



National Housing Trust



Annual Report &
Financial Statements

2006 - 2007

EMANCIPATION



2007

Improving the **Quality of Life**
through **Housing.**

Vision



We will be ranked among the **leading housing finance institutions in the world**, renowned for customer service and contribution to national development.



Mission

Improving the quality of life of Jamaicans by facilitating home ownership and community development, particularly among low income persons.

Core Values



INNOVATION

To constantly challenge ourselves to identify new approaches to meet the needs of our customers, stakeholders and the organization.

EXCELLENCE

To apply exceptional knowledge, understanding and creative thinking in our analyses, processes and decision-making.

PROFESSIONALISM

To adhere to a set of principles comprising both formally agreed-upon codes of conduct and informal expectations of colleagues, customers and society.

ACCOUNTABILITY

To meet our commitments and accept responsibility for our actions and decisions.

CARING

To treat all persons fairly and with respect.

INTEGRITY

To employ the highest ethical standards, demonstrating honesty, sincerity and fairness in every action or decision.

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Letter to the Prime Minister

June 25, 2007

The Most Hon. Portia Simpson Miller O.N., M.P.
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 the year ended March 31, 2007, and a copy of the Statement of the Trust's Accounts at March 31, 2007, duly certified by the Auditors.

I am
Yours respectfully,



Alva Anderson
Chairman



7 YEAR

Statistical Summary

	2007	2006	2005	2004	2003	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Assets*	89,004,261	78,603,906	72,873,470	64,504,428	54,070,447	46,174,088	38,758,201
Inventories	3,870,059	3,651,406	1,834,251	2,105,594	1,938,761	1,534,622	1,889,852
Loans Receivable	58,728,730	49,656,370	45,282,026	39,007,787	36,022,744	32,075,191	26,883,649
Refundable Contributions	32,716,876	28,449,888	25,103,757	21,834,847	19,207,721	15,774,631	12,552,555
Accumulated Fund							
Non-Refundable Contributions	33,463,941	28,772,475	24,886,011	21,377,650	18,345,653	16,118,228	13,629,486
Surplus on Income & Expenditure Account*	15,542,429	16,232,794	18,668,351	16,942,946	13,875,124	12,086,260	10,038,436
Results From Operations							
Total Operating Income	6,244,091	6,651,401	7,079,517	7,024,124	4,835,593	4,247,692	3,436,459
Operating Expenditure*	3,089,663	2,278,696	2,147,312	1,754,811	1,540,625	1,218,175	980,055
Net Surplus/(Deficit)	528,139	(1,902,376)	1,833,432	2,752,317	2,018,864	2,297,824	1,837,718
*Financial Ratios							
Average Interest on Loans**	5.8%	6.5%	7.9%	8.2%	7.8%	8.1%	8.2%
Yield on Investments %*	12.5%	14.6%	21.8%	26.7%	20.6%	16.3%	17.2%
Efficiency Ratio %*	89.0%	(297)%*	46.0%	37.0%	41.0%	36.0%	35.2%
Return on Capital*	1.0%	(3.9)%	4.2%	6.9%	7.3%	8.7%	8.4%
Return on Assets*	0.6%	(3.0)%	2.7%	4.8%	5.0%	6.0%	6.0%
Other Information							
Annual Housing Expenditure	13,171,808	7,710,150	5,735,970	5,332,619	5,773,547	5,773,356	4,842,873
Contributions Received	9,688,376	8,427,463	7,060,372	6,034,056	5,461,210	4,935,584	4,334,441
Contributions Refunded*	2,022,524	2,145,282	1,230,626	513,355	520,742	446,083	192,082
Number of Mortgages Created Since Inception	116,527	108,233	101,084	94,830	87,878	81,434	74,317
Number of Individual Benefits Provided Since Inception	128,010	119,695	112,514	106,246	99,294	92,810	85,436

*Restated for 2006

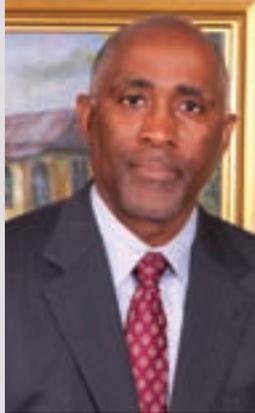
**Excluding Interest Receivable

Board of Directors



**Alva Anderson
Chairman**

Mr. Anderson was appointed Chairman of the Board in October 2005. He is also the Chairman of November Properties Limited and the Managing Director of TM Traders Limited. Mr. Anderson currently serves as a Director of various other companies including: Jamaica Bauxite Mining Limited and Chicken Mistress Limited.



