

25th
NHT
Anniversary
1976-2001

National Housing Trust

Annual Report &
Financial Statements
2000-2001

HOPE

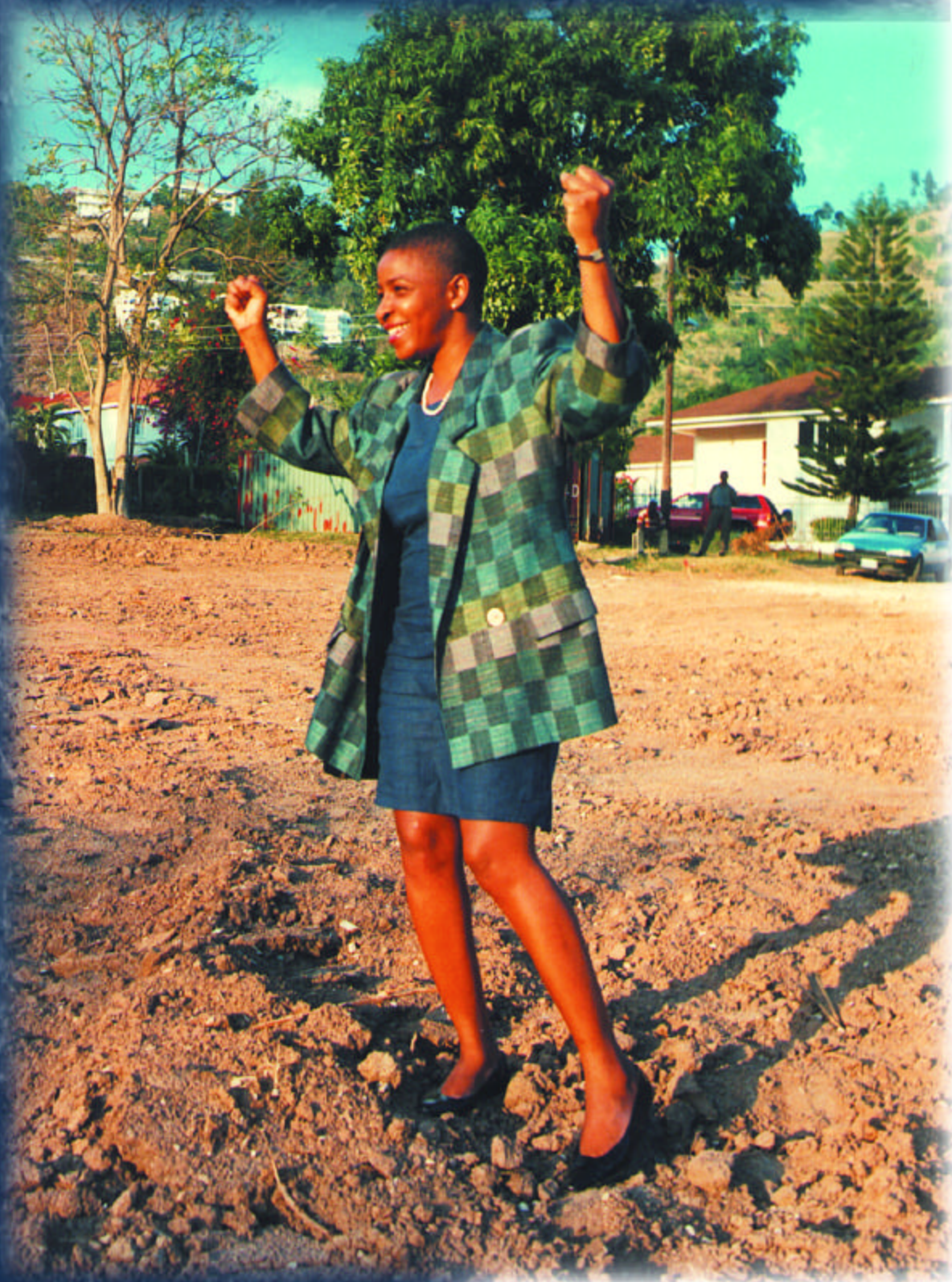
2000-2001



"NHT AT 25,
KEEPING THE
HOPE OF
AFFORDABLE
HOUSING ALIVE"

YES !!!

Finally I now own my own land.



- **MISSION**

The Trust's mission is to be an efficient, cost effective and major provider of housing loans in Jamaica.

- **VISION**

The NHT's vision is to be a world-class housing finance institution.

- **CORPORATE PURPOSE**

The NHT exists to provide affordable housing solutions to its contributors.



Table of Contents

Seven Year Statistical Summary	3
Letter to the Prime Minister	4
Board of Directors	5-6
Message from the Chairman & Managing Director	7-13
Interviews with Long Service Employees	14-19
Pictorial Review	20-26
Directors' Report	27-28
Audited Financial Statements	29-58
Administration	59-63



SEVEN YEAR

STATISTICAL SUMMARY

	2001 \$'000	2000 \$'000	1999 \$'000	1998 \$'000	1997 \$'000	1996 \$'000	1995 \$'000
Total Assets	38,758,201	32,413,635	26,207,052	21,051,375	15,567,548	12,164,092	8,855,888
Current Assets	6,715,096	5,083,573	3,414,235	1,858,875	1,816,183	2,327,345	2,885,960
Finance for Housing Construction	1,889,852	1,759,289	2,740,154	3,173,747	2,448,829	2,265,823	1,655,767
Loans to Beneficiaries	26,883,649	22,867,396	17,516,317	13,524,099	9,909,642	6,244,821	3,448,777
Refundable Contributions	12,552,555	10,501,730	8,542,499	6,692,242	5,078,869	3,888,244	2,600,889
Accumulated Fund							
Non-Refundable Contributions	13,629,486	11,400,443	9,416,777	7,578,022	5,414,750	3,976,946	2,823,935
Surplus on Income & Expenditure Account	10,038,436	8,200,718	6,345,845	5,037,357	3,846,715	3,141,845	2,462,551
Results From Operations							
Total Operating Income	3,436,489	3,368,390	2,564,212	1,796,099	1,682,413	1,437,089	1,281,426
Operating Expenditure	960,055	856,781	739,643	715,304	741,188	549,697	387,104
Net Surplus	1,837,715	1,854,873	1,291,948	1,190,642	705,870	678,094	775,717
Financial Ratios							
Average interest on loans %	8.2	9.5	9.7	9.5	9.2	8.4	10.7
Yield on investments %	17.2	22.7	22.3	18.4	32.5	27.8	32.1
Efficiency Ratio %	35.0	32.0	39.0	51.7	53.7	46.5	37.3
Return on Capital %	8.4	10.4	8.7	10.7	8.4	10.6	16.9
Return on Assets %	6.0	6.0	5.3	6.5	5.1	6.5	10.3
Other Information							
Annual Housing Expenditure	4,842,873	5,051,643	4,197,000	4,783,000	3,960,000	3,299,600	1,361,000
Contributions Received	4,334,441	3,945,528	3,711,881	3,796,878	2,847,577	2,188,293	1,580,963
Contributions Refunded	192,082	110,701	91,614	54,418	42,994	45,646	11,120
Number of Mortgages Created since Inception	74,317	69,413	63,500	58,719	53,662	48,319	42,201
Number of Individual Benefits Provided since Inception	85,436	78,744	69,932	62,871	55,895	49,305	-



Letter to the Prime Minister

August 28, 2001

*Rt. Hon. P.J. Patterson Q.C. MP
Prime Minister
Jamaica House
Hope Road
Kingston 6*

Dear Prime Minister,

In accordance with Section 3 First Schedule (no.6) of the National Housing Trust Act 1979, I transmit herewith the Trust's report for for year ended March 31, 2001, and a copy of the Statement of the Trust's Accounts at March 31, 2001, duly certified by the Auditors.

I am,

Yours respectfully,

A handwritten signature in black ink, appearing to read "Kingsley Thomas".

Kingsley Thomas (Chairman)



Kingsley Thomas
CHAIRMAN



Earl Samuels
MANAGING DIRECTOR



Patrick Lawrence
DEPUTY CHAIRMAN



Shirley-Ann Eaton

Robert Cranston

Cyril Lebert

Victor Robinson

Guifa Bernal





Morris Chin



Hopeton Caven



Lloyd Goodleigh



Edward Bailey

NATIONAL HOUSING TRUST

Board of Directors

George Fyffe



Errol Greene



Ian Emmanuel

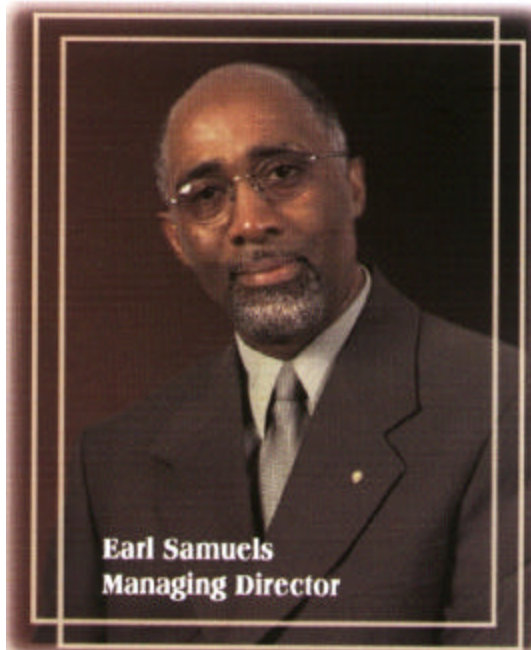
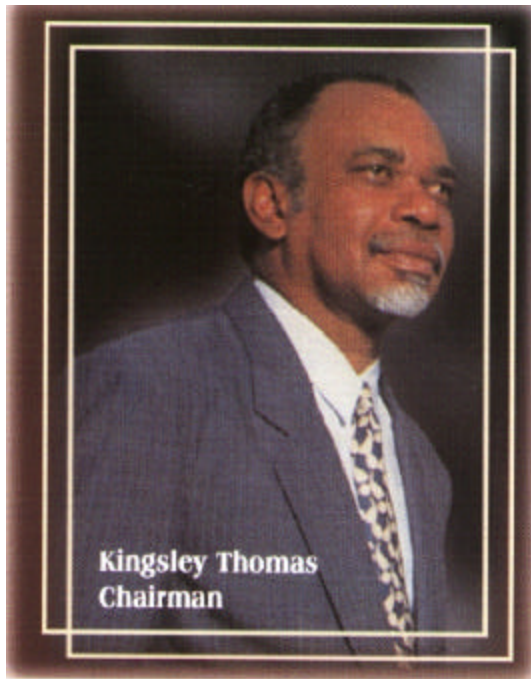


Donovan Stanberry





Report from THE CHAIRMAN & MANAGING DIRECTOR



When plans for the inception of the National Housing Trust were announced in 1975, there was strong opposition from many quarters, particularly members of the public who resented having the statutory deductions taken out of their salaries. The private sector, too, were not pleased as several of their members indicated that the 3% payroll deduction would have a serious negative impact on their cashflow and could cause businesses to collapse.

At that time, it was difficult for lower income Jamaicans to access financing to purchase housing. Their low earning power, the high cost of housing solutions, the high cost of funds, and the difficulty to access loans without existing collateral, contributed to this situation. Very few financial institutions took into consideration the needs of these income groups. As a result, there was a need for a different type of financial institution that would not only make it easier for persons to access housing financing, but that would provide sufficient funds to meet the housing need which was estimated to be approximately 23,000 units each year. The NHT was to be that institution.

Four major reasons were given as to why the NHT was needed:

- i) to create, in the first instance, a mechanism for the mobilisation of mass savings;
- ii) to create new wealth in the form of housing;
- iii) to create new jobs by employment in the construction industry;
- iv) to stimulate the economy.

