdullahi Mohamed Hussein Sharawe retires by rotation and being eligible, offers himself for re-election.

Mrs. Anne Atieno Weda Amissabuor retires by rotation and being eligible, offers herself for re-election.

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: 27th February, 1997

TAARIFA YA WAKURUGENZI

Wakurugenzi wana furaha kubwa kutoa taarifa yao na Hesabu za pesa za Kampuni ambazo tayari zimekaguliwa na wakaguzi wa Hesabu za Pesa kwa mwaka uliomalizikia 31 Desemba 1996.

1. Miradi Mikuu

Kampuni ni taasisi ya kutoa mikopo ya ujenzi iliyoidhinishwa chini ya Sheria ya Mabenki (Ibara 448) na shabaha yake ni kushawishi na kukuza kwelekezwa akiba za watu binafsi na za umma kwenye kugharamia umiliki wa nyumba kwa kutoa nafasi za kuweka akiba na pia kwa kutoa huduma, kwa mfano, kupokea na kusimamia akiba za matumizi ya siku za baadaye. Isitoshe, kampuni pia hutoa mikopo kwa minajili ya kununua na kujenga mahali pa biashara na pia kununua ploti katika maeneo ya mijini.

2. Matokeo

	Kshs
Faida kabla ya kulipa kodi	407,893,419
Kodi	155,016,723
Faida baada ya kulipa kodi	<u>252,876,696</u>

3. Malipo kwa Wenye Hisa

Malipo ya mwanzo ya 10% yanayolingana na Ksh. 46,000,000 yalitangazwa Agosti 1995 na kulipwa Septemba 1996. Wakurugenzi wanapendekeza malipo ya mwisho ya 15% kwenye pesa za hisa zilizolipwa za Ksh. 460,000,000. Malipo haya yatatolewa tarehe 19 Mei, 1997 au kabla, kwa wenye hisa ambao wameandikishwa kufikia mwisho wa masaa ya kazi tarehe 8 Aprili, 1997.

4. Wakurugenzi

Wakurugenzi ambao wameendesha kazi tangu 1 Januari, 1996 ni:

Bw. Charles Davy Kipnetich Arap-Kirui (Mwenyekiti)

Bi. Anne Atieno Weda Amissabuor

Bw. Kungu Gatabaki

Bw. Martin Geake

Bw. Benjamin Kipkech Kipkulei

Bw. Walter Bernard Mukundi Mukuria (Msimamizi)

Bw. Abdullahi Mohamed Hussein Sharawe - (Anabadilishana na Bw. Zebedee M. Bukania)

Eng A.M.H Sharawe anastaafu kufuatana na utaratibu wa kustaafu kwa zamu na kwa kuwa bado anastahili, amejitolea kuchaguliwa tena.

Bi. A.A.W. Amissabuor anastaafu kufuatana na utaratibu wa kustaafu kwa zamu na kwa kuwa bado anastahili, amejitolea kuchaguliwa tena.

5. Wakaguzi wa Hesabu za Pesa

Wakaguzi wa Hesabu za Pesa, Messrs. Peat Marwick watateuliwa tena chini ya Sehemu 159(2) ya Sheria ya Makampuni (Ibara 486) kwa malipo yatakayoamuliwa na Wakurugenzi.

Kwa Amri ya Halmashauri

S.W. Waiganjo
KATIBU WA KAMPUNI

Nairobi: 27 Februari, 1997





**REPORT OF THE AUDITORS TO THE
MEMBERS OF HOUSING FINANCE
COMPANY OF KENYA LIMITED**

We have audited the financial statements set out on pages 9 to 22 which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The balance sheet of the company is in agreement with the books of accounts.

Under the provisions of the Companies Act, the directors are responsible for the preparation of financial statements which give a true and fair view of the company's and group's state of affairs and the group's operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

We conducted our audit in accordance with Kenyan Auditing Standards. Those Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

In our opinion, proper books of accounts have been kept and the financial statements give a true and fair view of the state of the company's and group's financial affairs at 31 December 1996 and of the group's operating results and cash flows for the year then ended in accordance with Kenyan Accounting Standards and comply with the Companies Act.

Peat Marwick
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 40612,
Nairobi: 27th February, 1997

**TAARIFA YA WAKAGUZI WA
HESABU ZA PESA**

Tumekagua hesabu za pesa zilizoko kwenye kurasa 9 hadi 22 ambazo zimetengenezwa kwa kuzingatia sera za ukaguaji hesabu za pesa ambazo zimeonyeshwa kwenye tanbihi 1. Tumepata habari na maelezo yote ambayo kwa kadri tujuavyo na kwa imani yetu yalihitajika kwa malengo ya ukaguzi wetu na kwa kutoa msingi wa kufikia uamuzi wetu. Uravi wa mapato na matumizi ya kampuni unakubaliana na vitabu vya pesa.

Chini ya vifungu vya sheria ya Makampuni, wakurugenzi wana wajibu wa kutengeneza hesabu za pesa ambazo zinatoa picha ya kweli na ya haki ya hali ya kampuni na kundi lake la makampuni na pia matokeo ya shughuli za kundi. Jukumu letu ni kutoa maoni yetu wenyewe juu ya hali ya pesa kwa kuzingatia ukaguzi wetu wa hesabu na kuwaarifu maoni yetu.

