



# NATIONAL HOUSING TRUST

ANNUAL REPORT & FINANCIAL STATEMENTS

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SOLID FOUNDATIONS 2001-2002





## CORPORATE PURPOSE

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

## CORE VALUES

*The NHT is committed to providing customer satisfaction and employee fulfilment. The organisation will endeavour to be efficient in all aspects of operations and will continuously seek ways to improve. We will be accountable for all our actions and use teamwork to achieve our goals.*

## CORE BUSINESS

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

- *providing loans for residential purposes;*
- *financing housing development.*

## VISION

*The NHT's vision is to become a world class housing finance institution recognised for its efficiencies, customer satisfaction and employee fulfilment.*

## MISSION

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

## 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.*



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# 7 YEAR STATISTICAL SUMMARY

	2002 \$000	2001 \$000	2000 \$000	1999 \$000	1998 \$000	1997 \$000	1996 \$000
<b>Total Assets</b>	46,174,088	38,758,201	32,413,635	26,207,052	21,051,375	15,567,548	12,164,092
<b>Current Assets</b>	8,606,671	6,715,096	5,083,573	3,414,235	1,858,875	1,816,183	2,327,345
<b>Finance for Housing Construction</b>	1,534,622	1,889,852	1,759,289	2,740,154	3,173,747	2,448,829	2,265,823
<b>Loans to Beneficiaries</b>	31,406,650	26,883,649	22,857,396	17,516,317	13,524,009	9,909,642	6,244,621
<b>Refundable Contributions</b>	15,774,631	12,552,555	10,501,730	8,542,499	6,692,242	5,076,869	3,688,244
<b>Accumulated Fund</b>							
Non-Refundable Contributions	16,118,228	13,629,486	11,400,443	9,416,777	7,578,022	5,414,750	3,976,946
Surplus on Income & Expenditure Account	12,086,260	10,038,436	8,200,718	6,345,845	5,037,357	3,846,715	3,141,645
<b>Results From Operations</b>							
Total Operating Income	4,247,692	3,436,459	3,368,360	2,564,212	1,798,099	1,682,413	1,437,089
Operating Expenditure	1,214,139	980,055	856,781	739,643	715,304	741,188	549,697
Net Surplus	2,297,824	1,837,718	1,854,873	1,291,948	1,190,642	705,070	678,094
<b>Financial Ratios</b>							
Average interest on loans %	8.1	9.5	9.5	9.7	9.5	9.2	9.4
Yield on investments %	16.0	22.7	22.7	22.3	18.4	32.5	27.8
Efficiency Ratio %	37.0	32.0	35.0	39.0	51.7	53.7	46.5
Return on Capital %	9.0	10.4	10.0	8.7	10.7	8.4	10.6
Return on Assets %	6.0	6.0	6.1	5.3	6.5	5.1	6.5
<b>Other Information</b>							
Annual Housing Expenditure	5,773,356	4,842,873	5,051,643	4,197,000	4,783,000	3,960,000	3,299,600
Contributions Received	4,935,584	4,334,441	3,945,528	3,711,881	3,796,878	2,847,577	2,188,293
Contributions Refunded	446,083	192,082	110,701	91,614	54,418	42,994	45,646
Number of Mortgages Created since Inception	81,434	74,317	69,413	63,500	58,719	53,662	48,319
Number of Individual Benefits Provided since Inception	92,810	85,436	78,744	69,932	62,871	55,895	49,305



June 28, 2002

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, 2002, and a copy of the Statement of the Trust's Accounts at March 31, 2002, duly certified by the Auditors.*

I am,  
Yours respectfully,



Kingsley Thomas (Chairman)



# National Housing

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## *Board of Directors*

ERROL GREENE • ROBERT CRANSTON • CYRIL LEBERT • GEORGE FYFFE • HERBERT LEWIS • PATRICK LAWRENCE • DONOVAN ST





Missing from picture: Victor Robinson, Lloyd Goodleigh

BERRY • GUILA BERNAL • IAN EMMANUEL • MORRIS CHIN • EDWARD BAILEY • SHIRLEY-ANN EATON • HOPETON CAVEN



Report from

## THE CHAIRMAN & MANAGING DIRECTOR



The Chairman,  
KINGSLEY  
THOMAS

**2001/02** will be memorable for the NHT as we celebrated 25 years of providing housing solutions for our contributors. In some ways it could be considered one of our quieter years as several of our initiatives focussed on improving the efficiency of internal processes, which in turn impacts on the customer service levels. Although we did not increase loan limits, we reviewed our interest rates and sought our new building systems that would lower the final cost of housing solutions to the customer.

Early in the financial year, the NHT announced a reduction in the interim financing rates charged to developers who borrow money for housing construction. Rates moved down to 12 % and 8%, the lowest in the industry. In our search for lower cost building systems, we sent a team to Malaysia to investigate that country's success with producing inexpensive housing for their population. The team was impressed with some of the Malaysian solutions and will be holding more in-depth discussions with construction interests from that country. Declining interest rates and a need to tighten lending policies prompted a review of our loans and contributions policies. This is still in progress, with the results expected early in the 2002/03 financial year.



The Managing  
Director,  
EARL SAMUELS

We met several targets: Contribution Collections of \$5,037m vis-avis the target of \$4,564m and Contribution Refunds of \$342m which was exactly on target. Unfortunately, slow sales and delays in construction projects impacted performance in the other areas:

- Mortgage repayments was below the target of \$3747m by \$100m
- There was a shortfall of over \$1000m in housing expenditure, with 5,773m spent instead of the \$6,948m budgeted
- 7,334 benefits were provided valuing \$4,399m as against the annual target of 7,815 benefits valued at \$4,999m
- 2,801 housing completions instead of the 3,011 expected

Nonetheless, the performance in all these areas was an improvement on that of 2000/01.

In order to improve processing efficiencies, the Loan Servicing and Mortgage Accounting Departments were merged into a single unit called Loan Administration. This move should ensure that customers making queries on their loans need only a single point of contact with the NHT.



The CIF (Customer Information File) compression project which reduced the number of multiple records per customer was undertaken with the objective of improving system efficiencies. Multiple records slow up the processing time for contribution refunds as the correct accounts have to be identified prior to disbursing funds. This problem arose as a result of unavailable or incomplete contributor information that was provided via the Annual Returns as well as the duplicate NIS numbers. Customers should now experience shorter processing times for contributions refunds.

The Trust continued to contribute to disadvantaged groups in the society. Work on Relocation 2000 a programme through which selected squatter communities in St. Ann, St. Andrew and St. James will be relocated to housing units on serviced sites is underway. The NHT also handed over the first set of units in its programme for sugar industry workers. The programme is expected to last 5 years and will deliver over 3000 housing solutions.

As at March 31, 2001, the total assets of the National Housing Trust stood at \$46,174m, representing an increase of \$7,416m or 19% over the asset base at the end of the previous financial year. Total assets comprised: current assets of \$8,607m an increase of \$1,891m; housing investments of \$32,941m, up from \$28,774m for the previous year and other non-current assets totaling \$4,626m up from \$3,270m. Most of the increase in the asset base was invested in housing. At the end of the financial year, 71% of the Trust's assets was invested in housing versus the 74% in 2000/01.

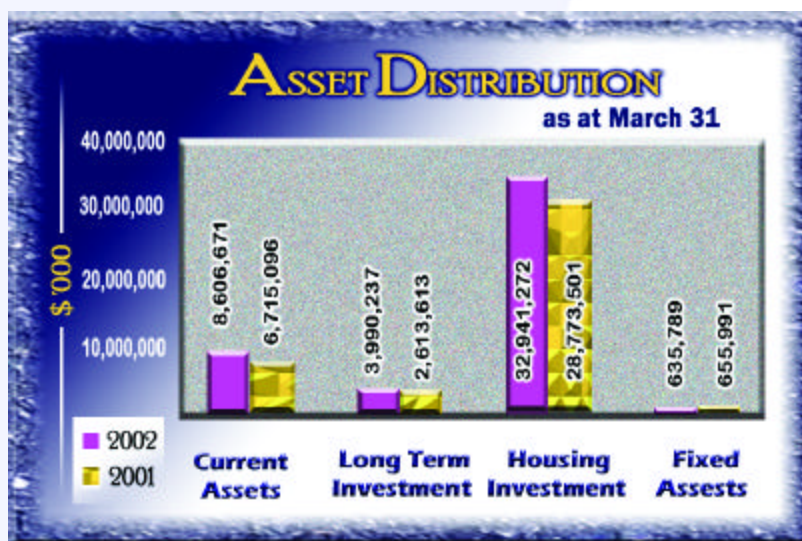
Income for the year grew by \$811m, reaching \$4,248m, up from \$3,436m. Interest on loans to beneficiaries (\$2,351m) and interest from investments (\$1,604m) were the major components. In respect of expenditure, there was a 24% increase in operating expenses which moved from \$980m to \$1,214m. The increase was due primarily to retroactive adjustments in employee compensation and significant write down in administration of IT (Information Technology) costs due to our policy of accelerated write off. Net surplus was higher than that earned in the previous financial year moving from \$1,838m to \$2,298 m.

Contribution collections outstripped targets - \$5,037m vs \$4,564m and was due mainly to more diligent work by the Compliance Department and the Amnesty Programme which ended in November 2001. The Trust collected \$197m as a result of the amnesty drive surpassing the target of \$120m. On the mortgage side, \$3,647m was collected as against the \$3,747m budgeted. The NHT did not meet projections in respect of housing expenditure, spending \$5,773m instead of the \$6,948m projected. The shortfall was as a result of delays in several housing projects due to factors outside of the control of NHT.