**C. Earl Samuels, C.D.
Managing Director**

Mr. Samuels was appointed to the post of Managing Director in January 1998 after acting in the position since February 1997. Prior to this, Mr. Samuels served as Senior Director, Finance, at the NHT, between January 1994 and February 1997. On May 23, 2006, Mr. Samuels was awarded the Order of Distinction, Commander Class, for his outstanding contribution to the housing sector.



**Patrick Lawrence, O.D., J.P.
Deputy Chairman**

Mr. Lawrence has been a member of the NHT's board for the past 17 years. He is the current board chairman for Glenmuir High School and is also a Justice of the Peace for the parish of Clarendon. Additionally, Mr. Lawrence is the Managing Director of Vere Agencies Limited. In 2004, Mr. Lawrence was awarded the Order of Distinction for community service.



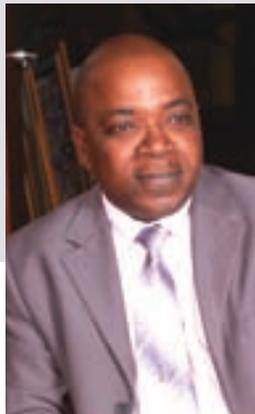
**Hon. Hopeton Caven, O.J.
Director**

Hon. Hopeton Caven holds the distinction of being the longest serving board member; he has served on NHT's board since 1976. He is currently the General Secretary of the Trade Union Congress. In 2001 Mr. Caven was awarded the Order of Jamaica in recognition of his contribution to Labour Relations in the country.



**Jacqueline Coke-Lloyd
Director**

Mrs. Coke-Lloyd was appointed to the Board in 2006. She has been the Chief Executive Officer of the Jamaica employers Federation since 1998. In addition to her duties as CEO, Mrs. Coke-Lloyd is Jamaica's representative to the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and the Caribbean Employers Confederation (CEC).



**Wayne Jones
Director**

Mr. Jones is the current President of the Jamaica Civil Service Association (JCSA), a post which he has held since 2001. He is a member of the Executive Committee of the Caribbean Public Services Association and is one of two Caribbean representatives to Public Services International, the global union federation for public sector workers. Mr. Jones was appointed to the Board in 2003.



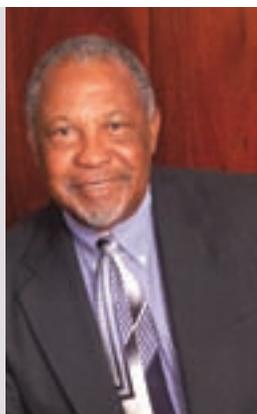
**Herbert Lewis, O.D., J.P.
Director**

Mr. Lewis joined the Board of the NHT in 2002. In that same year, he was conferred with an Order of Distinction for his contribution in the field of Industrial Relations. A member of the Stella Maris Foundation, he is a devout Roman Catholic and Justice of the Peace and sits in the Half Way Tree Petty Sessions Court. Mr. Lewis is the Past President of the Jamaica Employer's Federation (JEF) and advisor to the Board of the Northern Caribbean University (NCU).



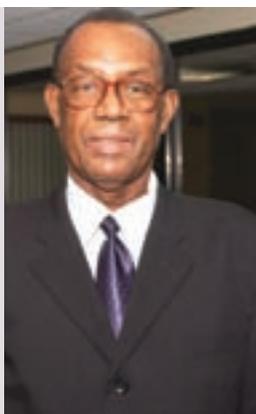
**Isiaa Madden-Brownie
Director**

Mrs. Madden-Brownie is the Principal Architect at Design H.Q. Ltd and also the Managing Director of the family run business - Dovecot of St. James Memorial Park. She was appointed to NHT's Board in 2003 and also sits on the boards of the Western Regional Authority and the National Works Agency.



Robert Cranston
Director

Mr. Cranston was appointed to the Board in 2000. He is the Senior Vice President of Finance and Corporate Planning at the Jamaica Urban Transit Company Ltd. A Fellow of the Institute of Chartered Accountants of Jamaica, Mr. Cranston is a Financial Management specialist with a passion for timely reporting and good governance.