This new organisation opened its doors in January 1976, with a mandate to "add to and improve the housing stock by providing mortgage and construction financing for affordable housing".

Twenty-five years later, the Trust has made the dream of home ownership a reality for many ordinary Jamaican citizens. It has met the objectives that were envisioned from the outset:

- with close to \$40b dollars in assets, over 74% of which is invested in housing, the Trust has the single largest pool of funds available for housing in Jamaica;
- since inception, 71,962 mortgages have been granted to 85,443 beneficiaries. With an average of 4 persons per household, close to 300,000 Jamaicans have been impacted by the NHT's activities.
- PIOJ figures indicate that the NHT is the largest player in the construction industry. Of the 8,177 starts and

4,969 completions in the formal sector in calendar 2000, the Trust contributed 3,385 starts and 3,071 completions,

Through prudent financial management and the implementation of innovative policies, the Trust has been able to provide housing benefits at below market interest rates to persons at all income levels, including those contributors earning wages in line with the country's minimum wage. This has not been achieved as a result of 'a one off 'decision but has come through a continuous search for ways to provide the types of products that will make housing more affordable for our contributors. Over the years, there have been significant improvements in service delivery, achieved through strategic staff recruitment and training, the use of appropriate technology and the redesigning of business processes.

For the 2000/01 financial year, the NHT continued to examine ways to improve its performance. The CLASS project, which focused on our mission critical processes - loan management, contribution management and financial management - was implemented in November 2000. This was the culmination of almost two years of work which sought to provide real-time, online service to our customers, among other things. Class is an acronym for Cash, Loans and Savings Systems and comprised several inter-related software programs: the International Comprehensive Banking System (ICBS), Alliant Branch Teller and two in-house developed programs -the Loan Origination System (LOS) and the Contributions Administration Management System (CAMS). By the end of the financial year, staff were developing a proficiency with the new systems.

Just under \$5b was spent on housing and was distributed between providing mortgage and construction financing. The NHT provided a total of 4,904 mortgages to 6,692 beneficiaries at a value of \$4,071 m. On the construction side, 1,673 housing solutions were completed during the year. There were 1,395 Build on Own Land (BOL) and Home Improvement (HI) completions. For the year under review, the NHT collected \$2,897m in mortgage repayments and \$4,334m in contributions. One hundred and ninety-two million dollars (\$192m) were disbursed for contribution refunds.

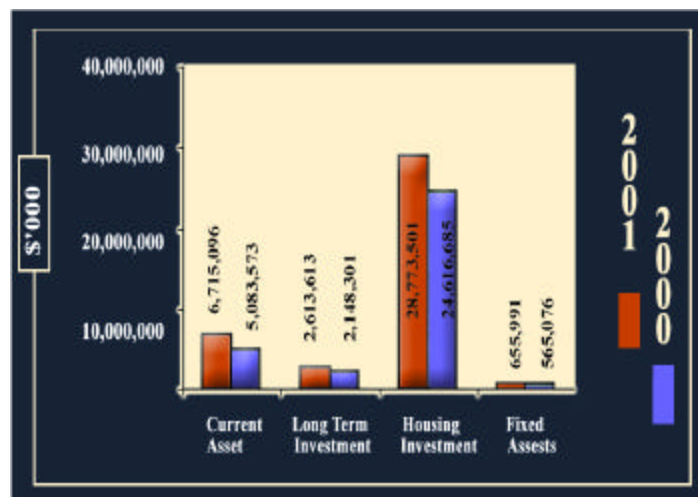
FINANCIAL MANAGEMENT

As at March 31, 2001 the total assets of the National Housing Trust reached \$38,758m, representing an increase of \$6,345m or 20% on the asset base at the end of the previous financial year. Total assets comprised: current assets of \$6,715m which increased by \$1,632m; housing investments of \$28,774m, up from \$24,617m and other non-current assets totaling \$3,270m, increasing from \$2,713m. At the end of the financial year, 74% of the Trust's assets was invested in housing versus the 76% in 1999/00.

Income for the year grew by \$68m, reaching \$3,436m, versus the \$3,368m in the previous year. Interest on loans to beneficiaries (\$2,038m) and interest from investments (\$1,243m) were the major components. In respect of expenditure, there was a 14% increase in operating expenses which moved from \$857m to \$980m. This was mainly attributable to the 'one time' costs associated with the CLASS project and retroactive payments resulting from the job reclassification exercise. Net surplus was a little lower than that earned in the 1999/00 financial year - \$1,837m vis-a-vis \$1,855m.

Mortgage and contribution collections performed creditably, given the economic environment. Collections in these areas were \$2,897m and \$4,334m respectively.

Assets as at March 31



One of the consequences of the CLASS implementation was the improvement in timeliness of financial information. The improvement was as a result of the integration of the loans and contributions sub-systems with the General Ledger which now results in daily postings to the General Ledger, as opposed to the monthly postings which obtained prior to implementation of CLASS.

BUILD ON OWN LAND

Mortgages & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	47	53	36.44
St. Andrew	33	42	31.02
St. Thomas	39	50	40.74
Portland	10	12	8.97
St. Mary	24	30	23.39
St Ann	45	56	40.13
Trelawny	14	17	11.88
St James	57	73	49.10
Hanover	22	25	19.18
Westmoreland 48	57	42.84	
St. Elizabeth	88	90	70.24
Manchester	65	82	61.65
Clarendon	84	90	63.42
St. Catherine	232	266	188.70

SCHEME

Mortgages A Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	42	42	28.35
St. Andrew	2	2	1.80
St. Thomas	59	71	57.28
Portland	1	1	1.40
St. Mary	0	0	0.00
St Ann	0	0	0.00
Trelawny	23	25	6.55
St James	273	392	321.27
Hanover	0	0	0.00
Westmoreland 0	0	0.00	
St. Elizabeth	0	0	0.00
Manchester	0	0	0.00
Clarendon	226	285	199.57
St. Catherine	566	679	455.61
TOTAL	1192	1497	1071.84

HOUSING PROJECTS & BENEFITS

Four thousand, eight hundred and forty-three million (\$4,843m) was spent to finance the development and completion of several schemes as well as on providing mortgage financing to contributors. One thousand six hundred and seventy-three (1,673) housing solutions, comprising 887 serviced lots, 711 studio units and 75 two-bedroom units, were completed. The major scheme completions were Longville (350 units), Retirement (200 units), Mineral Heights (283 units) and Bevans Pen (160 units).

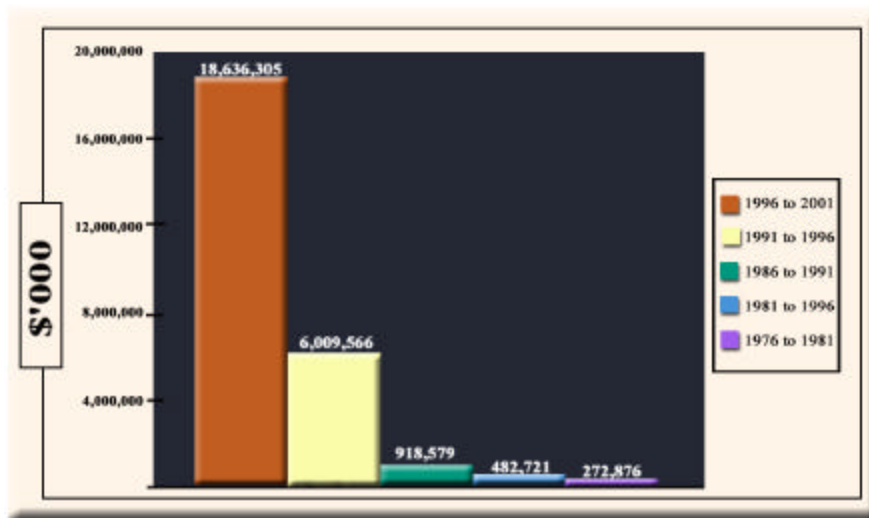
There were 1,069 BOL and 326 HI completions, giving a total of 1,395 solutions versus the 1,385 achieved in the previous reporting period.

HOUSING COMPLETIONS 2000/2001		
Scheme	Parish	Units
Cornwall Court	St. James	79
Rosemount III	St. James	47
Adelphi	St. James	84
Retirement	Trelawny	200
Longville	Clarendon	350
Mineral Heights	Clarendon	283
Bevans Pen	St. Catherine	160
Tredegar Park	St. Catherine	76
Christian Gardens	St. Catherine	96
Wickie Wackie	St. Andrew	116
Red Hills Pen	St. Thomas	138
East Prospect	St. Thomas	40
Garden Boulevard		4
TOTAL		1673

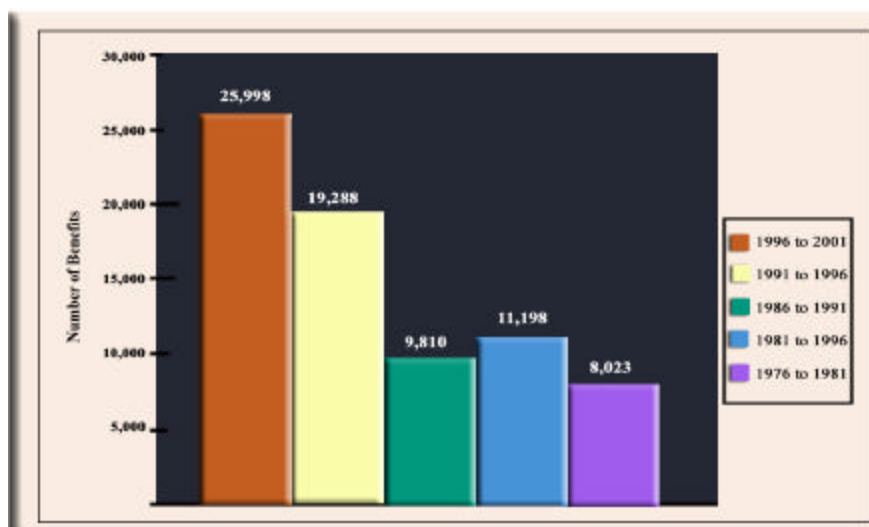
HOUSING COMPLETIONS 2000/2001

PERFORMANCE SINCE 1978

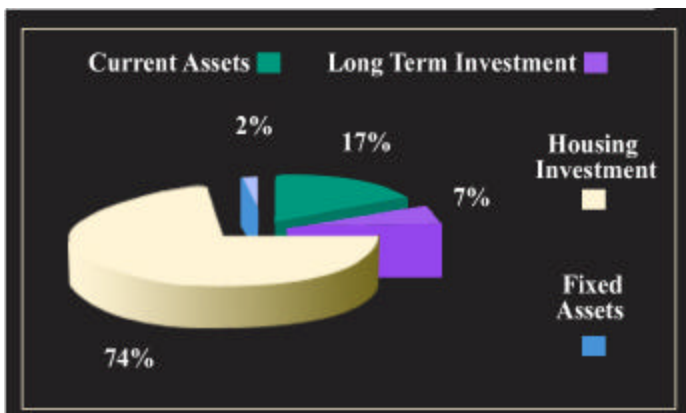
CONTRIBUTIONS COLLECTED



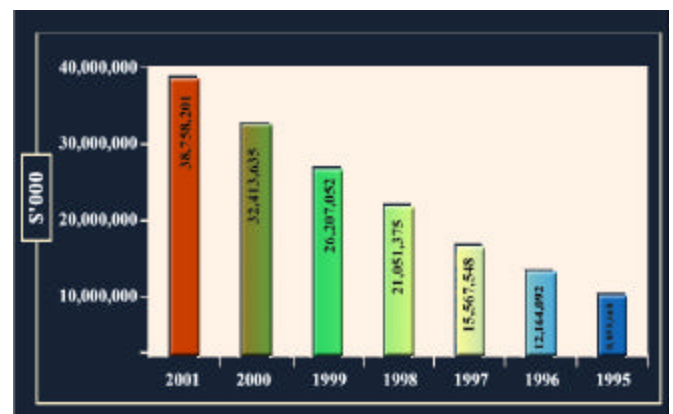
BENEFITS PROVIDED



Assets Distributions at March 31



Total Assets as at March 31



On the mortgage financing side, the NHT provided 6,692 mortgages for 4,904 contributors at a value of \$4,704m. This was lower than the performance in the prior year when 8,812 customers benefitted from 5,913 mortgage loans, valuing \$5,404m.