## TOTAL

### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE (\$M)
Kingston	588	669	460.80
St. Andrew	747	752	490.11
St. Thomas	271	281	211.82
Portland	19	20	12.62
St. Mary	53	57	32.90
St Ann	160	163	84.29
Trelawny	133	134	64.12
St James	374	387	202.26
Hanover	29	33	21.59
Westmoreland	77	81	48.74
St. Elizabeth	35	38	19.60
Manchester	265	272	152.70
Clarendon	1812	1826	861.00
St. Catherine	2646	2770	1813.33
<b>TOTAL</b>	<b>7117</b>	<b>7374</b>	<b>4398.57</b>



# HOUSING PROJECTS & BENEFITS

The Trust spent \$5,7773m on housing with the following results:

- 1371 completions in NHT schemes
- 234 interim financed completions
- 1191 build on own land and home improvement completions
- 7374 individual benefits provided
- 2810 housing starts.

The schemes that contributed to the NHT completions were Longville II (1191 units), Mineral Heights (61 units) and Duncans Hill (50 units). The major interim financed completions were Angells III (120 units) and East Prospect (25 units). The Trust also financed completions in Hellshire Park Estate (85 units). Performance was below target in respect of completions as a result of delays in several housing programmes - Sugar Housing, NHT projects, Interim Financing, and other special projects.

The National Housing Trust handed over 18 serviced lots and a model unit to the first set of contributors to benefit under the Sugar Housing Programme. The beneficiaries who are all employed to the St. Thomas Sugar Company

in Duckensfield, received benefits in the Bellrock Housing scheme in the parish. Some three thousand, six hundred and sixty two (3,662) more NHT contributors are set to receive housing benefits under the Sugar Housing Programme. The Sugar Housing Programme is a joint venture arrangement involving the Trust, the Sugar Producers Federation, the Bustamante Industrial Trade Union (BITU), National Workers Union (NWU) and the University and Allied Workers Union (UAWU). Under the programme, 9 housing schemes are slated to be developed on sugar lands across the island over a five year period which started in 2001 and continues through to 2005.

Nine hundred and eighty four (984) build on own land completions and 207 home improvement completions were achieved. Build on own land performance was above the targeted 910 solutions,

but home improvement again under performed with 207 completions vis-a-vis the 250 budgeted. The Trust will have to review its home improvement policies as the number of beneficiaries for this programme has been steadily declining.

Relocation 2000, a project to relocate selected squatter communities in St. Andrew, St. Ann and St. James continued. Two relocation sites have been identified- Belle Aire in St. Ann and Providence in St. James. The Belle Aire Housing scheme consists of 276 solutions, comprising 160 units on lots of approximately 4,500 sq. ft., 76 serviced lots of 4,500 sq. ft and 40 serviced lots of 2,300 sq. ft. The first 20 houses were ready for handing over at the end of the financial year. The project is expected to be completed in 2002/03.

The Providence scheme has 360 units and completion is expected by December 2002. As at March 31, 2002 all roads to the sub base were completed with practical completion achieved for the sewer lines in phase 1.

During the year, the NHT reduced its interim financing interest rates. Developers can now access construction financing at 8% and 12% instead of the 12% and 20% that previously

## HOUSING COMPLETIONS 2001/02

Scheme	Parish	Units
Angells III	St. Catherine	120
Angells II	St. Catherine	300
Hellshire Park Estate	St. Catherine	94
Longville II	Clarendon	1191
Mineral Heights	Clarendon	61
Rosemount III	St. James	6
Duncans Hill	Trelawny	57
Industry Pen	St. Mary	350
Bellrock	St. Thomas	19
East Prospect	St. Thomas	25
East Prospect		
Squalters	St. Thomas	49
Red Hills Pen	St. Thomas	1
<b>TOTAL</b>		<b>2273</b>



applied. The reduction in rates was possible due to the stabilisation in inflation and the consequent reduction in interest rates in the financial sector. It is part of our strategy to lower the cost of housing solutions to our contributors.

On the mortgage side, 7,117 loans for 7,374m contributors, valuing \$4,399m were provided during the financial year. This compares to the 6,692 loans for 4,904 contributors valued at \$4,704m in 2001/02. The top performing category for the year was again Open Market with 2,774 benefits valuing \$2,123m, followed by Scheme and Serviced Lots with 2,150 benefits valuing \$1,055m and Build on Own Land with 1,485 benefits valuing \$934m.

## HUMAN RESOURCES

As the NHT moves towards becoming a world class housing financial institution, we recognize that our success hinges on the performance and the commitment of our human resources. We must continue to recruit well qualified staff and spend time and financial resources ensuring that they are fully equipped to perform at optimal levels. But there is more we can do. World class organisations typically have the following characteristics :

- a strong culture that is values-driven;
- focus on continuous improvement;
- sensitivity to internal and external partners;
- willingness to take risks and experiment;
- contributing to society/community;
- focus on the customer and an incorporation of customer views into policies that affect them

This is the type of culture we are seeking to embed at the Trust. The NHT employee of the future must be computer literate, process-oriented, skilled in problem

solving, creative, innovative and team oriented, characteristics we now look for in the recruitment process. In 2001, we commissioned a cultural assessment of the organisation in which staff from all levels participated. The study identified some potentially limiting factors in the current culture.

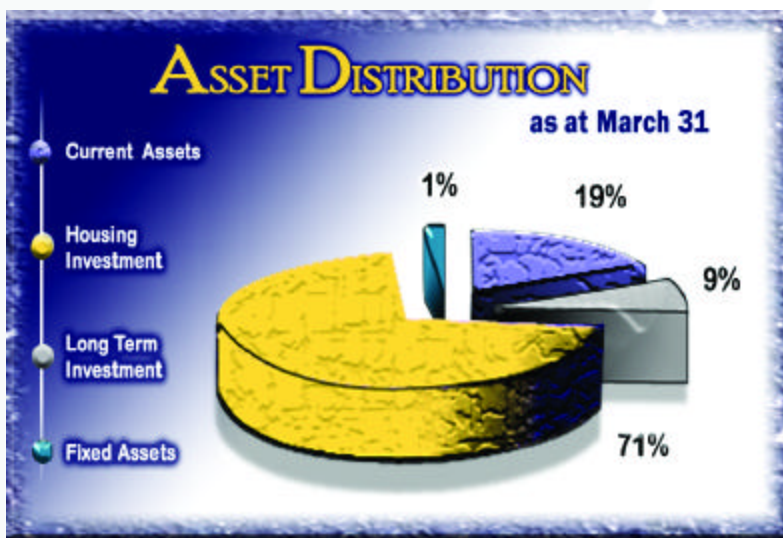
The management team has taken the results seriously and in response has proposed several initiatives. Our core values as detailed in the strategic plan were changed to include those values on which staff place the highest priority. Our performance and rewards systems are to be revised, with emphasis on rewarding those behaviours that are in line with the core values. Our company's recruitment process will place closer attention on personality and job fit. A leadership programme, tailor made to NHT needs, is to be implemented to help managers meet the new demands placed on them by the organisation and the new look workforce.

### BUILD ON OWN LAND

#### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE(\$M)
Kingston	35	37	30.60
St. Andrew	48	48	38.73
St. Thomas	24	25	20.82
Portland	8	8	6.72
St. Mary	13	16	12.91
St Ann	30	31	24.26
Trelawny	15	15	10.98
St James	77	78	62.88
Hanover	9	9	7.23
Westmoreland	32	33	25.70
St. Elizabeth	23	25	19.34
Manchester	106	106	83.48
Clarendon	4	74	58.30
St. Catherine	159	164	124.40
TOTAL	653	669	526.35

## ORGANISATIONAL EFFICIENCIES



Our emphasis during the year was on improving the technology and the processes associated with the CLASS (Cash Loans and Savings Systems) project implemented in November 2000. Several interfaces between the financial applications and the CLASS systems were scheduled for development and work in this area started. Further, after using the new CLASS applications for some time, we recognised that there was scope for greater efficiencies if adjustments were made to the process and to the functionality of certain subsystems. Consequently, much time was spent addressing issues with the contribution management and loan origination sub-systems.

One of the most challenging problems that faced the NHT, prior to the conversion to CLASS in November 2000, was the inability to have individual customer records which stored contributions and/or mortgage data. With the implementation of the CLASS, the NHT was able to achieve this objective for the first time, by creating and maintaining personal accounts for each contributor. The personal accounts were created in a Customer Information File (CIF), built by extracting data from the various contributions systems. However, as a result of unavailable or incomplete data, some contributors had multiple records, leading to a situation in which there was over 3.5 million records in our databases.

### SERVICED LOTS

#### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE (\$M)
Kingston	6	6	1.79
St. Andrew	92	93	27.99
St. Thomas	0	0	0.00
Portland	0	0	0.00
St. Mary	0	0	0.00
St Ann	40	40	12.23
Trelawny	47	47	13.65
St James	205	205	71.25
Hanover	0	0	0.00
Westmoreland	4	4	1.53
St. Elizabeth	0	0	0.00
Manchester	0	0	0.00
Clarendon	907	912	270.66
St. Catherine	27	27	8.36
TOTAL	1328	1334	405.88

The existence of multiple CIF records for contributors had several negative consequences:

- Significantly longer than expected service delivery times at service points;
- Higher than expected software licence fees;
- Higher than expected staff head count and additional overtime costs incurred in an effort to ensure the timely update of customer records in some operational areas, Contributions Refunds, Contributor Accounts, Loan Administration and Compliance Departments).

Several strategies were implemented in an attempt to reduce the incidence of duplicate records. One strategy was to gather the additional information required on each contributor via employers and self employed persons. The data so collected would be used to merge duplicates manually into a single record. But the rate of compression with the manual process was slow. Thus, it was decided to purchase an off-the-shelf application that automated the merging process.