George Fyffe, O.D., J.P.
Director

Mr. Fyffe is the General Secretary of the Bustamante Industrial Trade Union (BITU) and the Assistant General Secretary of the Jamaica Confederation of Trade Unions (JCTU). Mr. Fyffe is also the Vice President of the Inter-American Regional Organisation of Workers and the Trade Union Technical Advisory Council. In 1984 he was awarded the Order of Distinction for his contribution to Industrial Relations. He was appointed to the Board in 1999.



Genefa Hibbert
Director

Mrs. Hibbert was appointed to the Board in 2003. She is the Director General of the Ministry of Housing, Transport, Water and Works. Prior to that appointment, Mrs. Hibbert was the Permanent Secretary in the Ministry of Water and Housing. In addition to the NHT, Mrs. Hibbert has served on the boards of the Jamaica Mortgage Bank, the National Housing Development Corporation, the Real Estate Board, the Rural Water Supply Limited and the National Land Agency.



Sonia Hyman
Director

Mrs. Hyman is the Programme Co-ordinator of the Lift Up Jamaica Project. She is currently on secondment from the Office of the Prime Minister where she held the post of Senior Director in the Urban Development Unit. In addition to being a member of the NHT's Board, Mrs. Hyman also sits on the boards of the Jamaica Cultural Development Commission (JCDC), Urban Development Corporation (UDC) and Ackendown Development Company Ltd. She was appointed to the Board in 2006.



David Mangar
Director

Reverend Dr. David Mangar is the Pastor of Word of Life Christian Fellowship. Prior to entering full time ministry, Rev. Mangar was a senior auditor at Deloitte and Touche and was also the Chief Financial Officer and Managing Director of Nutrition Products Limited. He was appointed to the Board in 2006.



Dimario McDowell
Director

Mr. McDowell was appointed to the Board in 2006. He is a communication consultant and project manager with his latest assignment being in the Communications Department of the Local Organising Committee for Cricket World Cup 2007. Mr. McDowell is also a talented singer and serves as a volunteer with Father Holung and the Missionaries of the Poor.



Danny Roberts
Director

Mr. Roberts is the President of the Union of Clerical Administrative and Supervisory Employees (UCASE), Vice President of the Jamaica Confederation of Trade Unions (JCTU) and the Deputy Island Supervisor of the National Workers Union (NWU). He is also the Chairman of the Michael Manley Foundation and a member of the Board of Kingston Technical High School. Mr. Roberts has been a member of the Board since 2003.



Patricia Sinclair McCalla
Director

Mrs. Sinclair McCalla is the Permanent Secretary in the Office of the Prime Minister. She has served the Public Sector for over 25 years in several capacities including: Director of the Bureau of Women's Affairs, Director of the National Insurance Scheme (NIS), Project Director of the Public Sector Modernisation Project and Chief Executive Officer of the National Environment and Planning Agency (NEPA). Mrs. Sinclair McCalla was appointed to the Board in 2005.