This year the high performance loan categories were again Open Market, with 1,384 mortgages valuing \$1,742m for 2,306 beneficiaries, schemes and serviced lots with 1,800 mortgages valuing \$1,303m for 2,215 beneficiaries. Performance was lower in both categories than that of last year's as a result of a downturn in the demand for mortgage loans.

ORGANISATIONAL EFFICIENCIES

As stated in the organisation's four year strategic plan (2000-2004), the NHT aims to develop efficiencies in its mission critical areas, as it moves toward world class status. One major requirement for the development of these efficiencies is technological change, particularly in the areas of mortgage and contributions processing. During the financial year under review, the organisation took on this task through the successful implementation of the Cash, Loans and Savings Systems (CLASS) in November 2000.

The CLASS systems comprise off-the-shelf software, the International Comprehensive Banking System (ICBS) and Alliant Branch Teller, interfaced with the in-house developed Loan Origination System (LOS) and the Contributions Administration and Management system (CAMS).

Implementation of this integrated technology moved the NHT from a system that was based solely on batch processing to one that provided 'on-line', 'real time' processing. The 'online' facility allows customers to get information on their accounts from any NHT office, Client Services Officers in all branches now have the ability to query the status on customer accounts without having to wait to receive this information from the Head Office, as was the case with the previous system. The 'real time' facility allows transactions to be updated to the customer's account immediately. Up-to-date information is, therefore, always available to our customers.

In February 2000, the Trust also introduced its redesigned web site to the public. Information on contribution and loan policies construction starts and completions, mortgages created and the strategic direction of the Trust is now available at www.nht.gov.jm.

SERVICED LOTS

Mortgages & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	21	21	6.58
St. Andrew	56	58	19.33
St. Thomas	0	0	0.00
Portland	0	0	0.00
St. Mary	0	0	0.00
St Ann	35	42	15.03
Trelawny	103	149	46.09
St James	183	186	62.76
Hanover	0	0	0.00
Westmoreland	4	4	1.53
St. Elizabeth	4	4	1.34
Manchester	2	2	0.90
Clarendon	198	250	71.39
St. Catherine	2	2	0.85
TOTAL	608	718	231.16

HUMAN RESOURCES

The introduction of the CLASS technology, created several challenges during the year. Staff within the affected departments participated in training that was customised to meet departmental needs. The training, evaluation and selection processes caused some amount of uncertainty but an effective communication programme was implemented to help alleviate staff fears, bring them up-to date with what was happening on the project and foster enthusiasm throughout the organisation. Several communication strategies were used: monthly lunch

Housing Expenditure as a Percentage of Contribution Collections



hour sessions with the Managing Director where he answered staff queries; regular news bulletins, quizzes and competitions which tested staff knowledge and helped to get staff involved in the process.

The anticipated learning curve with respect to the new technology, as well as the optimisation of system capabilities and business processes will necessitate an on-going assessment of human resource requirements. Additional training on the system will be required. Front-line users, were for the most part, trained only in those areas that were required for cut-over. But, several of the new jobs are now multi-functional, combining two or more of the previous job types. Client Service Representatives, for instance, were trained either in loan origination or servicing, not both, but both functions are now required. Hence, resources are now being applied to bring all relevant staff to the required job knowledge and competence. Furthermore, the

Trust recognises that the new technology is forcing the organisation to recruit and develop a new kind of employee. The NHT employee of the future will have to be 'multiskilled' - highly computer literate, process oriented, skilled in problem solving, creative, innovative, team oriented and a risk taker.

Financial year 2001/02 will be a year of consolidation for the NHT. After almost 2 years of intense work on the CLASS project, some assessment on how well project objectives have been met must be undertaken. Additionally, we believe that there are further efficiencies to be gained from the newly installed systems and hence, over the next year, the system will be monitored closely with a view to optimising performance.

There will be other technological improvements. In the first instance, the network will be converted from token ring to ethernet technology which will enable faster transmission of data, leading to significant improvements in transaction processing times. Secondly, the implementation of an intranet facility will enhance the Trust's internal communications system by providing staff with 'on-line' access to company policies and other relevant organisational information. Thirdly, the setting up of a Network Management System will provide greater control and more efficient management of the computer network. This software allows trouble-shooting and correction of network problems from a central location without having to travel to the problem site.

Several programmes that address human resource issues will be needed to help the Trust become world class. One of the major projects for the year will be an assessment of the organisational culture and the implementation of a strategy that realigns the current culture to the desired values and attitudes inherent to world class organisations. The project is expected to last for 18 to 24 months.

Given the increased dependence on technology and the complexity of managing a large organisation, it was felt that the risk exposure of the Trust should be assessed. The risk project will undertake this assessment in relation to business objectives, and also make recommendations for control and management of risk and the appropriate organisational structures to be implemented. The aim is to have, at the end of the process, risk management imbedded in the NHT culture.

In order to encourage employers to pay their outstanding contributions and submit outstanding

HOUSE LOT

Mortgages & Beneficiaries 2000/01

PARISH	M	B	Value(\$M)
Kingston	30	44	11.50
St. Andrew	34	54	16.86
St. Thomas	37	56	16.19
Portland	1	2	0.70
St. Mary	23	34	8.83
St Ann	33	53	16.66
Trelawny	7	11	3.17
St James	29	48	14.24
Hanover	3	3	0.64
Westmoreland	17	28	7.93
St. Elizabeth	31	36	10.89
Manchester	14	18	5.49
Clarendon	45	52	16.58
St. Catherine	281	406	120.82
TOTAL	585	845	250.50

OPEN MARKET

Mortgages & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	292	440	337.82
St. Andrew	269	459	343.94
St. Thomas	8	14	10.91
Portland	5	6	4.56
St. Mary	14	21	16.38
St Ann	18	34	24.91
Trelawny	9	16	12.31
St James	29	58	42.57
Hanover	4	7	5.48
Westmoreland	20	34	25.46
St. Elizabeth	6	10	6.83
Manchester	8	10	7.09
Clarendon	14	22	15.70
St. Catherine	688	1175	888.50
TOTAL	1384	2306	1742.46

Annual Returns, the NHT will implement an Amnesty programme targeting delinquent employers. The amnesty is a waiver on the penalty and surcharge on the employer portion of contributions outstanding for periods ending on, or for transactions occurring on, or before December 31, 2000. Annual Returns for the period for which relief is being sought will have to be submitted with the application for relief. The programme is scheduled to run from May to October 2001.

Other major targets for the year are:

- mortgage collections of \$3,592m
- contribution collections of \$4,564m
- housing expenditure of \$6,546m
- 8,337 loans to beneficiaries

HOME IMPROVEMENT

Mortgages & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	26	29	6.39
St. Andrew	28	31	6.18
St. Thomas	7	8	1.64
Portland	2	2	0.41
St. Mary	10	10	2.05
St Ann	6	7	1.42
Trelawny	6	7	1.42
St James	20	28	5.57
Hanover	2	2	0.41
Westmoreland	7	9	1.84
St. Elizabeth	5	5	0.97
Manchester	7	8	1.63
Clarendon	20	22	5.70
St. Catherine	157	182	37.62
TOTAL	303	350	73.24

COMBINED MORTGAGE

Mortgagee & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	7	8	5.37
St. Andrew	7	13	8.30
St. Thomas	0	0	0.00
Portland	0	0	0.00
St. Mary	0	0	0.00
St Ann	2	2	0.40
Trelawny	0	0	0.00
St James	0	0	0.00
Hanover	0	0	0.00
Westmoreland	0	0	0.00
St. Elizabeth	0	0	0.00
Manchester	0	0	0.00
Clarendon	0	0	0.00
St. Catherine	8	10	5.64
TOTAL	24	33	19.70

TOTAL

Mortgages & Beneficiaries for 2000/01

PARISH	M	B	Value(\$M)
Kingston	465	637	432.44
St. Andrew	429	659	427.42
St. Thomas	150	199	126.76
Portland	19	23	16.04
St. Mary	71	95	50.66
St Ann	13	194	98.55
Trelawny	162	225	81.41
St James	591	785	495.51
Hanover	31	37	25.71
Westmoreland	96	132	79.60
St. Elizabeth	134	145	90.27
Manchester	96	120	76.76
Clarendon	587	721	372.36
St. Catherine	1934	2720	1697.74
TOTAL	4904	6692	4071.22

TAKEOVER FOR 2001/2002				
Scheme	Serviced Lot	Studio	2 Bedroom	Total
CORPORATE AREA Spanish Meadows, Spanish Town Road		48		48
ST. CATHERINE Angells III		473		473
Bushy Park	100			100
Rosemount	20			20
Kitson Town	71			71
ST. THOMAS East Prospect	118	91		209
Bellrock	9	10		19
Chiswick	50	80		130
ST. MARY Sandside	22			22
ST. JAMES Norwood	73			73
TRELAWNY Duncans Hill		45	5	50
CLARENDON Longville II	900	460		1360
Mineral Heights	350			350
ST. ELIZABETH Appleton	24	64		88
TOTAL	1737	1271	5	3013

INTERVIEWS

WITH

LONG SERVICE EMPLOYEES

Mrs. Grant was one of only 2 persons who were working at Trust in January 1975 when it opened for business. The other was Dr. Fitz Ford. She was his Executive Secretary.



QUESTION

Tell me about how you came to the NHT.

ANSWER

I was at the Ministry of Housing while the groundwork was being done. Dr. Ford was there. I had been with the Ministry of Housing for 12 years and I wanted the new experience. I felt I could contribute.

QUESTION

What was done to get ready for the launch of the organisation?

ANSWER

Background meetings were held with unions, NIS etc; the drafting of the Act with Justice Marsh and Helen Roper - these were reviewed by Dr. Ford; and a public education programme launched. We had to let the public know what this (the NHT) was about. We had a famous ad saying "your 3 and my 2", that means the employer 3 percent contribution and the employee's 2 percent contribution. We had posters and radio ads covering this.

QUESTION

What were your objectives then, how did it feel, what was the mood?

ANSWER

It was very exciting, not everyone could access a housing loan from a bank, a building society or a credit union. All those institutions required collateral, and people had no collateral. Persons rented houses more than they purchased. Research was done; it found that we needed 23,000 housing solutions to satisfy the housing needs. We started working at that, but we were not in development. So to meet the deadline of having our first draw, as we called it then, we bought some units from the Ministry (of Housing).

QUESTION

Tell me about the major obstacles you faced in the first two years?

ANSWER

Firstly, you know how we think, actually we were set-up based on INFON-AVIT from Mexico, but in Mexico it was a straight tax where no one would receive a refund. We tailored it to the Jamaican environment. There was a lot of resistance because it was seen as a new tax. We had a rough time convincing the employers to pay, especially the private sector.

QUESTION

So you had your first selection at the end of the year, what was it like?