The merging is now complete and has produced several benefits. The number of records has been reduced to

about 1.8 million and we are expecting cost reductions in several operating areas as well as improvement in the turnaround time for processing contributions refunds. In order to further capitalise on these benefits, the Trust is considering making it mandatory for all persons and companies doing business with the NHT to provide their Tax Registration Number (TRN). The NHT will also have to increase public education in an effort to heighten the awareness of our contributor population to the problems, risks, penalties and other consequences of non compliance.

In August 2001, the Mortgage Accounting Department and the Loan Management Department were merged to become the Loan Administration Department. This was a strategic move to improve efficiencies and effectiveness in the concerned areas, while providing customers with the ability to be served at the first point of contact. A decision that will improve customer service as a result of the decentralisation of the functions.

Given the increased dependence on technology and the complexity of running a large organisation, we felt that we should be more proactive in managing our operational risks. Phase1 of this project which was completed during the financial year, sought to identify the major risk areas, to prioritise them, and determine their likelihood of occurrence and severity of impact. During this phase also, operational managers were sensitised to the risk management process. The next phase will consist of identifying departmental risks and developing plans of actions to address these risks, incorporating the risk management process into both the strategic and operational planning processes.

### OPEN MARKET

#### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE(\$M)
Kingston	411	478	367.40
St. Andrew	503	507	391.73
St. Thomas	65	75	58.74
Portland	6	7	5.28
St. Mary	9	9	7.45
St Ann	27	32	25.17
Trelawny	9	10	6.68
St James	37	44	33.40
Hanover	13	14	10.35
Westmoreland	21	23	17.38
St. Elizabeth	1	2	1.26
Manchester	30	33	22.32
Clarendon	27	29	21.61
St. Catherine	1558	1678	1284.77
TOTAL	2717	2941	2253.55



## SPECIAL PROJECTS

In celebration of our 25th anniversary, the Board of the Trust felt it appropriate to mark the occasion with projects that would reinforce the Trust's commitment to the Jamaican people.

The Clarendon New Town Project which was announced by Prime Minister P.J. Patterson, will seek to create a new centre for residential, industrial and commercial activity on the 11,500 acre Inverness property in Clarendon. The property has been described as the last undisturbed tract of marginal agricultural land in the country and is especially suitable for housing development as the area from Old Harbour to May Pen, including Inverness, has long been identified as a growth area for population settlements in Jamaica from as far back as 1965. The project was conceived with the following intentions:

1. to provide an alternative urban focus and to absorb much of the future population growth beyond the KMR;
2. to avoid the growing use of prime agricultural lands for commercial and residential development and instead make use of one of the largest tracts of marginal agricultural lands in the interior of the island for urban development;
3. to be a nucleus for an economic, residential, recreational and cultural centre which fits within the macro planning of the south coast of the country and to make allowance for important national infrastructure;
4. to integrate the diverse housing development projects which are mushrooming in the area between Old Harbour and May Pen through clear zoning and development planning.

Other aims of the project are to encourage the integration of persons from different income levels, limit environmental deterioration and reverse the erosion of society's natural and built heritage.

In order to identify best design ideas that would allow for gradual phased development and provide integration with the local area, the NHT hosted an international urban planning and design competition. The competition ran from July 2001 to February 2002, and was guided by the International Union of Architects and the United Nations Education and Scientific Organization (UNESCO). The panel of judges was drawn from Jamaica, Yugoslavia, Brazil, Columbia and Poland.

A partnership of United Kingdom architect Andrea Wilson and Australian Roderick Simpson emerged the winners. The top designers were awarded a first prize of US\$75,000. Four other entrants were awarded a total of US\$65,000 for second, fourth and fifth places. Having identified the top five designs in the competition, the next step is to bring together groups of technical experts to see how the ideas which emerged could be integrated to produce the best plan for Jamaica.

The Trust will not be financing the construction of Clarendon New Town but will be creating the framework and selling packages to developers and other investors.

### HOUSE LOT

#### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE (\$M)
Kingston	59	70	23.89
St. Andrew	63	63	20.30
St. Thomas	21	21	6.13
Portland	7	7	2.49
St. Mary	22	23	5.72
St Ann	34	34	10.30
Trelawny	18	18	6.14
St James	69	74	22.37
Hanover	1	2	0.74
Westmoreland	7	10	1.75
St. Elizabeth	17	19	4.78
Manchester	79	83	25.22
Clarendon	29	30	6.42
St. Catherine	373	384	113.17
<b>TOTAL</b>	<b>799</b>	<b>838</b>	<b>247.80</b>

### HOME IMPROVEMENT

#### MORTGAGES & BENEFICIARIES 2001/02

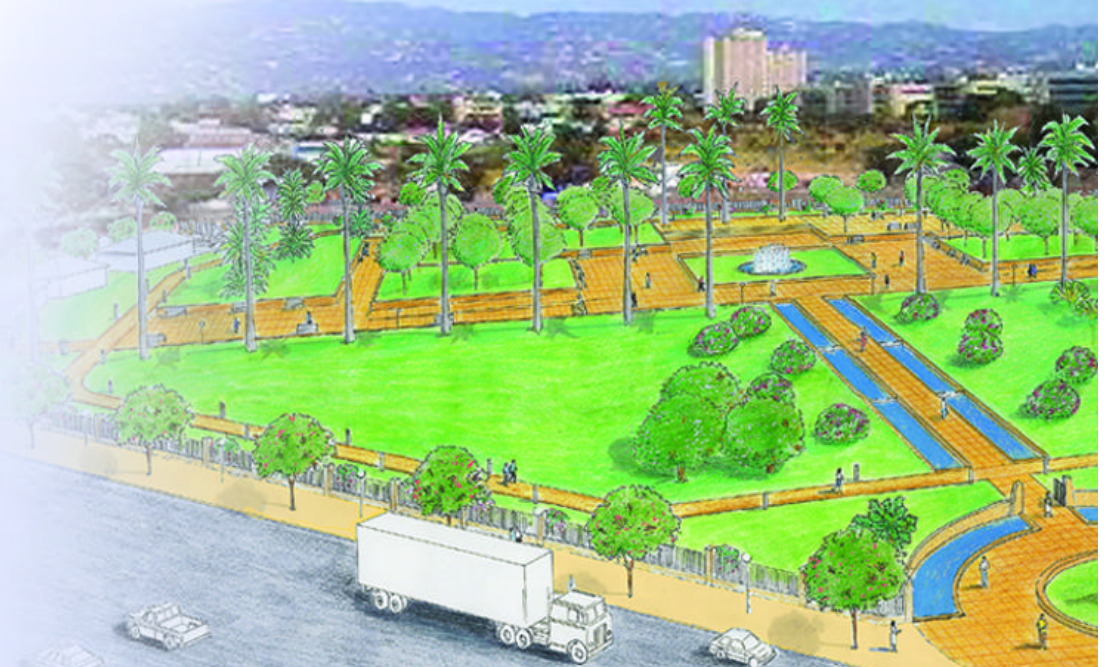
PARISH	M	B	VALUE (\$M)
Kingston	18	18	3.76
St. Andrew	39	39	7.92
St. Thomas	6	7	1.45
Portland	1	1	0.21
St. Mary	1	1	0.20
St Ann	5	5	1.04
Trelawny	3	3	0.63
St James	6	6	1.24
Hanover	1	1	0.21
Westmoreland	6	7	1.46
St. Elizabeth	4	4	0.84
Manchester	12	12	2.51
Clarendon	10	10	2.09
St. Catherine	91	91	18.93
<b>TOTAL</b>	<b>203</b>	<b>205</b>	<b>42.50</b>

During the year, the Trust committed to establishing a fully equipped computer laboratory in at least one primary school in each parish. The laboratories are intended to help with the teaching of reading and mathematics in schools which the Ministry of Education has deemed to be in need of additional support in these subject areas. In addition to the 15 computers for each school, the NHT is also providing work-stations for pupils and teachers as well as software for the teaching of reading and mathematics. Through the Jamaica Computer Society, the Trust trained five teachers from each school to use the software effectively. The first of the laboratories was declared open by Prime Minister, Hon. PJ Patterson, on December 5, at Lowe River Primary and Junior High School in Trelawny.

## CONSTRUCTION

### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE (\$M)
Kingston	50	51	26.54
St. Andrew	44	44	23.24
St. Thomas	21	21	11.35
Portland	0	0	0.00
St. Mary	13	13	7.45
St Ann	38	38	20.39
Trelawny	31	31	17.36
St James	60	61	27.35
Hanover	6	8	3.27
Westmoreland	22	23	10.93
St. Elizabeth	0	0	0.00
Manchester	44	45	22.22
Clarendon	303	303	161.34
St. Catherine	244	244	126.01
TOTAL	866	871	451.49





## SCHEME

### MORTGAGES & BENEFICIARIES 2001/02

PARISH	M	B	VALUE (\$M)
Kingston	9	9	6.81
St. Andrew	0	0	0.00
St. Thomas	145	145	119.37
Portland	0	0	0.00
St. Mary	0	0	0.00
St Ann	0	0	0.00
Trelawny	20	20	12.34
St James	38	40	29.20
Hanover	0	0	0.00
Westmoreland	1	1	0.01
St. Elizabeth	0	0	0.00
Manchester	0	0	0.00
Clarendon	552	561	376.96
St. Catherine	339	340	232.12
<b>TOTAL</b>	<b>1104</b>	<b>1116</b>	<b>776.82</b>

Eight other schools received laboratories during the year: St. Alban's Primary in St. Elizabeth; Flankers Primary & Junior High, St. James; Enfield Primary & Junior High, St. Mary; Bamboo Primary & Junior High, St. Ann; Bath Primary & Junior High, St. Thomas; Davis Primary, St. Catherine. New Hope Primary & Junior High and Unity Primary in Westmoreland

- An Artist's Impression of  
Emancipation Park



both shared the 15 computers allocated to that parish. Other parishes will receive their computers during phase II of the project which is slated to begin in September 2002.