Leadership Team



C. Earl Samuels, C.D.
Managing Director



Vincent George
Senior General Manager
Corporate Services



Donald Moore
Senior General Manager
Construction &
Development



Hugh Reid
Senior General Manager
Finance & Operations



Judith Larmond-Henry
General Counsel &
Company Secretary



Martin Miller
General Manager
Finance & Accounting



Lanie-Marie Oakley-Williams
General Manager
Operations



Benedict Ranger
General Manager
Information Systems



Jeneita Townsend
General Manager
Human Resource
Management

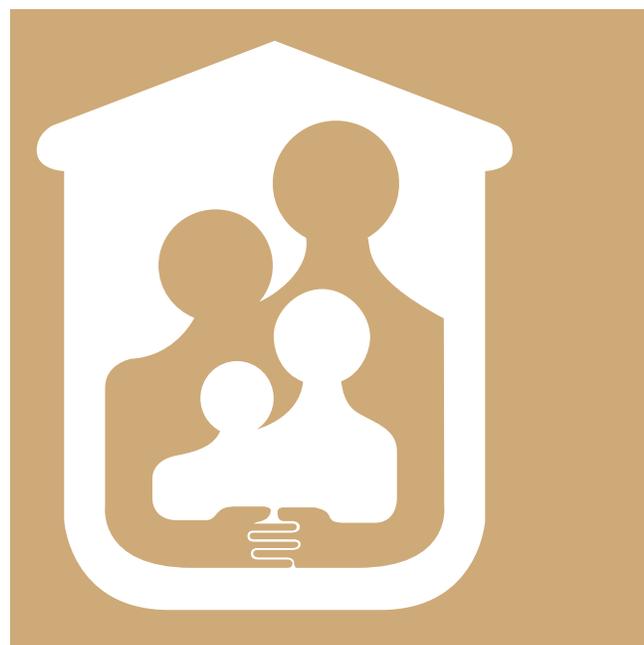


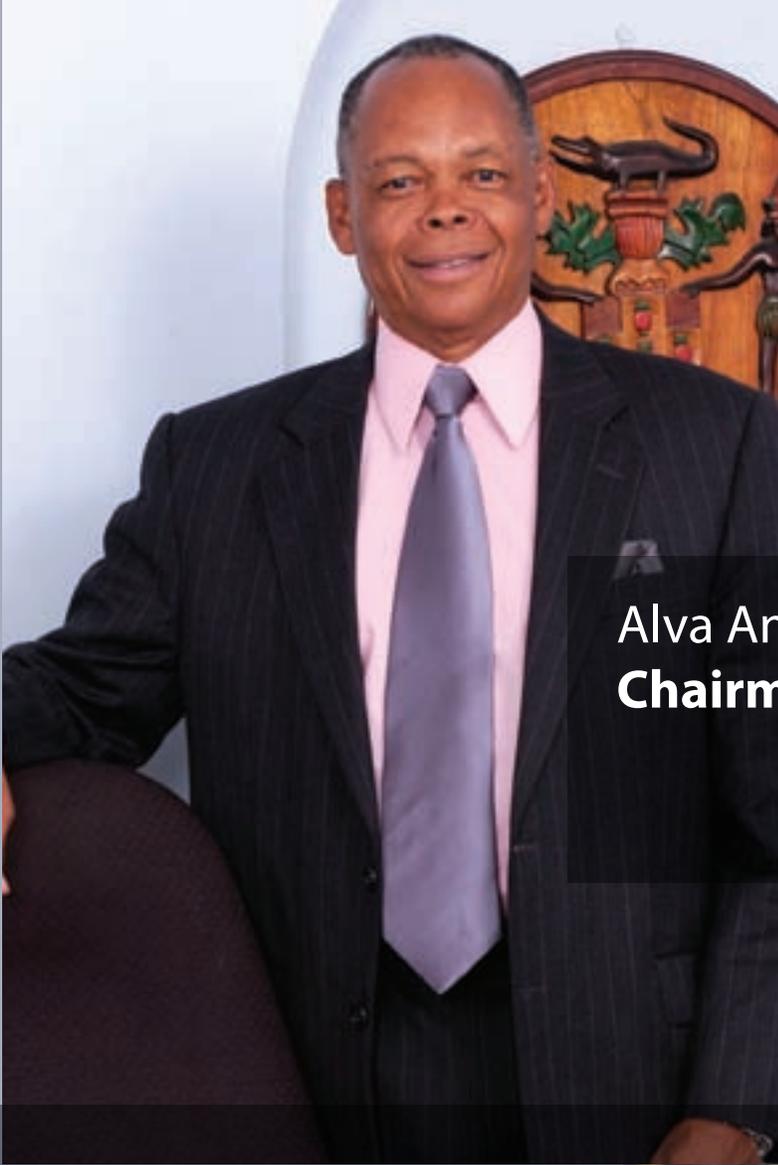
Lorna Walker
General Manager
Internal Audit





Chairman
&
Managing
Director's
REPORT





Alva Anderson
Chairman



C. Earl Samuels, C.D.
Managing Director



**“Thirty years ago, a pearl was born to grace this land -
A pearl with a dream and a mission that would change the way that we live -
With burning desire and vision, it has made dreams come true for me and you”.**

- excerpt from NHT's 30th Anniversary Theme song

In 1975, the National Housing Trust was conceived as part of a broader vision to improve the quality of life of the disadvantaged and the dispossessed. In particular, it was entrusted with the mission of not only increasing the housing stock but also providing financial assistance to the most needy of contributors. In its 30 years of operation, the Trust has remained true to its mandate. Its success over these years is a tribute to the social partners on the one hand – the private sector, the government and the Trade Unions - who played an instrumental role in its formation and on the other hand, our contributors and staff.