ANSWER

It was a lot of work, we were using the COBOL system (programming language) from NCR. We had to get all these things done in time for the selection. It was a random selection. The first one was done on JBC. It was televised live on JBC. Everything was taken to JBC and the staff went there. There was a manual selection. They lined up people and they had boxes. I think one of the photographs is on an almanac.

QUESTION

What was the feel when those first persons got their keys?

ANSWER

They were excited, but, after the selection, (even now we still have that problem) and interview and all that, you find that some people can't afford it. So it happened from then. Also, you would have a lot of people qualifying, but we had insufficient benefits. So they would be told, "Well you have been selected but placed on a waiting list. " People got frustrated. They would call ... And then you think that you pass that stage where you were accepted, we had to go and re-educate people.

QUESTION

How did the public feel about the service?

ANSWER

They complained bitterly, they did not feel that the service was up to standard. They complained about the lack of information, about being selected and being told to wait, that it took too long to get their units.

QUESTION

What has been the most radical change that has taken place in the twenty-five years?

ANSWER

I think the benefits, because you could only join with certain persons in the beginning and it was a benefit to a family. We also did not have the *pari-passu* or the combined mortgage. The other thing I don't think we had a loan limit, it was based on affordability, there was no down-payment. So we would just select people and put them in, There was no equity so people took advantage of it and did not pay and abandoned the units. Some migrated and left the units without us knowing.

QUESTION

Where have you seen improvements?

ANSWER

People having equity in that benefit, they will pay their mortgage and they won't abandon their units. People used to capture and vandalise the units. The other thing that is good, you can appeal to the Board when there is a problem and the Board sorts it out and in those days you did not do this. I call this a window of opportunity. It's rather interesting to see us moving in that direction. Another thing, it was the very low-income person who received those benefits. Now people from all levels of society come for benefits from the Trust.

Also, the education of the staff, the benefits when I started, there was nil. I can't help being proud because even if they don't stay with the Trust and they go out, it still helps with the development of the country.

QUESTION

Has the vision changed in terms of what we wanted to achieve?

ANSWER

Yes, I think so. Well, because when we started we had this vision about what we would do ... but we have done even more. I have worked with all the Managing Directors. Because each Managing Director comes in with ideas they want. We had no senior directors then, that came in during the 90's. We had Directors and Managers. At one stage we had 13 departments reporting to the Managing Director, which was in 1978. Staff are now trained, we started with TQM. TQM was important, because those of us who were here before, we put (forward) our ideas; they were looked at. For instance, most of the staff lived in Portmore and they used to be continually late. We had a workshop and one section got an assignment to address this problem. The recommendation was that we were to have a bus system. People started coming to work early.

QUESTION

What do you think is the public opinion of us now?

ANSWER

Total acceptance. As I said in the beginning, it was total rejection, but now its total acceptance, I am pleased to hear people saying, (not knowing I work at the NHT), that we operate well. Formerly, as I got in my car, I used to remove my ID, because people would curse me. We had to remove the NHT logo from the first NHT vehicle. Maybe Mr. Warren could tell you, they started attacking us. A lot has changed. Even coming out here, (from Head Office to Knutsford Boulevard) people will stop and let you through. They think you work at the National Housing Trust, and the first thing they are asking is how can they access this, and how can they get a benefit. But to tell you the truth I feel very proud.

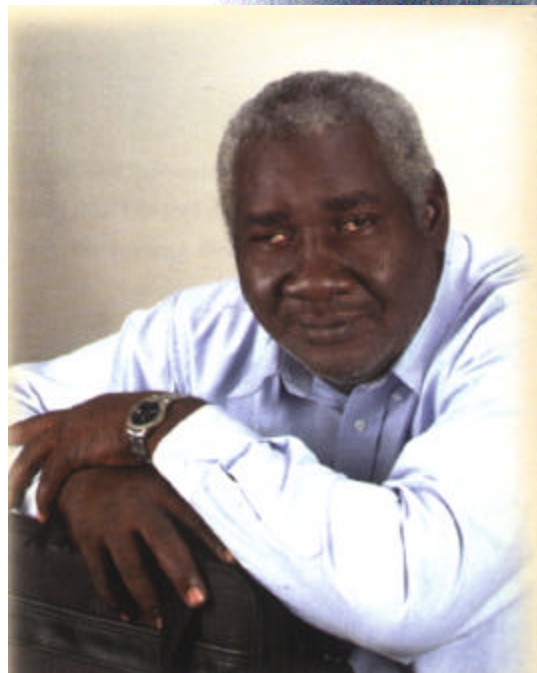
Mr. Hubert Warren was employed as the driver of the Trust in April 1975.

QUESTION

Where did you go on your travels around the island?

ANSWER

All the parishes. Most of that time was spent on the road. They did not have a driver and it was just Dr. Ford, He said he could not do it (the driving). I was here for about eight weeks and they did not have any vehicle. We had to use the one vehicle for three months. Then I got a Morris Marina, the Morris Marina could not keep up with the pressure of work, so it did not last. We got a Land Rover, the Land Rover did much of the rough work. Most of the time I was away (overnight). That's how I know Jamaica, it was not like now, where you have a purchase order, you simply go to the hotel and present your ID. I learnt a lot.



QUESTION

Looking back over the time what has been the most significant change you have seen to the Trust?

ANSWER

For instance, in 1977 when they did the first selection, it was like a scheme thing, there was no Open Market, Build on Own Land... it was just schemes only. Today it's a wide variety, it has changed a far way, more people benefit now more than then, because it was a harder selection. There is the points system now.

QUESTION

How was it in the first five years working with the people?

ANSWER

Well, it was much harder than now, because educating people about the Trust took a lot out of you, Because most of the time we go to the communities, what they did not believe. When people started focusing on the Trust, they saw that this was a good organisation. When they built Avalon Court, people said they did not want any "fowl coob". The apartment system was just coming in, nobody wanted Waterloo Road and they were being sold for \$29,000.

After a while and people realise that the Trust is moving fast, that is how the system started to spread. They had to come in with the Open Market to facilitate the Schemes and with the Build on Own Land, because they could not build enough (schemes). They did not have the land (in Kingston) to do the building, so most of the building was in the rural regions.

QUESTION

What has been the most interesting thing that has happened to you in the 25 years at NHT?

ANSWER

I have learnt a lot of things, which I really did not know. I used to operate the photocopier, stencil machine ...that is while I was driving, there was no one here to do it. The first stenciling machine was from Xerox. The gentleman showed me how to operate it,

QUESTION

What has been the most disappointing?

ANSWER

Not getting a house. The house I am living in - my father got the benefit and he could not have taken it up, so I joined with him. I have been told that I have received a house and cannot get a second benefit. I joined with him for affordability.

QUESTION

Do you think the public has changed towards the Housing Trust?

ANSWER

Well, they have to change, everybody. If you check the working class of people, everybody is looking for a loan. It is now easier to access a NHT benefit than before.

QUESTION

What has been your greatest achievement?

ANSWER

Over the years, I have achieved quite a lot. I did not attend high school. NHT sent me to a 3 months course at Excelsior Community College, but because of the work, I was unable to complete the course, I was sent to Jamaica Institute of Management on an 8-month supervisory course, which I successfully completed. That enabled me to be promoted to Transport Supervisor.

QUESTION

What are you looking forward to now?

ANSWER

Going home to relax. Ms. Townsend doesn't want me to go, Mr. Samuels doesn't want me to go.... I said, " Well, if there is any problem, I will come back and solve it, but I need some rest ". I am tired; it's getting to me now. It's not that I want to leave. I'd come back and work, if they need me.

Mrs. Inez Maloney, joined the Trust in April 1975, as a clerk in the Registry.

QUESTION

What were your responsibilities then?

ANSWER

We started to form a Registry, there were just three of us, two of us first and then another came later. We had to go out with Mr. Keith Gilfillian. We started telling the public about the Trust and how to pay their contributions. We went to all parishes and spent two weeks in each and informed them about the contributions, how it was done and what to do.

QUESTION

What was their response like?

ANSWER

Well, they did not know about it, so I showed them how to calculate the contributions. Some of them did not know, because they would lodge it, so we had an Inspector go out and collect (the contributions) and issue receipts. It lasted about one year, to go around each time and tell them about the contributions, how much they made with the employees and employers. We started with the contributions first.

QUESTION

Tell me about the people, was there anything outstanding about the people who were here at the time?

ANSWER

It was like a family. Because the organisation was small, we stayed late and put things together... because we were forming the Registry. We still worked with others like Projects, Data Processing. Everybody just worked right through until we were ready to go home in the night, late, up to 2:00 am we were leaving to go home.



QUESTION

The public, how did they feel about our service at that time?

ANSWER

Well, some of them were frustrated; they did not like it. They said it was not fair that we took their contributions, they called us thieves but we still continued. We had to hide at times, we can't let them know it's Housing Trust. The general public did not like the idea; they said we were robbing up their money. We went through a lot of things. Before we made the file room, we had to bend down to pick up the files. The customers said, "watch them, watch them how they have to bend down and pick up the file." The files were scattered on the floor, we had no shelves.

QUESTION

Have you seen any change in how the public has viewed us?

ANSWER

Yes. They are more educated about everything now. They tell us that the house is a big improvement to where they were living and ...The first person who received a house, did not understand that the house would be on the lot, so he came with a truck to put the house on. It was really amazing, with them at first.

QUESTION

What was it like when you moved to the offices at Park Boulevard?

ANSWER

People said this was Pegasus. They said we took their money and built a big pretty building. We were also at the Embassy building before we came to Park Boulevard. This was built after the Embassy building.

QUESTION

What improvements has the organisation made?

ANSWER

It's a lot, everything is put together and in place, the computers, ICBS. There is a big improvement. It's larger now.

QUESTION

What is the one thing you are glad that has changed?

ANSWER

The benefits, we have a lot of benefits. I feel good about it, I don't know if it's because this is my first job. The achievements, school assistance, we did job related courses. I like the educational part.

QUESTION

How do you feel about working in the Registry?

ANSWER

I like to meet and talk with people and give information and help. I go the extra mile to help them. I like meeting people. I help to solve their problems and people feel good about it. With the documents, I am interested in putting them on (the files) to make things push out quickly. I don't like to see anything stay back.

TWO BEDROOM DESIGNS



2 Bedroom detached unit, Tryall, St. Mary



2 Bedroom detached unit, Pitfour, St. James



Delacree Park, 2 Bedroom Units, St. Andrew

TWO BEDROOM DESIGNS
OVER THE YEARS



Rosemount row houses, St. James



2 Bedroom Duplex, Braeton Phase IV, St. Catherine



2 Bedroom detached unit, East Prospect, St. Thomas

STUDIO DESIGNS



Greater Portmore Quad units (under construction)
St. Catherine



Converted Urbana
unit in Manley
Meadows,
St. Andrew



Longville detached studio, Clarendon

OVER THE YEARS

Application Intake

APPLICATION INTAKE

Then & Now



Once upon a time.....Waiting to have application form vetted.



How many points do I have? This is taking SO LONG !!!



**NOW...
NO
MORE
LINES!**

Technology Changes



The NCR Computer, was the first computer system implemented by the Trust to manage its mortgage and contributions portfolios. It utilised considerable space in the computer room.



The IBM platform which replaced the NCR box, was less than half the size with more system capabilities.



The AS 400, less than quarter the size of the IBM mainframe, but able to host the CLASS applications - and so much more powerful.

TECHNOLOGY CHANGES
Then & Now

Community

Development

COMMUNITY

DEVELOPMENT



Dave Reid receiving an award from Board Director, Shirley Ann Eaton at the luncheon hosted for the NHT's twentieth anniversary scholarship winners.



Chicken rearing project (implemented with assistance from the NHT) at the Mitchell Town Primary School in Clarendon.