Tulifanya ukaguzi wetu wa hesabu za pesa kufuatana na kanuni za Ukaguzi Hesabu za pesa za Kenya. Kanuni hizo zinahitaji kwamba tupange na kutekeleza ukaguzi wetu wa hesabu za pesa ili kupata hakikisho kwamba hesabu za pesa hazina kasoro. Ukaguzi wa hesabu za pesa huwa ni pamoja na kuchunguza, kwa njia ya majaribio, ushahidi unaounga mkono idadi na majibu katika hesabu za pesa. Pia huchunguza sera zilizotumiwa kwenye uwekaji hesabu za pesa na makadirio muhimu yaliyofanywa na wakurugenzi; na pia kuthamini uwekaji wa hesabu za pesa kwa jumla.

Kwa maoni yetu, vitabu vizuri vya hesabu za pesa vimewekwa na hesabu za pesa zinatoa picha ya kweli na ya haki juu ya hali ya pesa ya kampuni na kundi lake la makampuni kufikia tarehe 31 Desemba 1996 na pia picha ya kweli na ya haki juu ya matokeo ya shughuli za kundi la makampuni na matumizi ya pesa katika mwaka uliomalizika tarehe hizo; kufuatana na kanuni za Uwekaji Hesabu za pesa Kenya na zinazingatia sheria ya Makampuni.

Peat Marwick
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 40612,
Nairobi: 27th February, 1997



**CONSOLIDATED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996**

	Note	1996 Kshs	1995 KShs
Income	2	2,350,621,273	1,558,041,980
Expenditure	3	(1,942,727,854)	(1,271,502,250)
Profit Before Taxation	4	407,893,419	286,539,730
Taxation	5	(155,016,723)	(105,573,577)
Profit After Taxation		252,876,696	180,966,153
Dividends	6	(115,000,000)	(69,000,000)
Retained Profit for the Year		<u>137,876,696</u>	<u>111,966,153</u>
Retained Profit for the Year			
The parent company		127,597,585	97,100,504
Subsidiary companies		10,279,111	14,865,649
		<u>137,876,696</u>	<u>111,966,153</u>
Earnings Per Share	7	KShs 2.75	KShs 2.62

The notes on pages 13 to 22 form part of these accounts.



Mr. Ndegwa Maina is pictured receiving a retirement gift from the Chairman while other Directors look on in appreciation.



CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 1996

	Note	1996 KShs	1995 KShs
Assets			
Cash and bank balances		185,493,088	170,812,127
Deposits and balances due from banking institutions	8	1,070,216,996	505,000,000
Investment in Government Securities	9	265,634,061	514,984,771
Investment properties	10	33,900,000	33,900,000
Interest receivable		42,659,623	38,261,212
Advances to customers	12	5,825,791,424	4,582,459,027
Other assets		302,027,577	235,589,087
Housing Development Projects	13	496,169,969	513,691,928
Fixed assets	14(a)	548,830,152	543,144,339
		<u>8,770,722,890</u>	<u>7,137,842,491</u>
Liabilities			
Deposits and balances due to banking institutions	15	57,031,457	177,364,325
Customer deposits	16	6,641,339,246	5,230,801,125
Certificates of deposits		108,555,678	134,388,629
Interest payable		201,825,827	148,238,922
Other liabilities		258,593,435	165,811,388
Taxation		49,417,538	3,679,336
Dividends – Payable		77,000,000	52,500,000
– Proposed		69,000,000	34,500,000
		<u>7,462,763,181</u>	<u>5,947,283,725</u>
Net Assets		<u>1,307,959,709</u>	<u>1,190,558,766</u>
Capital and Reserves			
Share capital	18	460,000,000	345,000,000
Reserves	19	676,672,599	646,157,773
Shareholders' Income Notes and Loans	20	171,287,110	198,270,410
Long Term Loans	21	–	1,130,583
		<u>1,307,959,709</u>	<u>1,190,558,766</u>

The accounts set out on pages 9 to 22 were approved by the Board of Directors on 27.2.97 and were signed on its behalf by:-

Mr. C. D. K. Arap -Kirui)
 Mr. W. B. M. Mukuria) Directors
 Mrs. A. A. W. Amissabuor)

S. W. Waiganjo) Company Secretary

The notes on pages 13 to 22 form part of these accounts.



COMPANY BALANCE SHEET

AT 31 DECEMBER 1996

	Note	1996 KShs	1995 KShs
Assets			
Cash and bank balances		185,478,088	170,797,128
Deposits and balances due from banking institutions	8	1,070,216,996	505,000,000
Investment in Government Securities	9	265,634,061	514,984,771
Interest receivable		42,659,623	38,261,212
Advances to customers	12	5,825,791,424	4,582,459,027
Investments in subsidiary	11	55,020,000	55,020,000
Amounts due from group companies	17	231,479,545	182,895,554
Other assets		298,339,527	231,672,018
Fixed assets	14(b)	546,101,291	540,172,709
		<u>8,520,720,555</u>	<u>6,821,262,419</u>
Liabilities			
Customer deposits	16	6,645,347,998	5,231,491,351
Certificates of deposits		108,555,678	134,388,629
Interest payable		201,825,827	148,238,922
Other liabilities		146,135,334	104,044,481
Taxation		51,907,608	2,272,758
Dividends – Payable		77,000,000	52,500,000
– Proposed		69,000,000	34,500,000
		<u>7,299,772,445</u>	<u>5,707,436,141</u>
Net Assets		<u>1,220,948,110</u>	<u>1,113,826,278</u>
Capital and Reserves			
Share capital	18	460,000,000	345,000,000
Reserves	19	589,661,000	569,425,285
Shareholders' Income Notes and Loans	20	171,287,110	198,270,410
Long Term Loans	21	–	1,130,583
		<u>1,220,948,110</u>	<u>1,113,826,278</u>