The open lot adjacent to the NHT, bordered by Oxford Road and Knutsford Boulevard, will be converted into a world class recreational area to be christened Emancipation Park. A national competition was held to identify an appropriate design. The park will include hard areas for jogging and relaxation as well as landscaped areas and a reflecting pool. There will also be statuary and historic symbols in keeping with the emancipation theme. The park is scheduled to be opened on August 1, 2002.

## FUTURE PLANS

In 1997, the NHT undertook a wide-scale review of all its mortgage and contribution policies. Out of that review came several important policy changes, including a reduction in NHT interest rates that benefited most mortgagors. Prior to the review, several policies were introduced in order to make it easier for mortgagors to afford NHT loans. While these policies have made home ownership possible for many persons, they have had a negative impact in that many persons are going into arrears because they are finding it difficult to maintain the required monthly payments. This has forced the organisation to again review its mortgage policies in order to see what can be done to reduce the arrears, while at the same time considering the needs of low income groups who form a significant part of the client base.



We have found limitations to the current performance evaluation process as critical behavioural factors are not assessed and feedback, for the most part, takes place at the end of the financial year. Hence a new performance management system will be implemented which will assess behavioural factors, and include, a 360 degree assessment, with managers being assessed by those who report to them. Pay for performance will also be a feature of the revised system. This is in keeping with the trend in compensation benefits to have at least part of the package linked to performance. A company wide recognition programme which rewards staff for customer service excellence, creativity, innovation and the corporate values will also be developed and implemented.

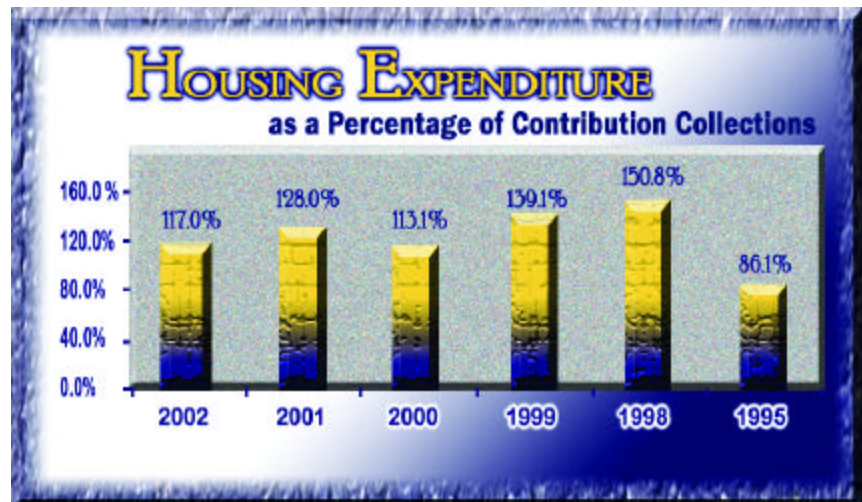
The NHT has pledged financial assistance to planning authorities throughout the country to assist in the drafting of developmental plans for the major urban centres in Jamaica. It is felt that too many of Jamaica's towns lack a cohesive plan. The NHT considered it necessary to make this contribution so as to ensure that development is done in a structured way and that its housing developments become part of sustainable communities. By creating a framework for more orderly development, the Trust expects this to contribute to the reduction of development costs of future NHT housing schemes.

The major targets for the year are listed below:

- Contribution Collections of \$4,700m
- Mortgage Repayments of \$4,514m
- Housing Expenditure of \$6,064m
- Contribution Refunds of \$324m
- 6,772 beneficiaries of NHT loans

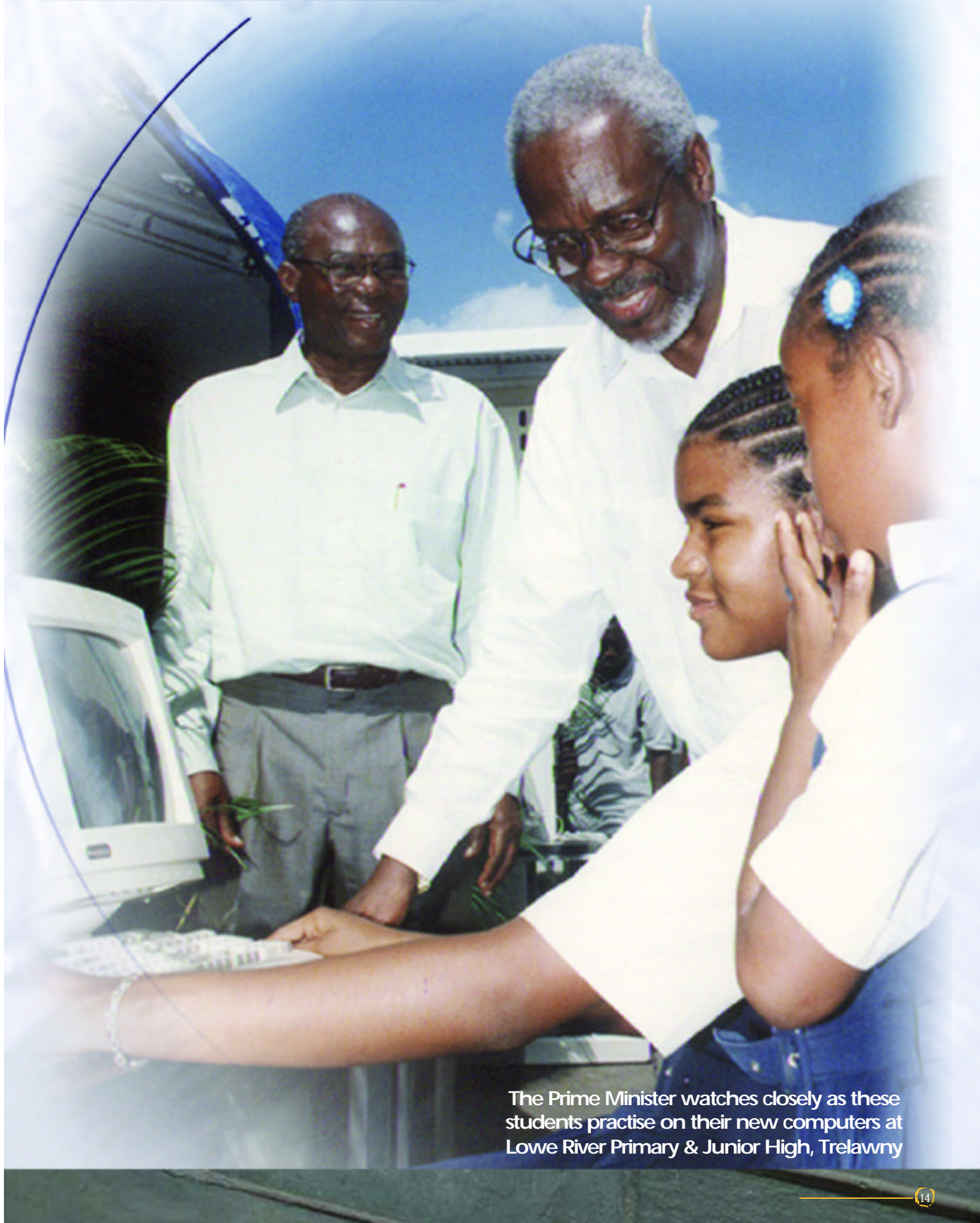
### TAKEOVER SCHEDULE FOR 2002/03

Scheme	Serviced Lot	Studio	Total
<b>Corporate Area</b> Infill		30	30
<b>St. Catherine</b> Angels Grove		273	273
Bushy Park, Linstead	95		95
Rosemount, Linstead	22		22
<b>St. Thomas</b> East Prospect	116		116
<b>St. James</b> Green Pond II	144	93	237
Norwood	73		73
<b>St. Ann</b> Davis Town	110		110
Milford Estate	46		46
Mansfield	142		142
<b>TOTAL</b>	<b>748</b>	<b>396</b>	





# FOUNDATIONS



The Prime Minister watches closely as these students practise on their new computers at Lowe River Primary & Junior High, Trelawny



# HOUSING PROJECTS



Duplex Studios, Relocation 2000 Project, Belle Aire, St. Ann



Model studio unit,  
Bellrock, St. Thomas

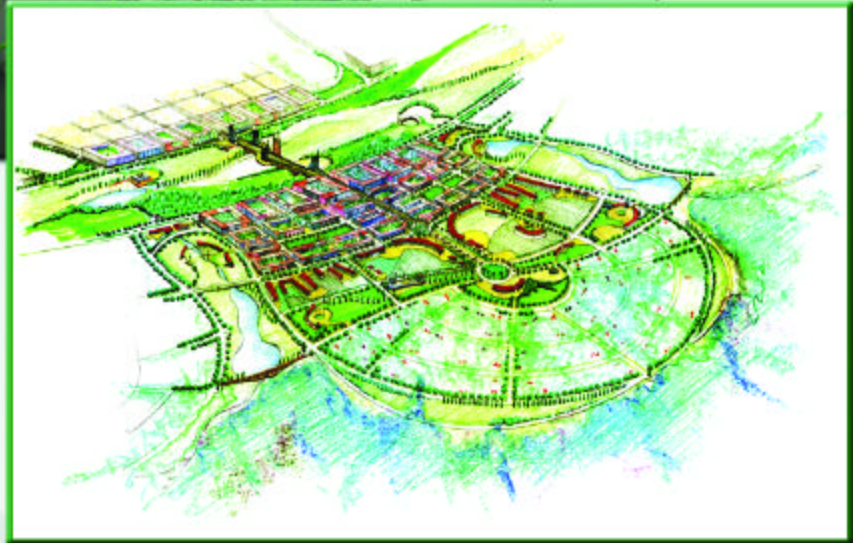


2 Bedroom & Studio Units in the  
Duncans Scheme, Trelawny





The judges reviewing the entries for the Clarendon Newton Project.