Mrs. Josephine Simpson, Community Services Manger discussing construction progress with a beneficiary.

Awards & Achievements



Caribbean Employers Confederation Award for enlightened Industrial and Human Relations practices.

Chairman of the Jamaica Employers' Federation Professor Neville Ying presenting the 1999 JEF Award for public sector company leadership to Managing Director, Earl Samuels.



DIRECTORS REPORT

The Directors are pleased to present their report and audited statements of accounts, ended March 31, 2001.

1. Financial Results

	2001 \$000	2002 \$000
<i>Income</i>		
Interest on		
Loans to beneficiaries	2,038,323	1,925,161
Investments	1,242,631	1,240,991
Finance for House Construction	27,000	89,568
Other Income	128,505	112,640
	3,436,459	3,368,360
<i>Expenditure</i>		
Operating	980,055	856,781
Other expenses (Employee and and Employers' and provision for losses)	501,786	585,054
	1,481,841	1,441,835
Surplus before exceptional item	1,954,618	1,926,525
*Exceptional item	(116,900)	(71,625)
<i>Net Surplus</i>	1,837, 718	1,854,900

* Exceptional item relates to loss/gain on foreign exchange, restructuring expenses and provision for loss on investment

2. The Board

The terms of the existing Board ended at the end of March, 2001. The Directors who served the Trust during the period are:

Mr. Kingsley Thomas
Mr. C. Earl Samuels
Mr. Patrick Lawrence, J. P.
Mr. E. C. Bailey
Mr. Hopeton Caven
Mr. Morris Chin
Miss Shirley Ann Eaton
Mr. George Fyffe, O. D. J. P.
Mr. Lloyd Goodleigh
Mrs. Minette D. Mitchell
Mr. Errol C. Greene
Mr. Robert Cranston
Mr. Cyril Lebert
Mrs. Guila Bernal
Mr. Victor Robinson
Dr. Neville Ying

3. Auditors

The auditors, Deloitte & Touche, have indicated their willingness to continue in office.

4. Employees

The directors thank the management and staff of the Trust for their hard work during the year under review,

By Order of the Board



Kingsley Thomas

AUDITED FINANCIAL STATEMENTS



Chartered Accountants
7 West Avenue
Kingston Gardens
P.O. Box 13, Kingston 4
Jamaica, W.I.

Telephone: (876) 922-6825/7
Facsimile: (876) 922-7673

42B & 42C Union Street
Montego Bay
Jamaica

Telephone: (876) 952-4713-4
Facsimile: (876) 922-7673

AUDITORS' REPORT

*To the Board of Directors of
NATIONAL HOUSING TRUST*

We have audited the financial statements set out on pages 31 to 58. These financial statements are the responsibility of the directors and management. The directors and management are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards, and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Trust will continue in business. The directors and management are responsible for keeping proper accounting records, for safeguarding the assets of the Trust, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards on auditing generally accepted in Jamaica. Those standards require that we plan and perform the audit to obtain all the information and explanations which we considered necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by directors and management, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements which are in agreement therewith present fairly in all material respects the state of affairs of the Trust as at March 31, 2001 and of the net surplus, changes in the accumulated fund and cash flows for the year then ended in accordance with generally accepted accounting principles in Jamaica.

Without qualifying our opinion, we draw attention to Note 8 which discloses that certain investments relating primarily to loans granted to beneficiaries are not secured, although the Trust is currently pursuing titles to register individual mortgages, and to Note 15 which indicates that the Trust has not fully established personal accounts for all employed persons to enable it to issue certificates of contributions made as required by the Act, and the steps it is taking to address the issue.

Deloitte & Touche

Chartered Accountants
Kingston, Jamaica,
August 7, 2001

NATIONAL HOUSING TRUST
BALANCE SHEET

at March 31, 2001

ASSETS

	Notes	<u>2001</u> \$	<u>2000</u> \$
CURRENT ASSETS			
Cash at bank		73,890	37,565
Short-term investments	4	5,617,608	4,054,978
Interest and other receivables		<u>1,023,598</u>	<u>991,030</u>
		<u>6,715,096</u>	<u>5,083,573</u>
NON-CURRENT ASSETS			
Long-term loans and investments			
Long-term investments	4	2,613,613	2,148,301
Finance for house construction	5,8	1,889,852	1,759,289
Loans to beneficiaries	6,8	<u>26,883,649</u>	<u>22,857,396</u>
		<u>31,387,114</u>	<u>26,764,986</u>
Deferred expenditure	7	200,213	135,383
Fixed assets	9	455,778	429,693
Total non-current assets		<u>32,043,105</u>	<u>27,330,062</u>
TOTAL ASSETS		<u>38,758,201</u>	<u>32,413,635</u>

NATIONAL HOUSING TRUST

BALANCE SHEET

at March 31, 2001

LIABILITIES AND ACCUMULATED FUND

	Notes	<u>2001</u> \$	<u>2000</u> \$
CURRENT LIABILITIES			
Accounts payable		431,459	430,494
Cash grants due to employees	10	1,601,241	1,145,301
Bonus payable to employers		44,579	41,283
Current portion of long-term liabilities	12	<u>18,988</u>	<u>18,396</u>
		<u>2,096,267</u>	<u>1,635,474</u>
NON-CURRENT LIABILITIES			
Bonus to employees not yet due	11	820,782	662,576
Provision for unremitted employees' contributions	23	3,456	3,456
Long-term liabilities	12	59,015	99,626
Unclaimed cash grants	13	594,800	605,609
Deferred income	14	951,237	846,705
		2,429,290	2,217,972
Refundable contributions not yet due	2		
Employees' contributions	15	10,235,090	8,632,927
Employers' contributions		<u>121,424</u>	<u>117,893</u>
		<u>10,366,514</u>	<u>8,750,820</u>
Total non-current liabilities		<u>12,785,804</u>	<u>10,968,792</u>
ACCUMULATED FUND			
Non-refundable employers' contributions		13,629,486	11,400,443
Surplus on income and expenditure account		10,038,436	8,200,718
Capital reserve		208,208	208,208
		<u>23,876,130</u>	<u>19,809,369</u>
TOTAL LIABILITIES AND ACCUMULATED FUND		<u>38,758,201</u>	<u>32,413,35</u>

The Notes on Pages 37 to 58 form an integral part of the Financial Statements.

Approved on behalf of the Board.

)
 Kingsley Thomas (Chairman))
)
)
) Members of the Board
 Earl Samuels (Managing Director))
)

NATIONAL HOUSING TRUST
INCOME & EXPENDITURE

Year ended March 31, 2001

	Notes	<u>2001</u> \$	<u>2000</u> \$
INCOME			
Interest on:			
- Loans to beneficiaries		2,038,323	1,925,161
- Investments		1,242,631	1,240,991
- Finance for house construction		27,000	89,568
Gain on disposal of housing units		12,612	13,025
Service charge on loans to beneficiaries		39,862	25,748
Miscellaneous		<u>76,031</u>	<u>73,867</u>
		<u>3,436,459</u>	<u>3,368,360</u>
EXPENDITURE			
Operating		980,055	856,781
Bonus on employees' contributions	11	266,039	244,051
Bonus on employers' contributions		3,540	3,539
Mortgage loss provision	6(i)	133,961	180,721
Losses on projects		<u>98,246</u>	<u>156,743</u>
		1,481,841	1,441,835
SURPLUS BEFORE EXCEPTIONAL ITEMS		1,954,618	1,926,525
EXCEPTIONAL ITEMS	16	(116,900)	(71,652)
NET SURPLUS	22	1,837,718	1,854,873

The Notes on pages 37 to 58 form an integral part of the Financial Statements.

NATIONAL HOUSING TRUST
INCOME & EXPENDITURE

Year ended March 31, 2001

	Non- Refundable Employers' Contributions \$	Surplus on Income and Expenditure Account \$	<u>Capital Reserve</u> \$	Total \$
Balance at March 31, 1999	9,416,777	6,345,845	208,208	15,970,830
Net surplus for the year	-	1,854,873	-	1,854,873
Contributions for the year	<u>1,983,666</u>	<u>-</u>	<u>-</u>	1,983,666
Balance at March 31, 2000	11,400,443	8,200,718	208,208	19,809,369
Net surplus for the year	-	1,837,718	-	1,837,718
Contributions for the year	<u>2,229,043</u>	<u>-</u>	<u>-</u>	<u>2,229,043</u>
Balance at March 31, 2001	<u>13,629,486</u>	<u>10,038,436</u>	<u>208,208</u>	<u>23,876,130</u>

The Notes on pages 37 to 58 form an integral part of the Financial Statements.

NATIONAL HOUSING TRUST
STATEMENT OF CASH FLOWS

Year ended March 31, 2001

	<u>2001</u> \$	<u>2000</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	1,837,718	1,854,873
Non-cash items included in net surplus		
Losses on projects	98,246	156,743
Bonus on employees' contributions	266,039	244,051
Mortgage loss provision	133,961	180,721
Depreciation	48,535	35,501
Gain on sale of fixed assets	(728)	-
Foreign exchange loss (net)	1,760	7,666
Interest capitalised on long-term liability	-	2,401
Deferred expenditure amortised	23,810	-
Provision for losses on investments	<u>-</u>	<u>71,736</u>
	2,409,341	2,553,692
Decrease in operating assets		
Interest and other receivables	(32,568)	(192,786)
Increase in operating assets		
Accounts payable	965	125,096
Bonus payable to employers on contributions	<u>3,296</u>	<u>3,490</u>
Cash provided by operating activities	<u>2,381,034</u>	<u>2,489,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred expenditure	(88,640)	(87,761)
Loans to beneficiaries less recoveries	(4,160,214)	(5,372,528)
Acquisition of fixed assets	(74,704)	(115,995)
Increase in investments (net)	(465,312)	(229,784)
Deferred income (net)	104,532	151,570
Decrease in finance for house construction (net)	(228,809)	824,123
Proceeds on sale of fixed assets	<u>812</u>	<u>-</u>
Cash used in investing activities	<u>(4,912,335)</u>	<u>(4,830,375)</u>

NATIONAL HOUSING TRUST
STATEMENT OF CASH FLOWS (Cont'd)
 Year ended March 31, 2001

	<u>2001</u> \$	<u>2000</u> \$
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans (net)	(12,103)	(14,928)
Contributions from employers	2,232,575	1,983,666
Contributions from employees	2,101,866	1,961,862
Refund of employer contributions	(63,541)	(69,757)
Cash grants and bonus refunded to employees	(128,541)	(40,944)
Decrease in home bonds (net)	<u>-</u>	<u>(2,464)</u>
Cash provided by financing activities	4,130,256	3,817,435
INCREASE IN NET CASH BALANCES	1,598,955	1,476,552
OPENING NET CASH BALANCES	4,092,543	2,615,991
CLOSING NET CASH BALANCES	<u>5,691,498</u>	<u>4,092,543</u>
Represented by:		
Cash	73,890	37,565
Short-term investments	5,617,608	4,054,978
	<u>5,691,498</u>	<u>4,092,543</u>

The Notes on pages 37 to 58 form an integral part of the Financial Statements.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

1 IDENTIFICATION

The National Housing Trust was established in Jamaica as a body corporate under the National Housing Trust Act (the Act).

The functions of the Trust are:

- .. To add to and improve the country's existing supply of housing by -
 - (i) promoting housing projects to such extent as may from time to time be approved by the Minister responsible for the Trust.
 - (ii) making available loans to contributors to assist in the purchase, building, maintenance, repair or improvement of houses; and
 - (iii) encouraging and stimulating improved methods of production of houses.
- .. To enhance the usefulness of the funds of the Trust by promoting greater efficiency in the housing sector.