The accounts set out on pages 9 to 22 were approved by the Board of Directors on 27/2/97 and were signed on its behalf by:-

Mr. C. D. K. Arap -Kirui)

Mr. W. B. M. Mukuria) Directors

Mrs. A. A. W. Amissabuor)

S. W. Waiganjo) Company Secretary

The notes on pages 13 to 22 form part of these accounts.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 KShs	1995 KShs
Net cash inflow from operating activities	22(a)	706,693,734	503,641,079
Taxation Paid		(109,278,521)	(130,944,249)
Return on investments and servicing of finance			
Ordinary dividends paid		(56,000,000)	(72,000,000)
Loan interest		(12,282,708)	(14,592,980)
Net cash outflow from investments and servicing of finance		(68,282,708)	(86,592,980)
Investing activities			
Purchase of fixed assets		(39,875,506)	(101,412,715)
Proceeds from sale of fixed assets		1,640,000	9,467,110
Net cash outflow from investing activities		(38,235,506)	(91,945,605)
Financing			
Shareholders' loan repayments		(38,886,301)	(29,680,673)
Other loan repayments		(1,130,583)	(441,732)
Net cash outflow from financing		(40,016,884)	(30,122,405)
Net increase in cash and cash equivalents	22(b)	450,880,115	164,035,840

The notes on pages 13 to 22 form part of these accounts.



An Urban House financed by H.F.C.K.



NOTES TO THE ACCOUNTS

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 and investment properties.

b) Consolidation of Group Companies

The consolidated accounts comprise the accounts of the parent company and its subsidiaries listed under Note 11, all of which are made up to the 31 December 1996.

c) Interest

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

d) Depreciation and amortisation

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

Land – Freehold	– Nil
– Long leasehold	– Nil
Buildings	– 2% or over 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 valuation is met by an annual transfer from capital reserve to revenue 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 Bills

Treasury bills are stated at cost. Interest is credited to income over the period of issue.



2. INCOME

	1996 KShs	1995 KShs
Interest on advances	1,309,456,919	1,006,962,216
Interest on deposits and placements	280,050,067	186,598,325
Fees and commissions	134,436,260	102,030,306
Rental income	12,728,027	11,412,133
House sales	613,950,000	251,039,000
	<u>2,350,621,273</u>	<u>1,558,041,980</u>

3. EXPENDITURE

	1996 KShs	1995 KShs
Interest on deposits	930,787,187	683,125,925
Interest on borrowed funds	27,335,989	29,446,739
Cost of houses sold	582,847,104	218,719,302
Other expenses	401,757,574	340,210,284
	<u>1,942,727,854</u>	<u>1,271,502,250</u>

4. GROUP PROFIT BEFORE TAXATION IS ARRIVED AT AFTER (CREDITING)/CHARGING THE FOLLOWING ITEMS

	1996 KShs	1995 KShs
Crediting		
Write back of provision on short term deposits	(9,213,878)	—
Profit on sale of fixed assets	—	(6,228,437)
Charging		
Loss on sale of fixed assets	822,161	—
Directors' remuneration		
– Fees, expenses and mortgage interest benefits	2,924,889	2,893,852
– Executive emoluments	6,286,057	5,670,648
Auditors' remuneration		
– Current year	2,781,186	2,441,190
– Prior year adjustment	(26,850)	444,792
Exchange loss on Sterling loan repayments	11,903,001	10,335,501
Depreciation	31,727,532	29,223,366

5. TAXATION

	1996 KShs	1995 KShs
a) At 35% on the profit for the year as adjusted for tax purposes	155,025,265	105,606,581
Overprovision in prior year	(8,542)	(33,004)
	<u>155,016,723</u>	<u>105,573,577</u>

- b) No credit has been taken in these accounts for tax relief that will accrue in future years from the excess of tax written down values at 31 December 1996 over the corresponding book values of the assets concerned. At existing rates of tax, such future relief amounts to KShs. 3,628,112 (1995 - KShs. 4,164,636).



6. DIVIDEND

	1996 KShs	1995 KShs
Interim paid	46,000,000	34,500,000
Final proposed	69,000,000	34,500,000
	<u>115,000,000</u>	<u>69,000,000</u>

7. EARNINGS PER SHARE

Earnings per share is calculated on the profit after taxation of KShs. 252,876,696 (1995-KShs. 180,966,153) and on the number of shares in issue at the balance sheet date. The 1995 comparative would have been KShs. 1.97 had the bonus issue been effected at the end of 1995.

8. DEPOSITS AND BALANCE DUE FROM BANKING INSTITUTIONS

Group and Company	1996 KShs	1995 KShs
Due within 90 days	<u>1,070,216,996</u>	<u>505,000,000</u>

9. INVESTMENT IN GOVERNMENT SECURITIES

	1996 KShs	1995 KShs
Kenya Government stocks	9,775,000	9,775,000
Treasury bills due within 90 days	255,859,061	505,209,771
	<u>265,634,061</u>	<u>514,984,771</u>

Kenya Government Stocks consist of 50,000 KShs. 200 stocks each at a cost of KShs. 195.50. The rate of interest is 10.75% p.a. receivable half yearly on 30 June and 31 December every year upto maturity.

10. INVESTMENT PROPERTIES

The company's investment properties were revalued on 31 December 1995 by Tysons Limited, a firm of professional valuers on the basis of market value. The resulting surplus over cost was credited to capital reserve.