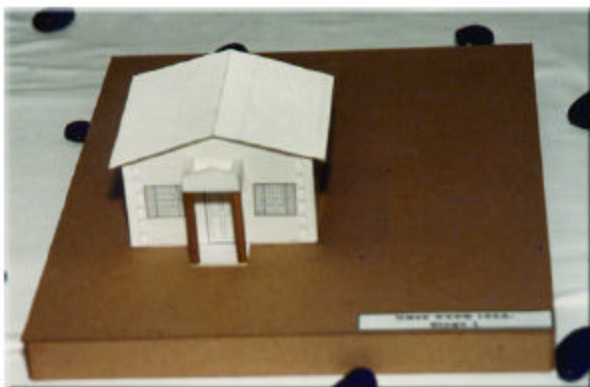


A Schematic view of the winning design.

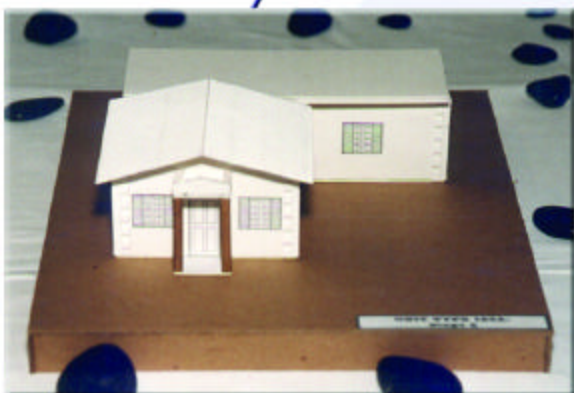


NHT's Delegation's to Malaysia .

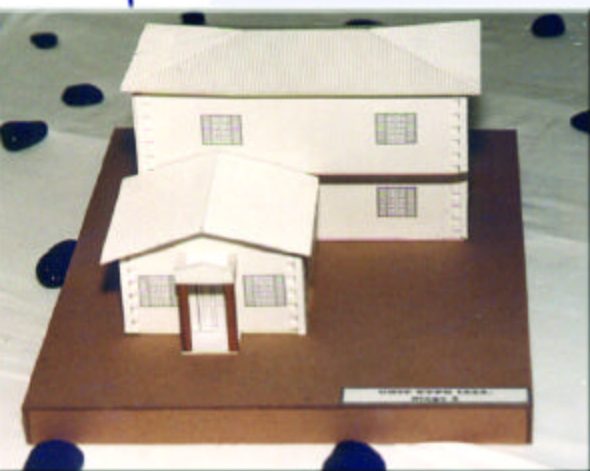




One of the new studio designs



First Phase expansion of studio



Second Phase expansion of studio



The Cabinet Secretary and the Mayor of St. Andrew viewing the exhibits in our Travelling Exhibition.

Presentation made to the Manager of Lucea Hospital for upkeep of generator by Mr. Shelley Whittle, Snr. Director Operations.





# Travelling Exhibition

A staff member draws attention to one of the exhibits in the travelling exhibition.

**House on Wheels** : A scaled model of NHT's newly designed studio unit stands tall in the parking lot of the NHT's Headquarters on Park Boulevard.





25<sup>th</sup>  
NHT  
Anniversary  
1976-2001



25 year long service awardees being congratulated by the Prime Minister.



15 to 19 year awardees

20 to 24 year awardees

Customer Appreciation Day in the Kingston & St. Andrew Branch







Bishop Desouza & members of the NHT family after the 25th Anniversary Church Service at the St. James Parish Church in Montego Bay.



Members of staff and the congregation at the 25th Anniversary Church Service at the Ocho Rios Baptist Church in St. Ann.



Members of the St. James region singing at the 25th Anniversary Church Service.



## COMPUTER EDUCATION PROGRAM



The Principal of Davis Primary expressing thanks to the Managing Director, Mr. Earl Samuels and Deputy Chairman, Mr. Patrick Lawrence.



Training the teachers for the Computer Education Program



Senator Whiteman at Davis Primary School, St. Elizabeth



Students from Flankers Primary & Junior High entertaining at the opening of their new computer laboratory.



# BUILD -ON - OWN LAND & OPEN MARKET EXPOS

Build-On-Own  
Land Exposition in Westmoreland.



Kingston & St. Andrew  
Open Market Expo - the  
CANCARA MAGIL's Booth.



Senior Director, Patrick Brown  
responds to one of many  
questions asked at the recently  
held expo in St. Mary.







Our MD, Mr. Earl Samuels and Donald Moore Director Project Management rap with, Minister of Land and Environment, Horace Dalley and, Leo Taddeo of New Era Homes.

## BUSINESS PARTNERS APPRECIATION FUNCTION

Entertained by the Rod Dennis Mento Band and the NHT Chorale's "Dip an fall Back" performance.







NHT Staff enjoying themselves at Funday 2001.

## FUNDAY 2001

A dazzling King and Queen crowned winners of the NHT King & Queen Competition at Funday 2001.



Kids enjoying a soft drink Competition.





# DIRECTORS' REPORT

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

## 1. Financial Results

	<u>2002</u> \$000	<u>2001</u> \$000
<b>Income</b>		
Interest on		
Loans to beneficiaries	2,350,795	2,038,323
Investments	1,604,459	1,242,631
Finance for House Construction	44,380	27,000
Other Income	248,058	128,505
	<b>4,247,692</b>	<b>3,436,459</b>
<b>Expenditure</b>		
Operating	1,214,139	980,055
Other expenses (Employee and and Employers' and provision for losses)	647,889	501,786
	<b>1,862,028</b>	<b>1,481,841</b>
Surplus before exceptional item	2,385,664	1,954,618
*Exceptional item	( 87,840)	(116,900)
<b>Net Surplus</b>	<b>2,297,824</b>	<b>1,837,718</b>

\* 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, 2002. 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*  
*Mr. Errol C. Greene*  
*Mr. Robert Cranston*  
*Mr. Cyril Lebert*  
*Mrs. Guila Bernal*  
*Mr. Victor Robinson*  
*Mr. Herbert Lewis*  
*Mr. Donovan Stanberry*  
*Mr. Ian Emmanuel*

## 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, W.I.

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 35 to 57. 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.

The Trust has not fully established personal accounts for employed persons who made contributions to the Trust as detailed in Note 10 to enable it to issue certificates of contributions made as required by the Act. The processing of annual returns is ongoing, and the Trust is taking steps to complete the processing to bring its records up to date and issue the relevant certificates, although its progress is hampered by employers not submitting the returns required in a timely manner.

In our opinion, the financial statements present fairly in all material respects the state of affairs of the Trust as at March 31, 2002 and of the surplus, changes in the accumulated fund and cash flows for the year then ended in accordance with accounting standards generally accepted in Jamaica. Except for the matters referred to in the preceding paragraph, proper accounting records have been kept and the financial statements are in agreement therewith.

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.

*Deloitte & Touche*

Chartered Accountants  
Kingston, Jamaica,  
June 21, 2002

NATIONAL HOUSING TRUST  
**BALANCE SHEET** AT MARCH 31, 2002  
 (Expressed in \$'000)

**ASSETS**

	<u>Notes</u>	<u>2002</u> \$	<u>2001</u> \$
<b>CURRENT ASSETS</b>			
Cash at bank		62,523	73,890
Short-term investments	4	7,482,671	5,617,608
Interest and other receivables		<u>1,061,596</u>	<u>1,023,598</u>
		<u>8,606,790</u>	<u>6,715,096</u>
<b>NON-CURRENT ASSETS</b>			
Long-term loans and investments			
Long-term investments	4	3,990,237	2,613,613
Finance for house construction	5,8	1,534,622	1,889,852
Loans to beneficiaries	6,8	<u>31,406,650</u>	<u>26,883,649</u>
		<u>36,931,509</u>	<u>31,387,114</u>
Deferred expenditure	7	149,064	200,213
Fixed assets	9	<u>486,725</u>	<u>455,778</u>
<b>Total non-current assets</b>		<u>37,567,298</u>	<u>32,043,105</u>
<b>TOTAL ASSETS</b>		<u>46,174,088</u>	<u>38,758,201</u>





NATIONAL HOUSING TRUST  
**BALANCE SHEET** AT MARCH 31, 2002  
 (Expressed in \$'000)

**LIABILITIES AND ACCUMULATED FUND**

	<u>Notes</u>	<u>2002</u> \$	<u>2001</u> \$
<b>CURRENT LIABILITIES</b>			
Accounts payable		549,306	431,459
Cash grants due to employees	10	2,710,646	2,196,041
Employers' contributions refundable	2(c)	121,424	-
Bonus payable to employers		48,164	44,579
Current portion of long-term liabilities	11	<u>7,195</u>	<u>18,988</u>
		<u>3,436,735</u>	<u>2,691,067</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for unremitted employees' Contributions	21	3,456	3,456
Long-term liabilities	11	55,807	59,015
Deferred income	12	<u>1,072,833</u>	<u>951,237</u>
		<u>1,132,096</u>	<u>1,013,708</u>
Refundable contributions not yet due			
Employees' contributions and bonus thereon	2,10	12,942,561	11,055,872
Employers' contributions	2 (c)	<u>-</u>	<u>121,424</u>
		<u>12,942,561</u>	<u>11,177,296</u>
<b>Total non-current liabilities</b>		<u>14,074,657</u>	<u>12,191,004</u>
<b>ACCUMULATED FUND</b>			
Non-refundable employers' contributions		16,118,228	13,629,486
Surplus on income and expenditure account		12,086,260	10,038,436
Capital reserve		208,208	208,208
Peril reserve	18	<u>250,000</u>	<u>-</u>
		<u>28,662,696</u>	<u>23,876,130</u>
<b>TOTAL LIABILITIES AND ACCUMULATED FUND</b>		<u>46,174,088</u>	<u>38,758,201</u>

The Notes on pages 35 to 57 form an integral part of the Financial Statements.  
 Approved on behalf of the Board.