The Trust is exempt from income tax and property tax under Section 8 of the Act. (See Note 18).

These financial statements are expressed in Jamaican dollars.

2 CONTRIBUTIONS AND BENEFITS

- (a) The Act requires certain employed persons, their employers and self-employed persons to make tributions to the Trust.
- (b) The benefits (as defined in the Act) in relation to contributions made by employed and self-employed persons are:
 - (i) loans for housing acquisition or improvement;
 - (ii) cash grants including bonuses awarded in the eighth year after the first contribution year and annually thereafter for each successive year in which contributions were made;
 - (iii) cash grants in the event of death, invalidity and other circumstances prescribed.
- (c) Each year's contributions made by employers in respect of the period from inception to July 31, 1979 are refundable in the form of cash grants twenty-five years after the end of the year in which they were made. Repayments will commence by year 2001. Bonuses are payable on such contributions. Contributions made by employers in respect of periods beginning on or after August 1 1979 are not refundable and no bonuses are payable on such contributions. These non-refundat contributions have been credited to the accumulated fund.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. The accounting principles followed by the Trust are those generally accepted in Jamaica.

(b) Contributions

Contributions are recorded on a cash basis as the Directors consider that this is the most practical method of dealing with such receipts. Accordingly, the Trust does not account for contributions which at March 31 have not been collected from employers. Also see Note 3(m).

(c) Penalties

Section 37(4) of the Act directs the Trust to charge penalties at the rate of 40% per annum on contributions not paid over on the due dates. These penalties are recorded wholly on the basis of amounts collected.

(d) Depreciation

Depreciation is calculated on the straight line basis on cost or revalued amounts over the estimated lives of the assets. Annual depreciation rates are based on the following estimated useful lives:

Freehold buildings	-	40 years
Furniture and fixtures	-	8 years
Motor vehicles	-	4 years
Office equipment	-	5 years
Computer equipment	-	5 years
Partitions	-	10 years

No depreciation is provided on freehold land.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- (e) Pension plan
The Trust operates a defined benefit plan which substantially covers all employees. Pension costs are recognised by current funding and accruals.

- (f) Loans to beneficiaries
 - (i) These are stated at outstanding principal plus capitalised interest in respect of certain loans.

 - (ii) A provision is made for mortgage losses calculated on the basis of 3% of total loans to beneficiaries or the projected loss in the event of default, whichever is the higher.

- (g) Investments
Quoted stocks and shares, including local registered stocks, life insurance policies, and Jamaica Unit Trust investments are stated at the lower of cost and market value. Provisions are made on a total portfolio basis if market value is less than cost. Other long-term investments are stated at cost.

- (h) Foreign currencies
Transactions in foreign currencies have been converted to Jamaican dollars at the rates of exchange ruling at the dates of those transactions. Assets and liabilities denominated in foreign currencies are translated to Jamaican dollars at the exchange rates current at balance sheet date. All exchange gains and losses are credited to or charged against income of the year.

- (i) Gain on disposal of housing units
Surpluses on disposal of all units in a housing project are amortised evenly over twenty-five years. Losses are charged against income in the year of occurrence.

- (j) Service charge on loans to beneficiaries
A fee of five per cent to cover processing and administrative expenses is added to the purchase price when granting new mortgages. The difference between the fee income and the related expenses is amortised over the average life of the mortgage.

- (k) Interest on loans to beneficiaries
Interest income is recorded on the accrual basis. However, this policy was modified during the year. The new policy records interest on the accrual basis except in cases where payment is outstanding for over 180 days, in which event interest is taken into account on the cash basis.

- (l) Deferred expenditure
Costs relating to the development of computer systems are amortised over a period of three years from the date each phase of the computer systems development is completed.

- (m) Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported *period*. Actual results could differ from those estimates.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

4 INVESTMENTS

(a) long-term investments

	<u>2001</u>	<u>2000</u>
	\$'000	\$'000

(i) Investments at cost

Loan to Braco Resorts Limited including unpaid interest to May 31, 1997 (Repaid)	-	70,750
Mutual Life Bond 2000 at minimum guaranteed rate of 20% p.a. maturing in 2002	29,498	29,498
Jamaica National Building Society variable rate deposit maturing in 2001	128,399	15,830
Advances to Jamaica Teachers' Association Housing Co-operative Limited (Note 4(c))	283,810	283,735
Government of Jamaica Debenture of 18% - 21 % p.a. maturing in 2002	865,149	
Government of Jamaica (US\$800,000) bond at 12% - 13% p.a. maturing in 2001	<u>31,280</u>	<u>31,280</u>
	<u>1,338,136</u>	<u>531,093</u>

Nominal value
\$'000

Local registered stock - at cost

Quoted			
Variable 2000	150,000	-	150,000
Variable 2001	222,271	222,271	222,271
Variable 2001	127,874	127,874	127,874
Variable 2002	1,164,300	1,164,300	1,164,300
Variable 2002	158,193	158,193	-
Variable 2003	<u>52,000</u>	<u>52,000</u>	<u>52,000</u>
		<u>1,724,638</u>	<u>1,716,445</u>
Carried forward		<u>3,062,774</u>	<u>2,247,538</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

4 INVESTMENTS (Cont'd)

(a) Long-term investments (Cont'd)	<u>2001</u> \$'000	<u>2000</u> \$'000
Brought forward	3,062,774	2,247,538
(ii) Investments at the lower of cost and market value		
Life of Jamaica Limited - Universal Investment		
Policy	31,170	31,170
Quoted shares	372	372
Jamaica Unit Trust Fund - Units	<u>86,317</u>	<u>91,329</u>
	<u>117,85</u>	<u>122,871</u>
Provision for losses	3,180,633 <u>(21,295)</u>	2,370,409 <u>(72,108)</u>
	3,159,338	2,298,301
Less current portion classified as short-term investments (Note 4(b))	<u>545,725</u>	<u>150,000</u>
	<u>2,613,613</u>	<u>2,148,301</u>
-		
(iii) Market value of investments stated at the lower of cost and market value on a portfolio basis (Note 3(g))		
Quoted investments, life policy, and Jamaica Unit Trust Fund - Units	<u>96,564</u>	<u>97,936</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

4 INVESTMENTS (Cont'd)

(b) Short-term investments	<u>2001</u> \$'000	<u>2000</u> \$'000
Current portion of long-term investments (Note 4(a))	545,725	150,000
Treasury bills	605,876	596,149
Deposits with interest ranging from 7% to 23% per annum	<u>4,466,007</u>	<u>3,308,829</u>
	<u>5,617,608</u>	<u>4,054,978</u>

Deposits include foreign currency deposits of US\$962,976 (2000 US\$1,590,000) at an interest rate of 7%.

(c) Advances to Jamaica Teachers' Association Housing Co-operative Limited (JTAHC)

This represents advances plus interest under a special loan facility which was repayable by July 31, 1998. The interest rate applicable is the average yield of the six month treasury bill issued immediately prior to the interest payment date. The loan is guaranteed by the Ministry of Finance and Planning which has undertaken to repay the full amount of the loan plus interest if the JTAHC is unable to do so. The guarantee expired on July 31, 1998 but has been extended to July 31, 2001. The Trust is presently negotiating with the JTAHC and the Ministry of Finance for the transfer of certain registered mortgages to offset amounts due by JTAHC.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

5 FINANCE FOR HOUSE CONSTRUCTION

(a) Houses under construction

This represents the total amount of finance which is provided to public and private developers inclusive of interest charged during the construction period at rates ranging from 12% - 20% p4 annum. (See Note 8).

	<u>2001</u> \$'000	<u>2000</u> \$'000
Housing projects	179,239	272,922
Land held for development	<u>243,894</u>	<u>161,801</u>
	423,133	434,723
(b) Houses completed but not allocated		
Total value of units	1,109,072	1,167,580
(c) Advances on houses to be purchased for allocation		
Total advances	<u>762,537</u>	<u>483,288</u>
	2,294,742	2,085,591
Less: Provision for losses	<u>404,890</u>	<u>326,302</u>
	<u>1,889,852</u>	<u>1,759,289</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

6 LOANS TO BENEFICIARIES

	<u>2001</u> \$'000	<u>2000</u> \$'000
(a) Loans to beneficiaries selected by the Trust (Note 6(c), (d))		
Mortgage loans	23,316,711	19,966,081
Loans for which mortgage processing is incomplete (Note 6(e))	1,496,598	596,154
Loans through financial institutions (Note 6(g))	1,596,629	1,668,544
Loans through joint venture programme (Note 6(h))	<u>307,197</u>	<u>317,059</u>
	<u>26,717,135</u>	<u>22,547,838</u>
(a) Loans to beneficiaries selected by the following Agencies approved by the Trust:		
Jamaica Teachers' Association Housing Co-operative Limited (Note 6(f)(i))	93,346	105,010
Sugar Industry Housing Ltd.		
Repayable up to 2010 (Note 6(f)(ii)(a))	30,069	33,044
Repayable up to 2008 (Note 6(f)(ii)(b))	33,611	35,664
Caribbean Housing Finance Corporation Repayable in 25 years at 8% per annum Note 6(f) (iii)	791,356	791,356
Other institutions	<u>58,986</u>	<u>60,979</u>
	<u>1,007,368</u>	<u>1,026,053</u>
Total	27,724,503	23,573,891
Less: Mortgage loss provision (Notes 3(f)(ii), 6(i))	<u>840,854</u>	<u>716,495</u>
	<u>26,883,649</u>	<u>22,857,396</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

6 LOANS TO BENEFICIARIES (Cont'd)

- (c) The rate of interest payable by a beneficiary selected by the Trust on a loan varies from 2% to 12% depending on the income of the beneficiary. The loans together with interest there on are repayable in monthly instalments over periods ranging up to a max 30 years.
- (d) Mortgage loans of \$23,316,711,000 (2000 \$19,966,081,000) include loans totalling \$4,735,101,000 (2000 \$3,054,537,000) in certain schemes for which parent titles exist or have been surrendered to the Registrar of Titles in order for the splinter titles to be prepared. The Trust is taking steps to ensure that all splinter titles are received for st schemes.
- (e) The loans for which mortgage processing is incomplete relate to housing schem, oped by the public sector, for which land titles are not available. Titles are requ each lot of land in the schemes in order to register the names of the benefeciaries and the mortgages taken by the Trust.
- (f) Loans to beneficiaries selected by agencies approved by the Trust
 - (i) The loans to Jamaica Teachers' Association Housing Co-operative Limited (JTAHC) in previous years were secured by the assignment to the Trust of mortgages in the name of JTAHC. The title deeds to the relevant properties been deposited with the Trust. The loans are amortised over a period of 25 years with interest rates ranging from 8% to 18% per annum.

These loans will be settled as part of the arrangements for the acquisition of the mort-gage portfolio of the JTAHC.

The JTAHC mortgage portfolio is to be transferred to the Trust in settlement of amounts owed by the JTAHC in respect of loons granted to the JTAHC under the Joint Venture and Combined Mortgage programmes. A formal agreement is being drafted for the signature of the parties and will be executed whe value of mortgages transferred has been determined. The Trust is in the mean while registering its interest on the various titles.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

6 LOANS TO BENEFICIARIES (Cont'd)

(f) Loans to beneficiaries selected by agencies approved by the Trust (Cont'd)

(i) (Cont'd)

Included in these accounts are the following balances with respect to these transactions:

	\$'000
Mortgage principal	93,346
Interest receivable thereon	10,849
Amounts due to JTAHC	
(Classified under accounts payable)	(55,351)
Advances to JTAHC	
(Included under investments)	283,810

(ii) (a) Loans granted to Sugar Industry Housing Limited (SIHL) are repayable by the year 2010 in instalments of \$4,577,000 per annum. Interest is at 6% per annum. These loans are unsecured. However, the Trust is endeavouring to obtain the relevant titles to register its mortgage thereon.