11. INVESTMENT IN SUBSIDIARIES (Unquoted) - COMPANY

Shares at cost

	% of shares held	1996 KShs	1995 KShs
First Permanent (East Africa) Limited	100	5,020,000	5,020,000
Kenya Building Society Limited	100	50,000,000	50,000,000
		<u>55,020,000</u>	<u>55,020,000</u>



12. ADVANCES TO CUSTOMERS

Group and Company

	1996 KShs	1995 KShs
Mortgages	5,592,238,158	4,346,026,751
Staff mortgages	336,437,948	299,576,606
	<u>5,928,676,106</u>	<u>4,645,603,357</u>
Less:		
Specific provision for bad and doubtful advances	(102,884,682)	(63,144,330)
	<u>5,825,791,424</u>	<u>4,582,459,027</u>
Maturing:		
Within five years	500,909,106	433,381,357
Over five years to ten years	1,598,992,000	1,252,435,000
Over ten years to fifteen years	1,932,518,000	1,513,675,000
Over fifteen years	1,896,257,000	1,446,112,000
	<u>5,928,676,106</u>	<u>4,645,603,357</u>

12.1 SPECIFIC PROVISION FOR BAD AND DOUBTFUL ADVANCES

Group and Company:-

	1996 KShs	1995 KShs
At 1 January 1996	63,144,330	53,090,127
Provision during the year	39,740,352	10,054,203
	<u>102,884,682</u>	<u>63,144,330</u>

13. HOUSING DEVELOPMENT PROJECTS

Group

	1996 KShs	1995 KShs
Costs to date:		
Komarock Housing Projects	340,340,248	433,888,097
Mombasa Housing Projects	154,209,111	78,335,221
Kisumu Housing Projects	1,620,610	1,468,610
	<u>496,169,969</u>	<u>513,691,928</u>

Commitments in respect of these projects, authorised and contracted for but not provided as at 31 December 1996 amounted to KShs. 184,039,244 (1995 - KShs. 41,200,928)

14. FIXED ASSETS

a) Group

	Land				Furniture fixtures equipment & motor vehicles	Capital work in progress	Total
	Freehold	Leasehold		Buildings			
	KShs	Long term KShs	Short term KShs	KShs	KShs	KShs	KShs
Cost or valuation:							
At 1.1.96	16,000,000	203,200,000	1,000,000	228,159,759	195,396,731	534,899	644,291,389
Additions	—	700,000	—	3,300,000	34,971,764	903,742	39,875,506
Disposals	—	—	—	—	(4,292,302)	—	(4,292,302)
At 31.12.96	16,000,000	203,900,000	1,000,000	231,459,759	226,076,193	1,438,641	679,874,593
At cost	—	700,000	—	6,959,759	226,076,193	1,438,641	235,174,593
At valuation	16,000,000	203,200,000	1,000,000	224,500,000	—	—	444,700,000
Depreciation:							
At 1.1.96	—	—	—	2,708,906	98,438,144	—	101,147,050
Charge for the year	—	—	—	3,165,079	28,562,453	—	31,727,532
Disposals	—	—	—	—	(1,830,141)	—	(1,830,141)
At 31.12.96	—	—	—	5,873,985	125,170,456	—	131,044,441
On cost	—	—	—	3,097,714	125,170,456	—	128,268,170
On valuation	—	—	—	2,776,271	—	—	2,776,271
Net book value:							
At 31.12.96	16,000,000	203,900,000	1,000,000	225,585,774	100,905,737	1,438,641	548,830,152
At 31.12.95	16,000,000	203,200,000	1,000,000	225,450,853	96,958,587	534,899	543,144,339

Revaluation of assets

The company's land and buildings were revalued on 31 December 1995 by Tysons Limited, a firm of professional valuers on the basis of market value. The resulting surplus was credited to capital reserves.

14. FIXED ASSETS

b) Company

	Land			Buildings KShs	Furniture fixtures equipment & motor vehicles KShs	Capital work in progress KShs	Total KShs
	Freehold	Leasehold					
	KShs	Long term KShs	Short term KShs				
Cost or valuation:							
At 1.1.96	16,000,000	203,200,000	1,000,000	226,275,318	190,535,864	534,899	637,546,081
Additions	—	700,000	—	3,300,000	34,108,125	903,741	39,011,866
Disposals	—	—	—	—	(4,292,302)	—	(4,292,302)
At 31.12.96	<u>16,000,000</u>	<u>203,900,000</u>	<u>1,000,000</u>	<u>229,575,318</u>	<u>220,351,687</u>	<u>1,438,640</u>	<u>672,265,645</u>
At cost	—	700,000	—	5,075,318	—	1,438,640	227,565,645
At valuation	<u>16,000,000</u>	<u>203,200,000</u>	<u>1,000,000</u>	<u>224,500,000</u>	<u>220,351,687</u>	<u>—</u>	<u>444,700,000</u>
Depreciation:							
At 1.1.96	—	—	—	1,682,008	95,691,364	—	97,373,372
Charge for the year	—	—	—	2,914,524	27,706,599	—	30,621,123
Disposals	—	—	—	—	(1,830,141)	—	(1,830,141)
At 31.12.96	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,596,532</u>	<u>121,567,822</u>	<u>—</u>	<u>126,164,354</u>
On cost	—	—	—	1,820,261	121,567,822	—	123,388,083
On valuation	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,776,271</u>	<u>—</u>	<u>—</u>	<u>2,776,271</u>
Net book value:							
At 31.12.96	<u>16,000,000</u>	<u>203,900,000</u>	<u>1,000,000</u>	<u>224,978,786</u>	<u>98,783,865</u>	<u>1,438,640</u>	<u>546,101,291</u>
At 31.12.95	<u>16,000,000</u>	<u>203,200,000</u>	<u>1,000,000</u>	<u>224,593,310</u>	<u>94,844,500</u>	<u>534,899</u>	<u>540,172,709</u>

Revaluation of assets

The company's land and buildings were revalued on 31 December 1995 by Tysons Limited, a firm of professional valuers on the basis of market value. The resulting surplus was credited to capital reserves.

15. DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS

Group

	1996 KShs	1995 KShs
Payable within one year	<u>57,031,457</u>	<u>177,364,325</u>



16. CUSTOMERS' DEPOSITS

	1996		1995	
	Group KShs	Company KShs	Group KShs	Company KShs
a) From Government and parastatals:				
Payable within 90 days	487,664,000	487,664,000	172,266,000	172,266,000
Payable after 90 days and within one year	315,484,000	315,484,000	106,480,000	106,480,000
Payable after one year	1,284,790,000	1,284,790,000	1,173,391,000	1,173,391,000
b) From private sector and individuals:				
Payable within 90 days	3,607,559,000	3,611,567,752	3,158,055,000	3,158,745,226
Payable after 90 days and within one year	664,636,000	664,636,000	338,921,000	338,921,000
Payable after one year	281,206,246	281,206,246	281,688,125	281,688,125
	<u>6,641,339,246</u>	<u>6,645,347,998</u>	<u>5,230,801,125</u>	<u>5,231,491,351</u>

17. GROUP COMPANY BALANCES

Company	1996 KShs	1995 KShs
Kenya Building Society Limited	227,628,881	179,137,258
First Permanent (E.A.) Limited	3,850,664	3,758,296
	<u>231,479,545</u>	<u>182,895,554</u>

18. SHARE CAPITAL

	1996 KShs	1995 KShs
Authorised		
92,000,000 (1995 - 69,000,000) Ordinary Shares of KShs. 5.00 each	<u>460,000,000</u>	<u>345,000,000</u>
Issued and fully paid		
69,000,000 Ordinary shares of KShs. 5.00 each at 1.1.96	345,000,000	345,000,000
Bonus share issue		
23,000,000 Ordinary Shares of K.Shs. 5.00 each during the year	115,000,000	-
At 31.12.96	<u>460,000,000</u>	<u>345,000,000</u>



19. RESERVES

	<u>Capital KShs</u>	<u>Share premium KShs</u>	<u>Exchange equalisation KShs</u>	<u>Retained profits KShs</u>	<u>Total KShs</u>
Group					
Balance 1.1.96	355,163,211	25,705,048	(17,425,600)	282,715,114	646,157,773
Retained profit for the year	—	—	—	137,876,696	137,876,696
Exchange gain on revaluation of Sterling loan	—	—	10,279,105	—	10,279,105
Tax effect on unrealised exchange difference	—	—	(2,640,975)	—	(2,640,975)
Excess depreciation transfer	(1,244,613)	—	—	1,244,613	—
Issue of bonus shares	—	—	—	(115,000,000)	(115,000,000)
Balance at 31.12.96	353,918,598	25,705,048	(9,787,470)	306,836,423	676,672,599
Company					
Balance 1.1.96	331,080,442	25,705,048	(17,425,600)	230,065,395	569,425,285
Retained profit for the year	—	—	—	127,597,585	127,597,585
Exchange gain on revaluation of Sterling loan	—	—	10,279,105	—	10,279,105
Tax effect on unrealised exchange difference	—	—	(2,640,975)	—	(2,640,975)
Excess depreciation transfer	(1,244,613)	—	—	1,244,613	—
Issue of bonus shares	—	—	—	(115,000,000)	(115,000,000)
Balance at 31.12.96	329,835,829	25,705,048	(9,787,470)	243,907,593	589,661,000

20. SHAREHOLDERS' INCOME NOTES AND LOANS

	1996 KShs	1995 KShs
Government of Kenya - Income Notes	50,750,000	50,750,000
Commonwealth Development Corporation 1975 to 2003	318,020,953	352,572,480
	368,770,953	403,322,480



Less:

Unrealised exchange differences recoverable
from the Government of Kenya under a Risk
Assumption Agreement
Tax relief on unrealised exchange losses

(193,794,263)

(198,721,515)

(3,689,580)

(6,330,555)

171,287,110

198,270,410

The loan advances are repayable over the following period:-

a) Commonwealth Development Corporation - 1975 to 2003

i) During 1997 principal loan repayments to Commonwealth Development Corporation will amount to KShs. 14,642,157 at the rate of exchange ruling at 31 December 1996.

ii) In respect of Koma Rock (formerly Kayole) loan of Stg. £3,250,000, 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 1997 principal loan repayments will amount to KShs. 46,398,300 at the rate of exchange at 31 December 1996 of which only KShs. 16,583,778 will be payable by the company under the above agreement.

b) Government of Kenya - Income Notes carry no redemption date.