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

NATIONAL HOUSING TRUST  
**INCOME AND EXPENDITURE ACCOUNT**

YEAR ENDED MARCH 31, 2002

(Expressed in \$'000)

	<u>Notes</u>	<u>2002</u> \$	<u>2001</u> \$
<b>INCOME</b>			
Interest on:			
- Loans to beneficiaries		2,350,795	2,038,323
- Investments		1,604,459	1,242,631
- Finance for house construction		44,380	27,000
Gain on disposal of housing units		11,256	12,612
Service charge on loans to beneficiaries		51,108	39,862
Miscellaneous	13	<u>185,694</u>	<u>76,031</u>
		<u>4,247,692</u>	<u>3,436,459</u>
<b>EXPENDITURE</b>			
Operating		1,214,139	980,055
Bonus on employees' contributions	10	400,535	266,039
Bonus on employers' contributions		3,540	3,540
Mortgage loss provision	6(i)	150,055	133,961
Losses on projects		<u>93,759</u>	<u>98,246</u>
		<u>1,862,028</u>	<u>1,481,841</u>
<b>SURPLUS BEFORE EXCEPTIONAL ITEMS</b>		2,385,664	1,954,618
<b>EXCEPTIONAL ITEMS</b>	14	<u>( 87,840)</u>	<u>( 116,900)</u>
<b>NET SURPLUS</b>	21	<u>2,297,824</u>	<u>1,837,718</u>

The Notes on pages 35 to 57 form an integral part of the Financial Statements.



NATIONAL HOUSING TRUST

**STATEMENT OF CHANGES IN ACCUMULATED FUND**

YEAR ENDED MARCH 31, 2002

(Expressed in \$'000)

	Note	Peril Reserve \$	Non- Refundable Employers' Contributions \$	Surplus on Income and Expenditure Account \$	Capital Reserve \$	Total \$
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>2,229,043</u>
Balance at March 31, 2001		-	13,629,486	10,038,436	208,208	23,876,130
Net surplus for the year		-	-	2,297,824	-	2,297,824
Contributions for the year		-	2,488,742	-	-	2,488,742
Peril reserve	18	<u>250,000</u>	-	<u>(250,000)</u>	-	-
Balance at March 31, 2002		<u>250,000</u>	<u>16,118,228</u>	<u>12,086,260</u>	<u>208,208</u>	<u>28,662,696</u>

The Notes on Pages 35 to 57 form an integral part of the Financial Statements.

NATIONAL HOUSING TRUST  
**STATEMENT OF CASH FLOWS**  
 YEAR ENDED MARCH 31, 2002  
 (Expressed in \$'000)

	<u>2002</u>	<u>2001</u>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net surplus for the year	2,297,824	1,837,718
Non-cash items included in net surplus		
Losses on projects	93,759	98,246
Provision for bonus on employees' contribution	400,535	266,039
Mortgage loss provision	150,055	133,961
Depreciation	59,216	48,535
Gain on sale of fixed assets	( 251)	( 728)
Foreign exchange loss (net)	290	1,760
Deferred expenditure amortised	<u>71,431</u>	<u>23,810</u>
	3,072,859	2,409,341
Increase in operating assets		
Interest and other receivables	( 37,998)	( 32,568)
Increase in operating liabilities		
Accounts payable	117,847	965
Bonus payable to employers	<u>3,585</u>	<u>3,296</u>
Cash provided by operating activities	<u>3,156,293</u>	<u>2,381,034</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deferred expenditure	( 20,282)	( 88,640)
Loans to beneficiaries less recoveries	( 4,673,056)	(4,160,214)
Acquisition of fixed assets	( 90,163)	( 74,704)
Increase in investments (net)	(2,191,881)	(1,011,037)
Deferred income (net)	121,596	104,532
Decrease in finance for house construction (net)	261,471	( 228,809)
Proceeds on sale of fixed assets	<u>251</u>	<u>812</u>
Cash used in investing activities	<u>(6,592,064)</u>	<u>(5,458,060)</u>



NATIONAL HOUSING TRUST  
**STATEMENT OF CASH FLOWS**

YEAR ENDED MARCH 31, 2002

(Expressed in \$'000)

	<u>2002</u>	<u>2001</u>
	\$	\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loans (net)	( 15,291)	( 12,103)
Contributions from employers	2,488,742	2,232,575
Contributions from employees	2,446,842	2,101,866
Refund of employee contributions	( 446,083)	( 192,082)
Cash provided by financing activities	4,474,210	4,130,256
<b>INCREASE IN NET CASH BALANCES</b>	1,038,439	1,053,230
<b>OPENING NET CASH BALANCES</b>	<u>5,145,773</u>	<u>4,092,543</u>
<b>CLOSING NET CASH BALANCES</b>	<u>6,184,212</u>	<u>5,145,773</u>
Represented by:		
Cash	62,523	73,890
Short-term investments	<u>6,121,689</u>	<u>5,071,883</u>
	<u>6,184,212</u>	<u>5,145,773</u>

The Notes on pages 35 to 57 form an integral part of the Financial Statements.

## 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 16).

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 contributions 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.



**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2002

**2 CONTRIBUTIONS AND BENEFITS (Cont'd)**

- (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. The Directors have decided that the whole of the contributions refundable will be repaid in the ensuing year along with the bonuses unpaid thereon. 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-refundable contributions have been credited to the accumulated fund.

**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, and these financial statements comply in all material respects with the requirements of all applicable statements of standard accounting practice issued by the Institute of Chartered Accountants of 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.

**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 old 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 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 5% 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.



**3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

(k) Interest on loans to beneficiaries

Interest income is recorded on the accrual basis except 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 amounts 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.

(n) Financial instruments

Financial instruments include contracts that give rise to both financial assets and financial liabilities. Financial assets include all the Trust's assets except deferred expenses, fixed assets and prepayments.

Financial liabilities include all the Trust's liabilities except accruals and deferred income.

The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

The fair values of the financial instruments are discussed in Note 19.

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2002

**4 INVESTMENTS**

(a) Long-term investments		<u>2002</u>	<u>2001</u>
		\$'000	\$'000
(i) Investments at cost			
Mutual Life Bond 2000 at minimum guaranteed rate of 20% p.a. maturing in 2002		-	29,498
Jamaica National Building Society variable rate deposit maturing in 2002		131,740	128,399
Advances to Jamaica Teachers' Association Housing Co-operative Limited (Note 4(c))		283,810	283,810
Advances to the University of the West Indies (Note 4(d))		384,731	-
NROCC Infrastructure 4.5% Convertible Bonds maturing in 2032		666,667	-
Government of Jamaica Debenture of 18% - 21% maturing in 2001/2002		-	865,149
Government of Jamaica Debenture of 16% - 18% maturing in 2002/2003		1,072,574	-
Government of Jamaica Debenture of 16% - 18% maturing in 2003/2004		635,000	-
Government of Jamaica (US\$800,000) bond at 12% - 13% p.a. matured in 2001		<u>-</u>	<u>31,280</u>
		<u>3,174,522</u>	<u>1,338,136</u>
	<u>Nominal value</u>		
	\$'000		
Local registered stock - at cost			
Quoted			
Variable 2000/2001	350,145	-	350,145
Variable 2002/2003	1,158,192	1,158,192	1,322,493
Variable 2003/2004	52,000	52,000	52,000
Variable 2004/2005	636,156	636,156	-
Variable 2005/2006	150,000	<u>150,000</u>	<u>-</u>
		<u>1,996,348</u>	<u>1,724,638</u>
Carried forward		<u>5,170,870</u>	<u>3,062,774</u>



NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
 YEAR ENDED MARCH 31, 2002

**4 INVESTMENTS (Cont'd)**

(a) Long-term investments (Cont'd)

	<u>2002</u> \$'000	<u>2001</u> \$'000
Brought forward	5,170,870	3,062,774
(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>86,317</u>
	<u>117,859</u>	<u>117,859</u>
Provision for losses	5,288,729 <u>( 8,560)</u>	3,180,633 <u>( 21,295)</u>
	5,280,169	3,159,338
Less current portion classified as short-term investments (Note 4(b))	<u>1,289,932</u>	<u>545,725</u>
	<u>3,990,237</u>	<u>2,613,613</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>109,297</u>	<u>96,564</u>

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2002

**4 INVESTMENTS (Cont'd)**

(b) Short-term investments	<u>2002</u> \$'000	<u>2001</u> \$'000
Treasury bills	408,747	605,876
Deposits with interest ranging from 9.5% to 21% per annum	<u>5,721,942</u>	<u>4,466,007</u>
Short-term loan (Note 4(e))	6,121,689	5,071,883
Current portion of long-term investments (Note 4(a))	71,050	-
	<u>1,289,932</u>	<u>545,725</u>
	<u>7,482,671</u>	<u>5,617,608</u>

Deposits include foreign currency deposits of US\$202,149 (2001: US\$962,976) at an interest rate of 9.5% - 10%.