(b) This represents advances made under interim finance for house construction. The loan is repayable by 2008 in installments of \$4,737,929 per annum. Interest rate is at 4% per annum.

(iii) The principal loan is repayable in quarterly instalments over a 25 year period commencing January 1, 2001. Interest is chargeable at 8% p.a. and amounts payable in quarterly instalments from January 1, 1997. Security is to comprise the transfer of mortgages to the Trust. (See Note 8(a)).

(g) Loans through financial institutions

These are mortgage credit certificates granted to beneficiaries who are in a position to obtain additional funds from building societies and other financial institutions. Under this programme the value of a mortgage credit certificate should not exceed the ceiling for the respective benefit type and the funds are advanced to the participating institutions for which the Trust is issued promissory notes, and in the case of building societies, share certificates.

(h) Loans through joint venture programme

These are loans granted to beneficiaries who are employees and who are in a position to obtain additional funds from their employers to enable them to purchase housing units. Under this programme the Trust and the participating employer will provide financing on an equal basis equivalent to ninety percent (90%) of the sale price of the units with the employee paying a deposit of 10%.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

6 LOANS TO BENEFICIARIES (Cont'd)

(i) The movement in the mortgage loss provision is as follows:

	<u>2001</u> \$'000	<u>2000</u> \$'000
Balance, April 1	716,495	535,774
Loans written off during the year	(9,602)	-
Add: Provision for year	<u>133,961</u>	<u>180,721</u>
Balance, March 31	<u>840,854</u>	<u>716,495</u>

7 DEFERRED EXPENDITURE

This represents costs incurred in relation to software development and implementation of a new computerised system.

The movement during the year is as follows:

	<u>2001</u> \$'000	<u>2000</u> \$'000
Balance, April 1	135,383	47,622
Additions during the year	88,640	87,761
Amortization	<u>(23,810)</u>	-
Balance, March 31	<u>200,213</u>	<u>135,383</u>

8 STATUS OF SECURITIES FOR FINANCE FOR HOUSE CONSTRUCTION AND LOANS TO BENEFICIARIES

.1 The Trust does not hold title deeds as security in respect of the following investments:

(a) Loans to Caribbean Housing Finance Corporation (CHFC) (Note 8.2)

	<u>2001</u> \$'000	<u>2000</u> \$'000
To finance mortgage loans to beneficiaries	<u>791.356</u>	<u>791.356</u>

(b) Loans through joint venture and combined mortgage programmes (Note 8.3)

- Joint venture	307,197	317,059
- Combined mortgage	<u>1,596,629</u>	<u>1,668,544</u>
Sub-total	<u>1,903,826</u>	<u>1,985,603</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

**8 STATUS OF SECURITIES FOR FINANCE FOR HOUSE
CONSTRUCTION AND LOANS TO BENEFICIARIES (Cont'd)**

.1 (Cont'd)

	<u>2001</u> \$'000	<u>2000</u> \$'000
(c) Other loans (Note 8.4)		
Mortgage loans to beneficiaries	1,496,598	596,154
Loans to Sugar Industry Housing Limited	63,680	68,708
Finance for housing construction projects	<u>140,368</u>	<u>246,687</u>
Sub-total	<u>1,700,646</u>	<u>911,549</u>
Total	<u>4,395,828</u>	<u>3,688,508</u>

.2 In respect of the loans to beneficiaries stated in Note 8.1 (a) above, the individual mortgages are registered in the name of CHFC. CHFC and the Trust have concluded an agreement for Instruments of Transfer of Mortgage to be executed in favour of the Trust, and these are being used to lodge caveats against the relevant properties.

.3 The loans through financial institutions and joint venture programme are supported by promissory notes, and in the case of building societies, share certificates. It is the Trust's intention to record par*! passu* mortgages on the titles in the name of the Trust in respect of all future loans under this programme.

.4 It has been an established policy of the Trust to carry out housing projects on lands owned by the Government of Jamaica or its approved agencies without first registering mortgages on the land on which the houses are constructed. This has been done to minimise delays and to keep the cost of a housing unit to a minimum. In this respect obtaining land titles, sub-division plans and splinter titles takes place during construction and after the housing projects are completed and houses handed over to beneficiaries. While this results in certain construction finance and mortgage loans not being secured in the interim, the directors do not consider the lack of security for finances provided under programmes described in Note 8.1 (c) will have a material impact on these financial statements.

.5 A provision for mortgage losses of \$840,854,000 (2000 - \$716,495,000) as reflected in Note 6 has been made to cover any losses that may arise from the investments referred to in Note 8.1 above and other mortgage loans.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

9 FIXED ASSETS

	<u>Freehold Land</u> \$'000	<u>Freehold Buildings</u> \$'000	<u>Partitions</u> \$'000	<u>Furniture, Fixtures and Equipment</u> \$'000	<u>Motor Vehicles</u> \$'000	<u>Construction in progress</u> \$'000	<u>Total</u> \$'000
At cost or valuation							
April 1	66,600	239,435	4,232	305,510	18,762	14,762	649,301
Additions	5,166	9,474	1,002	47,065	10,430	1,567	74,704
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,058)</u>	<u>(2,610)</u>	<u>-</u>	<u>(7,668)</u>
March 31	71,766	248,909	5,234	347,517	26,582	16,329	716,337
Classified as follows:							
At cost	12,466	68,601	5,234	347,517	26,582	16,329	476,729
At valuation	<u>59,300</u>	<u>180,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,608</u>
	<u>71,766</u>	<u>248,909</u>	<u>5,234</u>	<u>347,517</u>	<u>26,582</u>	<u>16,329</u>	<u>716,337</u>
Depreciation							
April 1	-	40,472	2,943	163,185	13,008	-	219,608
Charge for year	-	8,107	393	36,161	3,874	-	48,535
On disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,058)</u>	<u>(2,526)</u>	<u>-</u>	<u>(7,584)</u>
March 31	<u>-</u>	<u>48,579</u>	<u>3,336</u>	<u>194,288</u>	<u>14,356</u>	<u>-</u>	<u>260,559</u>
Net book value							
March 31, 2001	<u>71,766</u>	<u>200,330</u>	<u>1,898</u>	<u>153,229</u>	<u>12,226</u>	<u>16,329</u>	<u>455,778</u>
March 31, 2000	<u>66,600</u>	<u>198,963</u>	<u>1,289</u>	<u>142,325</u>	<u>5,754</u>	<u>14,762</u>	<u>429,693</u>

Land and buildings included at valuations are based on fair market values expressed by independent professional valuers, D. C. Tavares and Finson, Chartered Quantity Surveyors, on December 7, 1993, and Easton Douglas & Company, Chartered Surveyors, on November 10, 1994.

These valuations have been recorded at the following dates:

D. C. Tavares and Finson valuation - April 1, 1994
 Easton Douglas & Company valuation - November 10, 1994.

The unrealised surplus on valuation was credited to capital reserve.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

10 CASH GRANTS DUE TO EMPLOYEES

	<u>2001</u> \$'000	<u>2000</u> \$'000
Comprising:		
Refundable contributions		
At beginning of year (amounts relating to contributions received between 1976 and 1992)	1,632,965	1,146,169
Amounts transferred during the year from employees' contributions (1993)	<u>483,042</u>	<u>486,796</u>
At end of year (Note 15(6))	<u>2,116,007</u>	<u>1,632,965</u>
Add: Bonus payable		
At beginning of year (Note 11(6))	339,070	236,843
Bonus on current year transfers (Note 11 (b))	<u>101,439</u>	<u>102,227</u>
At end of year	<u>440,509</u>	<u>339,070</u>
Less: Payments to employees, set-offs and transfers		
Cash grants paid, set-off against mortgage loans and transfers to home bonds at beginning of year	188,821	153,719
Amounts paid, set-off and transfers during the year	<u>128,541</u>	<u>35,102</u>
Total cash grants paid, set-off and transfers at year end	<u>3,17,362</u>	<u>188,821</u>
Less: Transfers to unclaimed cash grants		
At beginning of year (to be converted to home bonds)	637,913	556,333
Transfers during the year (Note 13)	<u>—</u>	<u>81,580</u>
At end of year	<u>637,913</u>	<u>637,913</u>
Balance, March 31	<u>1,601,241</u>	<u>1,145,301</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
Year ended March 31, 2001

11 BONUSES

Bonuses are payable to contributors at the rate specified by the Minister of Government responsibility. The amount payable to employers (Note 2(c)) is payable on a current basis whereas that payable to employees for each year will be paid together with the cash grant benefits awarded as described in 2(b) (ii). Bonuses have been calculated at 3% per annum.

(b) Bonus to employees not yet due

	<u>2001</u> \$'000	<u>2000</u> \$'000
Comprising:		
Bonus payable on employees' contributions		
At beginning of year	1,020,135	776,084
Amount accrued during the year	<u>266.039</u>	<u>244.051</u>
At end of year	<u>1,286,174</u>	<u>1,020,135</u>
Refunds made		
At beginning of year	(18,489)	(12,647)
During the year	<u>(6.394)</u>	<u>(5.842)</u>
At end of year	<u>(24.883)</u>	<u>(18.489)</u>
Transfers to current bonus payable		
At beginning of year	(339,070)	(236,843)
Amount transferred to cash grants during the year (Note 10)	<u>(101.439)</u>	<u>(102.227)</u>
At end of year	<u>(440.509)</u>	<u>(339.070)</u>
Balance, March 31	<u>820.782</u>	<u>662.576</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

12 LONG-TERM LIABILITIES

	<u>2001</u> \$'000	<u>2000</u> \$'000
(a) Caribben Development Bank Loan repayable 1987 - 2003; US\$502,872 (2000; US\$837,362) guaranteed by the Government of Jamaica (Note 12(d))	22,986	35,344
(b) Home bonds (Note 12(e))		
- Princial	-	11,343
- Interest	-	18,333
(c) Government of Jamaica - Puerto Rican Housing Scheme (Note 12(f))	<u>55,017</u>	<u>53,002</u>
	78,003	118,022
Less: Current portion	<u>18,988</u>	<u>18,396</u>
	<u>59,015</u>	<u>99,626</u>

(d) Caribbean Development Bank Loan

The Trust entered into an agreement with the Caribbean Development Bank for a loan of US\$5 million in two parts as shown below. The loan is recorded in United States dollars but is repayable in the various currencies.

- (i) US\$4 million carrying an interest rate of 81h% per annum repayable in sixty (60) quarterly instalments ending April 15, 2002.
- (ii) US\$1 million carrying an interest rate of 4% per annum repayable in sixty (60) quarterly instalments ending July 15, 2003.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

12 LONG-TERM LIABILITIES (Cont'd)

(e) Home Bonds

The Trust has received approval from the Minister of Finance to issue home bonds on the folio basis:

- (i) Tenure should be for five years with half yearly accrual of interest at a rate of 8% per annum.
- (ii) At the end of the five year period, funds which remain after the set-off of such again: mortgages will accrue interest at a rate of 3% per annum and are available for furth(set-off against out standing mortgage loans.
- (iii) Bonds may be redeemed after a minimum of two years if housing benefits are not obtained by the bond holder from the Trust.

The Home Bonds system was discontinued during the year and outstanding home bonds trans ferred to refundable employees contribution.

(f) Government of Jamaica (Puerto Rican Housing Scheme)

The amount of \$55 million (2000 - \$53 million) is payable to the Government of Jamaica on account of its contribution in financing the Puerto Rican Housing Scheme. Payments will be on the basis of collections received from the beneficiar ies of the scheme. Interest is charged at 8 per annum.