21. LONG TERM LOANS (Secured)

**1996
KShs**

**1995
KShs**

Balance at 31 December

-

1,130,583

22. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

**1996
KShs**

**1995
KShs**

Group profit before taxation

407,893,419

286,539,730

(Increase)/Decrease in interest receivable

(4,398,411)

(16,990,848)

(Decrease)/Increase in interest payable

53,586,905

(20,359,355)

Mortgage loss provision

39,740,352

10,054,203

Mortgages written off

7,638,130

5,489,072

Depreciation (net)

31,727,532

29,223,366

Exchange variations on loan repayments

11,903,001

10,335,501

(Loss)/Profit on sale of fixed assets

822,161

(6,228,437)

Loan interest

12,282,708

14,592,980

Increase in public deposits

1,384,705,170

1,062,157,240

Mortgage disbursements

(1,731,490,182)

(1,138,484,140)

Mortgage recoveries

448,417,433

573,454,901

Increase in other assets

(66,438,490)

(61,514,238)

Increase/(Decrease) in other liabilities

92,782,047

(23,701,369)

Housing projects

17,521,959

(220,927,527)

Net cash inflow from operating activities

706,693,734

503,641,079



b) Movement in cash and cash equivalents:-

Represented by increase/(decrease) in:

Cash at bank and in hand	14,680,961	81,650,302
Treasury bills and bonds	(249,350,710)	366,252,120
Funds at call and short notice	565,216,996	(200,000,000)
Bank overdraft	120,332,868	(83,866,582)
	<u>450,880,115</u>	<u>164,035,840</u>

23. MORTGAGE COMMITMENTS

Group and Company

Mortgage commitments amounting to KShs. 1,851,837,000 (1995 - KShs. 1,501,339,000) are analysed below:-

	1996 Kshs	1995 KShs
Commitment in principle but not authorised for payment	759,252,000	752,175,000
Authorised but not paid	<u>1,092,585,000</u>	<u>749,164,000</u>
	<u>1,851,837,000</u>	<u>1,501,339,000</u>

24. CAPITAL COMMITMENTS

Group and company:

	1996 Kshs	1995 KShs
Authorised but not contracted	<u>104,537,277</u>	<u>134,112,750</u>

25. INCORPORATION

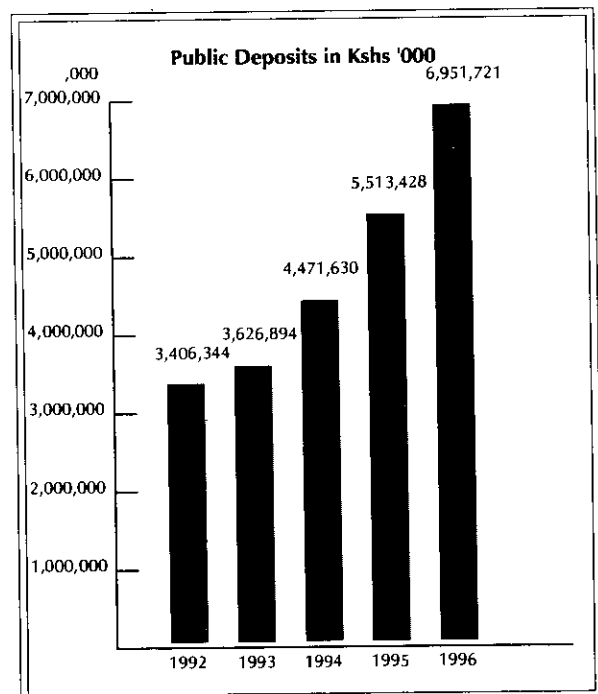
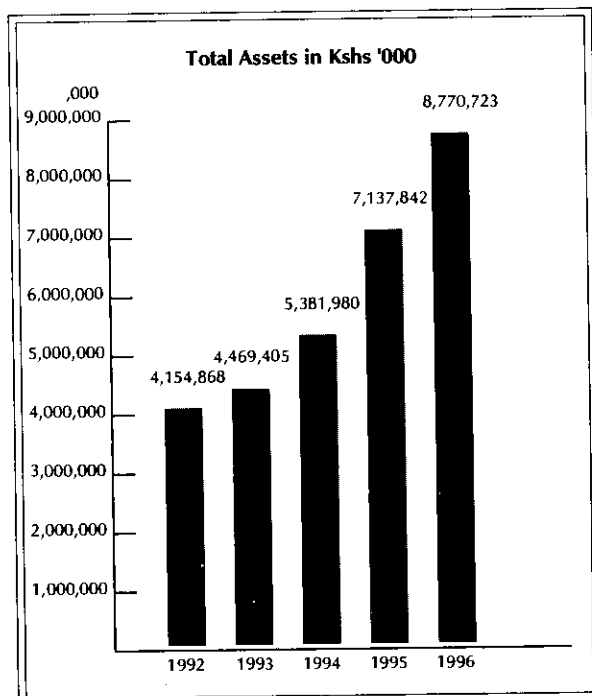
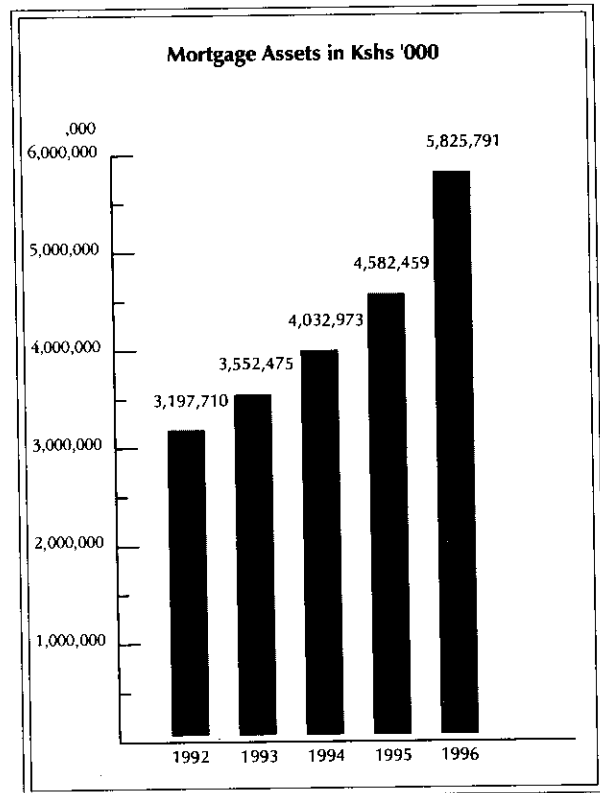
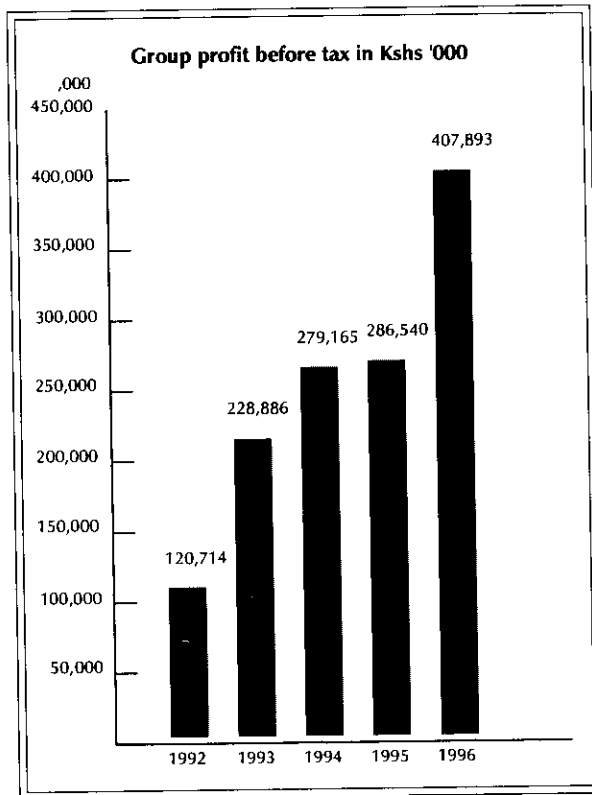
The company is incorporated in Kenya under the Companies Act.