(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, 2002. 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. No interest has been accrued pending finalization of these negotiations.

(d) Advances to the University of the West Indies

This represents advances to date out of a total loan commitment of \$564,161,500 for the construction of student housing. The loan is for a period of 25 years at an interest rate of 8% per annum. The security for the advance is:

- (i) Undertaking from the Ministry of Finance and Planning.
- (ii) Assignment of fees paid for accommodation by the students in respect of the buildings constructed.



NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
 YEAR ENDED MARCH 31, 2002

**4 INVESTMENTS (Cont'd)**

(e) Short-term loan

This represents the balance on loan to New Era Homes 2000 Limited. Interest is at the rate of 12% and the loan period is 9 months.

**5 FINANCE FOR HOUSE CONSTRUCTION**

	<u>2002</u> \$'000	<u>2001</u> \$'000
(a) Housing projects		
NHT financed (See Note below)	402,420	179,239
NHT owned developments	<u>258,538</u>	<u>762,537</u>
	660,958	941,776
(b) Land held for development	262,786	243,894
(c) Houses completed but not allocated		
Total value of units	<u>1,061,162</u>	<u>1,109,072</u>
	1,984,906	2,294,742
Less: Provision for losses	<u>450,284</u>	<u>404,890</u>
	<u>1,534,622</u>	<u>1,889,852</u>

This represents the total amount of finance which is provided to public and private developers, inclusive of interest charged during the construction period at 12% per annum. (See Note 8).

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2002

**6 LOANS TO BENEFICIARIES**

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
(a) Loans to beneficiaries selected by the Trust (Note 6(c), (d))		
Mortgage loans	27,241,622	23,316,711
Loans for which mortgage processing is incomplete (Note 6(e))	1,394,947	1,496,598
Loans through financial institutions (Note 6(g))	1,465,186	1,596,629
Loans through joint venture programme (Note 6(h))	<u>295,442</u>	<u>307,197</u>
	<u>30,397,197</u>	<u>26,717,135</u>
(b) Loans to beneficiaries selected by the following Agencies approved by the Trust:		
Jamaica Teachers' Association Housing Co-operative Limited (Note 6(f)(i))	93,353	93,346
Sugar Industry Housing Ltd. (SIHL)		
Repayable up to 2010 (Note 6(f)(ii))	-	30,069
Repayable up to 2008 (Note 6(f)(ii))	-	33,611
National Housing Development Corporation (Formerly Caribbean Housing Finance Corporation)		
Repayable in 25 years at 8% per annum (Note 6(f)(iii))	772,227	791,356
Repayable in 15 years at 8% per annum (Note 6(f)(iv))	909,940	-
Other institutions	<u>215,952</u>	<u>58,986</u>
	<u>1,991,472</u>	<u>1,007,368</u>
Total	32,388,669	27,724,503
Less: Mortgage loss provision (Notes 3(f)(ii), 6(i))	<u>982,019</u>	<u>840,854</u>
	<u>31,406,650</u>	<u>26,883,649</u>



**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. Since year end the Government of Jamaica has announced that the maximum interest rate will be reduced to 9% per annum as from April 1, 2002. The loans together with interest thereon are repayable in monthly instalments over periods ranging up to a maximum of 30 years.
- (d) Mortgage loans of \$27,241,622,000 (2001 \$23,316,711,000) include loans totalling \$4,847,087,000 (2001 \$4,735,101,000) 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 such schemes.
- (e) The loans for which mortgage processing is incomplete relate to housing schemes developed by the public sector, for which land titles are not available. Titles are required for each lot of land in the schemes in order to register the names of the beneficiaries 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 have been deposited with the Trust. The loans are amortised over a period of 25 years with interest rates ranging from 2% to 18% per annum.

The JTAHC mortgage portfolio was transferred to the Trust in settlement of amounts owed by the JTAHC in respect of loans granted to the JTAHC under the Joint Venture and Combined Mortgage programmes. A formal agreement has been drafted for the signature of the parties and will be executed when the Statement of Account in respect of the transfer has been finalized. The Trust is in the meanwhile registering its interest on the various titles.

**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	93,353
Amounts due to JTAHC (Classified under accounts payable)	68,247
Advances to JTAHC (Included under investments)	283,810

(ii) These loans have been settled by the transfer of the Sugar Industry Housing Limited (SIHL) mortgage portfolio to the Trust during the year.

(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)).

(iv) The Trust has entered into agreement in 2001 to make available the sum of \$1.1 billion for the purpose of providing shelter solutions for beneficiaries under the NHDC - Operation Pride portfolio. The loan is for a period of 15 years commencing November 2001, and is repayable with interest, in installments of \$104,350,272 per annum. Interest is charged at 8% per annum. The loan is secured by:

- a guarantee of the Ministry of Finance and Planning in respect of \$250 million.
- transfer of mortgages in respect of the Greater Portmore portfolio.
- duplicate certificates of title in respect of the Greater Portmore portfolio which shall be retained by the Trust.



NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
 YEAR ENDED MARCH 31, 2002

**6 LOANS TO BENEFICIARIES (Cont'd)**

(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%.

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

	<u>2002</u> \$'000	<u>2001</u> \$'000
Balance, April 1	840,854	716,495
Loans written off during the year	( 8,890)	( 9,602)
Add: Provision for year	<u>150,035</u>	<u>133,961</u>
Balance, March 31	<u><u>982,019</u></u>	<u><u>840,854</u></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>2002</u> \$'000	<u>2001</u> \$'000
Balance, April 1	200,213	135,383
Additions during the year	20,282	88,640
Amortization	<u>( 71,431)</u>	<u>( 23,810)</u>
Balance, March 31	<u><u>149,064</u></u>	<u><u>200,213</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED MARCH 31, 2002

**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 National Housing Development Corporation (NHDC) (Formerly Caribbean Housing Finance Corporation (CHFC)) (Note 8.2)		
		<u>2002</u>	<u>2001</u>
		\$'000	\$'000
	To finance mortgage loans to beneficiaries	<u>772,227</u>	<u>791,356</u>
(b)	Loans through joint venture and combined mortgage programmes (Note 8.3)		
-	Joint venture	295,442	307,197
-	Combined mortgage	<u>1,465,186</u>	<u>1,596,629</u>
	Sub-total	<u>1,760,628</u>	<u>1,903,826</u>
(c)	Other loans (Note 8.4)		
	Mortgage loans to beneficiaries	1,394,947	1,496,598
	Loans to Sugar Industry Housing Limited	-	63,680
	Finance for housing construction projects	<u>152,592</u>	<u>140,368</u>
	Sub-total	<u>1,547,539</u>	<u>1,700,646</u>
	Total	<u>4,080,394</u>	<u>4,395,828</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. NHDC (formerly 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.

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

- .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 pari 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 \$982,019,000 (2001 - \$840,854,000) 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, 2002

**9 FIXED ASSETS**

At cost or valuation	Freehold		Partitions		Furniture, Fixtures and Office		Computer		Heavy		Motor		Construction		Total \$'000
	Land \$'000	Buildings \$'000	Buildings \$'000	Partitions \$'000	Equipment \$'000	Equipment \$'000	Equipment \$'000	Equipment \$'000	Equipment \$'000	Vehicles \$'000	in progress \$'000	in progress \$'000	Total \$'000		
April 1	71,766	248,909	5,234	134,513	213,004	-	26,582	16,329	716,337						
Additions	-	-	1,871	13,368	29,308	39,901	1,320	4,395	90,163						
Transfer	-	15,583	-	-	-	-	-	(15,583)	-						
Disposals	-	-	-	-	-	-	(1,955)	-	-						(1,955)
March 31	<u>71,766</u>	<u>264,492</u>	<u>7,105</u>	<u>147,881</u>	<u>242,312</u>	<u>39,901</u>	<u>25,947</u>	<u>5,141</u>	<u>804,545</u>						
Classified as follows:															
At cost	12,466	84,184	7,105	147,881	242,312	39,901	25,947	5,141	564,937						
At valuation	<u>59,300</u>	<u>180,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,608</u>						
March 31	<u>71,766</u>	<u>264,492</u>	<u>7,105</u>	<u>147,881</u>	<u>242,312</u>	<u>39,901</u>	<u>25,947</u>	<u>5,141</u>	<u>804,545</u>						
Depreciation															
April 1	-	48,579	3,336	67,138	127,150	-	14,356	-	260,559						
Charge for year	-	8,838	432	18,050	25,890	1,330	4,676	-	59,216						
On disposals	-	-	-	-	-	-	(1,955)	-	(1,955)						
March 31	<u>-</u>	<u>57,417</u>	<u>3,768</u>	<u>85,188</u>	<u>153,040</u>	<u>1,330</u>	<u>17,077</u>	<u>-</u>	<u>317,820</u>						
Net book value															
March 31, 2002	<u>71,766</u>	<u>207,075</u>	<u>3,337</u>	<u>62,693</u>	<u>89,272</u>	<u>38,571</u>	<u>8,870</u>	<u>5,141</u>	<u>486,725</u>						
March 31, 2001	<u>71,766</u>	<u>200,330</u>	<u>1,898</u>	<u>67,375</u>	<u>85,854</u>	<u>-</u>	<u>12,226</u>	<u>16,329</u>	<u>455,778</u>						

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2002

**9**      **FIXED ASSETS (Cont'd)**

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.

The unrealised surplus on valuation was credited to capital reserve.