13 UNCLAIMED CASH GRANTS

	<u>2001</u> \$'000	<u>2000</u> \$'000
Unclaimed cash grants at beginning of year (Contribution years 1976 - 1989)	590,630	516,367
Transfers during the year from Cash Grants Due to Employees account (Note 10)	-	81,580
Repayments made	-	<u>(7,317)</u>
Net adjustments	<u>(10,809)</u>	-
Unclaimed cash grants at year end (Contribution years 1976 - 1989)	579,821	590,630
Interest payable thereon	<u>14,979</u>	<u>14,979</u>

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

14 DEFERRED INCOME

This comprises:

	<u>2001</u> \$'000	<u>2000</u> \$'000
Gain on disposal of housing units (Note 3(i))	164,112	187,058
Service charge on loans to beneficiaries (Note 3 (j))	<u>787,125</u>	<u>659,647</u>
	<u>951,237</u>	<u>846,705</u>

15 CONTRIBUTIONS

- (a) The Trust requires employers to submit yearly returns of contributions deducted from employed persons in order to assist in establishing personal accounts and issuing certificates to such persons as required by the Act. Based on returns submitted refunds have been made in the form of cash grants up to the calendar year 1993, (Note 2(b)(ii)) and where returns have not been made available the amount of such contributions have been transferred to unclaimed cash grants.

The status of the processing of annual returns for the calendar years 1992 to 2000 is as follows:

Estimate of annual returns to be submitted	146,089
Annual returns received to date	69,136
Annual returns input into the computer system	53,245
Annual returns reconciled to employer payment records	57,172
Employee records established -- One account per employee per year	1,907,315
Certificates printed and not yet despatched -- One contribution certificate per employee per year	-

The Trust's Contribution Compliance Department is processing all annual returns received, including reconciliation thereof to the employer payment records to bring its records up to date. The Department is also pursuing the remaining returns with the employers. On completion thereof, the Trust will be in a position to issue the relevant certificates of contributions.

In October 2000, the Trust introduced a new computerised system to facilitate the processing of individual time and savings accounts which will provide a record of contributions made by employed persons.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

15 CONTRIBUTIONS (Cont'd)

(b) Refundable employees' contributions	<u>2001</u> \$'000	<u>2000</u> \$'000
Employees' contributions	12,351,097	10,265,892
Less: Portion relating to contributions from 1976 to 1993 currently repayable (Note 10) 2.	116.007	1,632,965
Refundable employees' contributions not yet due.	10,235,090	8,632,927

16 EXCEPTIONAL ITEMS

The balance comprises:

	<u>2001</u> \$'000	<u>2000</u> \$'000
Expenses		
Loss (gain) on foreign exchange (Note 16(a))	4,691	(2,826)
Restructuring expenses (Note 16(b))	112,209	29,103
Provision for losses on investment (Note 16(c))	<u>-</u>	<u>45,375</u>
	<u>116,900</u>	<u>71,652</u>

(a) Foreign exchange (gain) loss

This represents the net (gain) loss arising from the translation of assets and liabilities denominated in foreign currencies.

(b) The amount represents redundancy costs resulting from the restructuring of the organisation.

(c) The amount represents provision for losses on loans to Braco Resorts Limited.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

17 COMMITMENTS

	<u>2001</u> \$'000	<u>2000</u> \$'000
Commitments contracted for - financing house construction and acquisition of houses for allocation to beneficiaries	5,381,967	4,510,767

18 INCOME TAX

The National Housing Trust Act exempts the Trust from income tax on its surplus on operations.

19 PENSION PLAN

The Trust participates in a pension scheme which is administered by Trustees. The scheme is funded by employee contributions of 5% and employer contributions as recommended by independent actuaries. The scheme provides for retirement and death benefits which are based on final five year average earnings. The plan is valued every three years by independent actuaries. At the date of the last actuarial valuation, which was at December 31, 2000, the scheme was adequately funded.

20 FINANCIAL INSTRUMENTS

(a) Fair value

The National Housing Trust was established under legislation which was designed, inter alia, to expand the pool of low cost housing at interest rates lower than market. These housing projects and/or mortgages would be funded by contributions from employees, at interest rates below market rates, and from employers which are non-refundable and non-interest bearing.

These conditions will not exist in a normal commercial environment. Consequently, the carrying values of certain of the Trust's financial investments are not comparable with other commercial financial mortgage institutions and any such comparison would in fact be misleading. In these circumstances, the Trust views the carrying values of long-term investments, finance for house construction, loans to beneficiaries, longterm liabilities, bonus to employees not yet due and refundable contributions not yet due as approximating their fair values after deductions of the provision for credit losses.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

20 FINANCIAL INSTRUMENTS (Cont'd)

(b) Interest rate risk

The Trust is not exposed to significant interest rate risks for the reasons that the primary funding of the Trust are contributions which are either non-refundable or refundable at nominal rates of interest. These funds together with surpluses on operations are the main source of short and long-term investments, loans to beneficiaries and finance for house construction. Such investments are at significantly higher rates of return. There is a minor risk that loans to certain institutions may pose some risks but are not in the aggregate material enough to affect the Trust.

(c) Credit risk

Financial instruments by their nature contain an inherent risk that counter parties might default on the terms of agreement. The Trust seeks to minimise its risk in the following ways:

- Short-term investments are placed with reputable financial institutions and management limits the amount of investment with any one institution.
- Long-term investments to specific financial and other institutions are usually collateralised.
- Monitoring the terms of investments and ensuring that the terms of agreement are complied with.

The Trust has a significant credit risk exposure in respect of loans to beneficiaries including those to other financial institutions. This risk however is mitigated as the maximum loan to a single mortgagor is restricted and a significant number of mortgagors must default before there is a significant impact on the Trust's operations. Additionally, the Trust makes general provisions to safeguard itself against credit losses and the Trust's experience of credit loss has been low.

(d) Foreign currency risk

The Trust incurs foreign currency risks on transactions that are denominated in currencies other than the Jamaican dollar. The Trust's net foreign currency assets exposure at year end was as follows:

	<u>2001</u> US\$'000	<u>2000</u> US\$'000
	460,104	752,638

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS

Year ended March 31, 2001

21 OTHER DISCLOSURES - EMPLOYEES' COSTS

	<u>2001</u>	<u>2000</u>
(a) Number of persons employed by the Trust as at year end:		
Permanent staff	459	443
Temporary staff	177	166
	636	609
	\$'000	\$'000
(b) Staff costs incurred during the year in respect of these employees were:		
Salaries and wages including statutory contributions	567,872	451,322
Pension costs	25,966	19,600
Other staff costs	83,641	89,335

22 NET SURPLUS

(a) The net surplus is stated after taking account of the following items:

	2001	2000
	\$'000	\$'000
Directors' emoluments:		
Non Executive Directors - fees and expenses	1,912	1,282
Management	6,357	6,357
Audit fees	6,500	7,200
Interest on - Fixed loans	2,633	3,802
- Other	-	2,538
Depreciation		
Freehold buildings	8,107	7,403
Partitions	393	423
Furniture, fixtures and equipment	36,161	24,008
Motor vehicles	3,874	3,667

(b) The effect of the non-accrual of interest on loans over 180 days is estimated at \$189 million (see Note 3(k)).

23 PROVISION FOR UNREMITTED EMPLOYEES' CONTRIBUTIONS

This represents a provision made in previous years to cover any liabilities which may arise from any unremitted employees' contributions together with any bonuses which may be payable thereon.

Branch Network

Branch Managers

Janet Hartley

St. Catherine
16 Martin Street
Spanish Town

Judith Thompson

Clarendon
47 Manchester Ave
May Pen

Lorna Bernard

Westmoreland
123 Great Georges Street
Savanna-la-mar

Regional Managers

Sharon Bucknor Lynch

Kingston and St. Andrew
4 Park Boulevard
Kingston 5

Joyce Simms

Manchester
Lot 22 Caledonia Mall
3 1/2 Caledonia Rd
Mandeville

Novelette Forbes

St. James
1 King Street
Montego Bay

Gladston Johnson

St. Ann
12 Bravo Street
St. Ann's Bay

Senior Client Representatives

Nadine Pusey (Acting)

St. Thomas
Shop 2D, Myries Plaza
15 Church Street
Morant Bay

Davia Mangaroo

Portland
31 West Street
Port Antonio

Janice Speid

St. Mary
64 Stennett Street
Port Maria

Iona Salmon

Trelawny
72 Duke Street
Falmouth

Paula Grierson

Hanover
Uptown Shopping Centre
Moseley Drive
Lucea

Sancia Cornwall

St. Elizabeth
109 Main Street
Santa Cruz

Directors

Sharon Bucknor Lynch

Kingston & St. Andrew Regional Office

Andrea Francis

Corporate Planning

Judith Larmond Henry

Company Secretary/Legal Counsel

Quinton Masters

Project Appraisal & Management

Martin Miller

Treasury Management

Donald Moore

Project Management

Ray Nixon

Financial Controls

Hortense Rose

Public Education

Patricia Smith

Chief Information Officer

Jeneita Townsend

Human Resources Development

Lorna Walker

Chief Internal Auditor

Erica Burrell

Organisation & Methods

Keith Clarke

Interim Financed Projects

Rosemarie Duncan Ellis

Legal Conveyancing

Delores Facey Johnson

User Support & Application Dev -
MIS

Novelette Forbes

St James Regional Office

Idell Grant

Executive Assistant

Ransford Hamilton

Property Management

Janet Hartley

St. Catherine Branch Office

Harold Minott

Personnel Services, HRD

Benedict Ranger

Technical Support - MIS

Joyce Simms Wilson

Manchester Regional Office

Philbert Solomon

Investment (Acting)

Audley Stewart

Mortgage Accounts

Errol Thompson

General Accounts

EXECUTIVE COMPENSATION

The compensation package for thirty-one executives for the 12 months ending 31 March is as follows:

		<u>2001</u> \$'000	<u>2000</u> \$'000
Managing Director (1)		4,479	4,479
Senior Directors (5)	From	2,700	2,037
	To	2,727	2,707
Directors/Senior Managers (25)	From	2,196	2,182
	To	2,855	2,835

Notes

- 1) The compensation packages for the Managing Director and Senior Directors excludes the prov of a fully maintained car. In addition, the Managing Director, being the only contract offic(whose position does not fall under the organisation's pension scheme, receives a gratuity of 25%, on his compensation package.
- 2) Figures adjusted to take into account increases in salaries that were implemented retroactive to January 1999 as well as the salaries earned in the 12 months preceding year end.

Senior

Management Team



EARL SAMUELS
Managing Director



PATRICK BROWN
Senior Director,
Technical Services



HUGH REID
Senior Director,
Finance



SHELLY WHITTLE
Senior Director,
Operations



JUDITH LARMOND HENRY
Company Secretary/
Legal Counsel



VINCENT GEORGE
Senior Director,
Corporate Services

notes

CORE VALUES

- a commitment to excellent customer service
- a commitment to the provision of community services in NHT schemes
- adherence to financial probity and prudence
- responsiveness to change and a dedication to continuous improvement
- honesty and integrity in business
- a commitment to the development, welfare and motivation of staff

CORE BUSINESS

The NHT's core business comprises two groups of activities:

- providing loans for residential purposes
- financing housing development

CRITICAL SUCCESS FACTORS

For the business in which the Trust is engaged, the following are necessary conditions for success:

- efficient and cost effective contributions and mortgage collection systems:
 - up-to-date, comprehensive and accurate databases
 - excellent customer service
 - optimum utilisation of appropriate technology in business processes
- construction projects that are completed on time and within budget
- mortgage products that are affordable