26. CURRENCY

These accounts are presented in Kenya Shillings (KShs.)



5 YEARS HIGHLIGHTS





ANALYSIS OF ADVANCES

		1996 Kshs	1995 Kshs
(A) ESTATES			
Santack Enterprises	Santack II	--	482,800
National Housing Corporation	Malindi Scheme I	116,000	116,500
KMA Housing Co-op. Society		--	534,600
Harambee SACCO	Ushirika Estate	--	36,672,400
Imara Daima Housing Dev. Ltd.	Imara Daima Estate	155,993,700	154,683,880
Kenya Building Society Ltd.	Koma Rock II	--	1,645,540
Kenya Building Society Ltd.	Koma Rock II 'A'	43,526,960	85,646,620
Kenya Building Society Ltd.	Koma Rock III Area 'A'	147,225,460	12,550,440
Kenya Building Society Ltd.	Koma Rock III Area 'B'	54,487,820	--
(B) INDIVIDUALS			
Urban Plots		2,425,000	--
Existing Properties		600,501,722	368,572,920
Re-Mortgages		93,482,120	55,983,080
New Construction		282,514,140	201,687,500
New Properties		160,745,480	77,967,840
Commercial Properties		190,471,780	141,940,020
Total Advances		<u>1,731,490,182</u>	<u>1,138,484,140</u>

PRICE RANGES (KShs..)

(A) ESTATES

Malindi Mortgage Scheme I	Minimum	145,000	145,000
Imara Daima	Maximum	2,354,620	2,354,680

(B) INDIVIDUALS

Existing Houses	Minimum	450,000	350,000
Existing Houses	Maximum	18,000,000	30,000,000
New Houses	Minimum	1,250,000	435,000
New Houses	Maximum	5,600,000	10,000,000
Construction Cases	Minimum	386,200	316,520
Construction Cases	Maximum	71,925,000	14,500,000



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 1996, HFCK has advanced more than Kshs. 9.3 billion towards the development of housing and home ownership in Kenya, and helped thousands of families own their own dream homes. 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.



An Modern House Financed by H.F.C.K.

Banking Services

HFC 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, Flexi 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.

HFCK also offers Bearer Certificates of Deposits in various denominations with total confidentiality as to the depositor.

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.



The Managing Director, Mr. Walter Mukuria seated on the bull-dozer breaking the ground to begin construction of the Koma Rock Phase III B Estate. The Ceremony is being witnessed by the contractors and consultants of the project as well as the management.

Insurance Cover

All houses that HFCK mortgages 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.

Company Mortgage Scheme

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 an undertaking to the developer's bank for them to release construction finance required for the completion of the project. HFCK would then release long term funds on satisfactory completion of the project.