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2002

**10 EMPLOYEE CONTRIBUTIONS REFUNDABLE**

(a)	2002			2001
	Currently Due \$'000	Not Yet Due \$'000	Total \$'000	\$'000
Contributions refundable	2,134,617	11,949,231	14,083,848	12,060,119
Bonus accrued (Note 10(b))	<u>576,029</u>	<u>993,330</u>	<u>1,569,359</u>	<u>1,191,794</u>
	<u>2,710,646</u>	<u>12,942,561</u>	<u>15,653,207</u>	<u>13,251,913</u>
Represented by:				
8% Savings Accounts				
Principal	395,378	-	395,378	332,552
Interest	<u>24,038</u>	<u>-</u>	<u>24,038</u>	<u>18,789</u>
	<u>419,416</u>	<u>-</u>	<u>419,416</u>	<u>351,341</u>
3% Time Accounts				
Principal	-	1,188,023	1,188,023	1,528,972
Interest	<u>-</u>	<u>166,677</u>	<u>166,677</u>	<u>195,822</u>
	<u>-</u>	<u>1,354,700</u>	<u>1,354,700</u>	<u>1,724,794</u>
Total for which personal accounts established	419,416	354,700	1,774,116	2,076,135
Balances for which no personal accounts established	<u>2,291,230</u>	<u>587,861</u>	<u>13,879,091</u>	<u>11,175,778</u>
Total refundable employee contribution	<u>2,710,646</u>	<u>12,942,561</u>	<u>15,653,207</u>	<u>13,251,913</u>
Reflected in the Financial Statements:				
Cash grants due to employees	<u>2,710,646</u>	<u>-</u>	<u>2,710,646</u>	<u>2,196,041</u>
Bonus to employees not yet due	-	993,330	993,330	820,782
Employees' contributions not yet due	<u>-</u>	<u>11,949,231</u>	<u>11,949,231</u>	<u>10,235,090</u>
Employees' contributions and bonus thereon	<u>-</u>	<u>12,942,561</u>	<u>12,942,561</u>	<u>11,055,872</u>
	<u>2,710,646</u>	<u>12,942,561</u>	<u>15,653,207</u>	<u>13,251,913</u>



NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
 YEAR ENDED MARCH 31, 2002

**10 EMPLOYEE CONTRIBUTIONS REFUNDABLE (Cont'd)**

- (b) Bonuses are payable to contributors at the rate specified by the Minister of Government responsible for the Trust. 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 Note 2(b) (ii). Bonuses have been calculated at 3% per annum.
- (c) The primary reasons for the backlog in establishing personal accounts are firstly the non-submission of annual returns by employers. Secondly, where annual returns have been submitted, in many instances these returns are incomplete, with a resultant difficulty in reconciling these returns and creating the appropriate personal accounts.

The Trust is considering a number of strategies to address this problem, which, when implemented, will result in the reduction of the backlog in establishing personal accounts.

**11 LONG-TERM LIABILITIES**

	<u>2002</u> \$'000	<u>2001</u> \$'000
(a) Caribbean Development Bank Loan repayable 1987 - 2003: US\$168,349 (2001: US\$502,872) guaranteed by the Government of Jamaica (Note 11(c))	7,985	22,986
(b) Government of Jamaica - Puerto Rican Housing Scheme (Note 11(d))	<u>55,017</u>	<u>55,017</u>
	63,002	78,003
Less: Current portion	<u>7,195</u>	<u>18,988</u>
	<u>55,807</u>	<u>59,015</u>
(c) 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 various currencies.

- (i) US\$4 million carrying an interest rate of 8½% 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**  
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**11 LONG-TERM LIABILITIES (Cont'd)**

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

The amount of \$55 million (2001 - \$55 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 beneficiaries of the scheme. Interest is charged at 8% per annum.

No repayments have been made to date.

**12 DEFERRED INCOME**

This comprises:

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
Gain on disposal of housing units (Note 3(i))	153,896	164,112
Service charge on loans to beneficiaries (Note 3(j))	<u>918,937</u>	<u>787,125</u>
	<u>1,072,833</u>	<u>951,237</u>

**13 MISCELLANEOUS INCOME**

This comprises:

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
Penalty income	120,360	51,462
Other	<u>65,334</u>	<u>24,569</u>
	<u>185,694</u>	<u>76,031</u>

**14 EXCEPTIONAL ITEMS**

The balance comprises:

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
Expenses		
(Gain) loss on foreign exchange	( 4,304)	4,691
Restructuring expenses (Note 14(a))	42,670	112,209
25th Anniversary celebrations	45,438	-
Liguanea Park expenses (Note 14(b))	<u>4,036</u>	<u>-</u>
	<u>87,840</u>	<u>116,900</u>

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
 YEAR ENDED MARCH 31, 2002

**14 EXCEPTIONAL ITEMS (Cont'd)**

- (a) The amount represents redundancy costs resulting from the restructuring of the organisation.
- (b) This represents the cost incurred to date in developing the Emancipation Park. The total estimated cost of the project is \$100 million.

**15 COMMITMENTS**

	<u>2002</u> \$'000	<u>2001</u> \$'000
Commitments contracted for -		
Financing house construction and acquisition of houses for allocation to beneficiaries	5,928,831	5,381,967
Purchases of land	27,000	-
Purchase of NROCC Infrastructure Bonds	333,333	-
National Housing Development Corporation	<u>190,000</u>	<u>-</u>
	<u>6,479,164</u>	<u>5,381,967</u>

**16 INCOME TAX**

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

**17 PENSION PLAN**

The Trust participates in a pension scheme which is administered by Trustees and managed by Life of Jamaica Limited. 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, there was a past service surplus.

**18 PERIL RESERVE**

In order to reduce the burden of increasing premiums on its mortgagors in respect of the 2002 - 2003 policy year, the Trust has increased its policy deductible to US\$10 million, i.e., peril insurance claims up to this amount will be for the account of the NHT (claims over this amount will be for the account of the insurer). As a consequence, a reserve of \$250 million has been established, with another \$250 million to be established in 2002 - 2003.



## 19 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 instruments 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, long-term liabilities, bonus to employees not yet due and refundable contributions not yet due as approximating their fair values after deductions for the provision for credit losses.

### (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.

NATIONAL HOUSING TRUST  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19 FINANCIAL INSTRUMENTS (Cont'd)**

(c) Credit risk (Cont'd)

- 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, a significant portion of these loans are secured on houses, and 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 end of the period was as follows:

<u>2002</u>	<u>2001</u>
US\$'000	US\$'000
<u>153</u>	<u>460</u>

**20 OTHER DISCLOSURES - EMPLOYEE COSTS**

	<u>2002</u>	<u>2001</u>
(a) Number of persons employed by the Trust as at year end:		
Permanent staff	482	459
Temporary staff	<u>190</u>	<u>177</u>
	<u>672</u>	<u>636</u>
	\$'000	\$'000
(b) Staff costs incurred during the year in respect of these employees were:		
Salaries and wages including statutory contributions	672,729	567,872
Pension costs	28,265	25,966
Other staff costs	<u>92,310</u>	<u>83,641</u>
	<u>793,304</u>	<u>677,479</u>

NATIONAL HOUSING TRUST  
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 YEAR ENDED MARCH 31, 2002

**21 NET SURPLUS**

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

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
Directors' emoluments:		
Non Executive Directors - fees and expenses	950	1,912
Management	7,850	7,065
Audit fees	6,900	6,500
Interest on - Fixed loans	1,523	2,633
Depreciation		
Freehold buildings	8,838	8,107
Partitions	432	393
Furniture, fixtures and equipment	18,050	16,605
Motor vehicles	4,676	3,874
Computer equipment	25,890	19,556
Other equipment	1,330	-

**22 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.

**23 RECLASSIFICATIONS**

In order to conform with the March 31, 2002 presentation, certain items in the prior year financial statements have been reclassified.





# EXECUTIVE COMPENSATION

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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 exclude the provision of a fully maintained car. In addition, the Managing Director, being the only contract officer 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*

PATRICK BROWN • VINCENT GEORGE • SHELLEY WHITTLE • JUDITH LARMOND-HENRY • HUGH REID



# BRANCH NETWORK

## REGIONAL MANAGERS

---

### **Sharon Bucknor Lynch**

Kingston and St. Andrew  
4 Park Boulevard  
Kingston 5

### **Joyce Simms Wilson**

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

### **Novelette Forbes**

St. James  
1 King Street  
Montego Bay

### **Gladstone Johnson**

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

## BRANCH MANAGERS

---

### **Lorna Bernard**

Westmoreland  
123 Great Georges Street  
Savanna-la-mar

### **Janet Hartley**

St. Catherine  
16 Martin Street  
Spanish Town

### **Judith Thompson**

Clarendon  
47 Manchester Ave  
May Pen

## SENIOR CLIENT REPRESENTATIVES

---

### **Violet Salabie**

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

### **Venel Gordon (Acting)**

St. Elizabeth  
109 Main Street  
Santa Cruz

## **DIRECTORS**

**Sharon Bucknor Lynch**

Kingston & St. Andrew Regional Office

**Andrea Francis**

Corporate Planning

**Judith Lamond 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

**Benedict Ranger**

Chief Information Officer

**Jeneita Townsend**

Human Resources Development

**Loma Walker**

Chief Internal Auditor

## **SENIOR MANAGERS**

**Erica Burrell**

Internal Management Consultant

**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

**Cheryll Harris Walder**

Business Analysis Unit

**Janet Hartley**

St. Catherine Branch Office

**Harold Minott**

Personnel Services, HRD

**Leighton Palmer**

Technical Support - MIS

**Joyce Simms Wilson**

Manchester Regional Office

**Philbert Solomon**

Investment

**Audley Stewart**

Loan Administration

**Errol Thompson**

General Accounts

**Elton Vassell**

Contributor Accounts





Graphic Design: Dynamic Images  
Photography: 2 1/4 Works Limited  
Pre-press & Printing: Pear Tree Press Ltd.

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