Computerisation

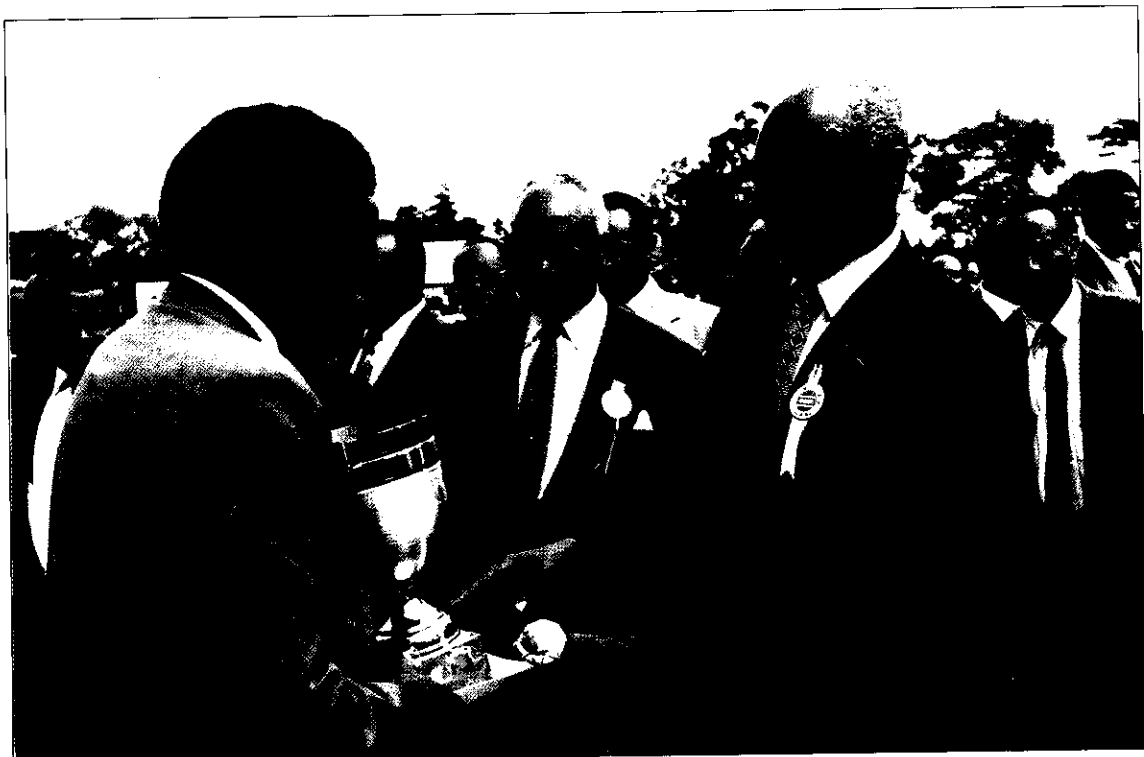
The Company has installed at the Head Office a modern computer with the latest technology and all branches countrywide communicate interactive on-line through Kenpac with the main-frame computer at the Head Office.

Customers can withdraw and/ or deposit funds from any of the branches countrywide 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 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.



His Excellency President Daniel Arap Moi, presenting the First Prize for the Best Financial Institution to Paul Lumet, Public Relations Manager during the official opening of Nyeri ASK Show in 1996.



NETWORK OF BRANCHES

Nairobi – Rehani House, Kenyatta Avenue / Koinange Street
PO Box 300088, Phone 333910, 221101, Fax: 334670

Nairobi – Gill House, Moi Avenue
PO Box 73340, Phone 333761/221606, Fax: 228436

Nairobi – Maserah House, Kenyatta Market
PO Box 19679, Phone 727864 /65, Fax: 727873

Nairobi – View Park Towers
PO Box 20691, Phone 250856/250857, Fax: 250858

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

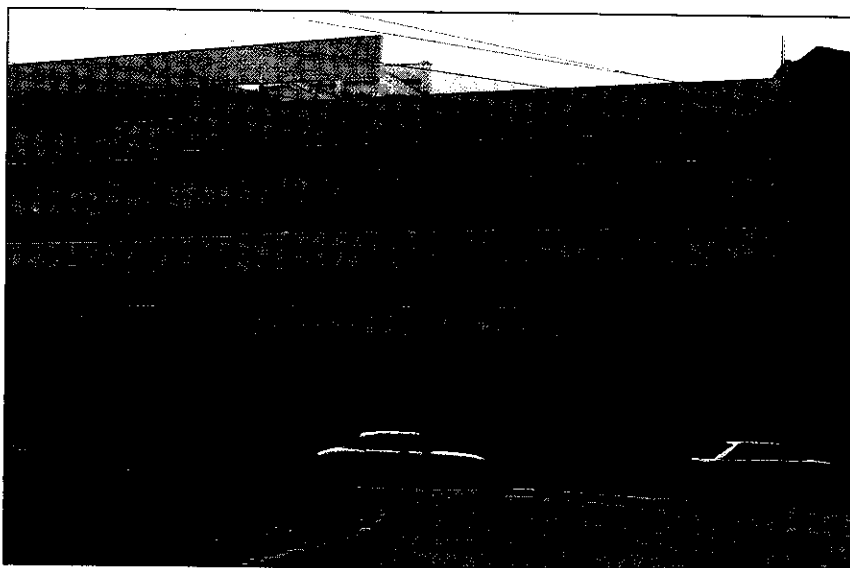
Nyeri – Kimathi Way
PO Box 693, Phone 2290, Fax: 2290

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

Thika – Thika House
PO Box 43491, Phone 21410 / 27, Fax: 21589



H.F.C.K.'s new branch office in Thika House along Nkurumah Road, Thika

CMA-LIBRARY



Airport View Housing Estate being financed by HFCK.



A visitor admires a work of art during the H.F.C.K. Visual Art Exhibition held from 13th to 21st June 1996 at City Hall, Nairobi.