The year 2006 was a truly remarkable one for the NHT as it marked 30 years of service to the nation and provided a fitting opportunity to reflect on how far we have come, how we can improve on our past successes, learn from our challenges and leverage new opportunities to deliver greater value to our contributors. To launch the 30th anniversary activities and our financial year, the Trust announced significant increases in the loan limits for our products. Our contributors benefited from a one hundred percent increase in the loan ceiling for our Open Market, Scheme unit and Build-on-Own Land loans which moved from \$1.5 million to \$3 million. Loan limits for Serviced Lot, House Lot and Home Improvement loans moved to \$1 million, up from \$600,000.

Significantly, we introduced three new loan types:

- *HOPE loan which provides financing of up to \$1 million to contributors who received an NHT loan at least 15 years earlier but no longer own a home;*
- *HELP loan which provides financing of up to \$1 million to contributors who received an NHT loan at least 15 years earlier and wish to improve that property;*
- *Solar Water Heater loan which provides financing*

of up to \$100,000 to individual NHT contributors and recognised institutions for the installation and retro-fitting of solar water heating systems.

The NHT took major steps to provide other benefits to our contributors with the introduction of two programmes - the Mortgage Incentive Programme and the Contributions Amnesty Programme.

Mortgage Incentive Programme –

Incentives were offered to beneficiaries to clear mortgage balances and to clear 75% or more of their mortgage arrears. The programme resulted in collections of over \$179 million for the NHT and over \$18 million in savings for mortgagors.

Housing Expenditure as percentage of Contribution Collections



Contributions Amnesty Programme –

This programme was aimed at collecting outstanding NHT contributions and offered reduced penalties to encourage delinquent contributors to clear their arrears. The amnesty ran for approximately five months and resulted in the collection of \$131 million in outstanding contributions.

Another anniversary highlight, the Community Upgrade Assistance programme, saw the involvement of several communities across the island. Under the programme, 14 communities each identified a project, which would benefit from \$600,000 from the NHT. The projects selected ranged from the building of community centres and multi-purpose ball courts to fencing of community centres and establishing playfields. To date, 6 projects have been completed and a total of \$6.45 million spent. Projects in the other eight (8) parishes are in progress and are scheduled for completion in 2007.

Along with upgrading communities, the NHT also upgraded its physical infrastructure to make it more comfortable for customers doing business with the organisation. At the Head Office, a multi-storey car park with a 330-vehicle capacity was constructed while three branch offices and service centres were refurbished during the year.

For 2006/2007 the Trust excelled in the following areas:

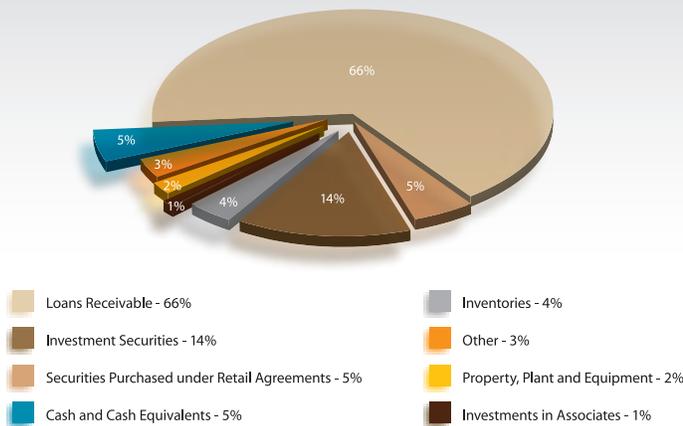
Financial Management

Total Assets

For the year ended March 31, 2007, the total assets of the National Housing Trust amounted to \$89.0 billion. This represents an increase of \$10.40 billion or 13% over the total assets for the previous financial year. The main areas of increase were: loans receivable of \$58.72 billion up from \$49.66 billion and investment securities of \$12.48 billion up from \$9.63 billion. The following accounts for the increase in loans receivables:

- *The new loan limits which spurred an increase in both the number and value of mortgages written;*
- *The Joint Financing Mortgage Programme which grew, in terms of amounts disbursed, from \$2.7 billion at the end of the previous year to \$5.56 billion as at March 31, 2007. The growth was aided by aggressive promotion of the programme by all participating institutions.*

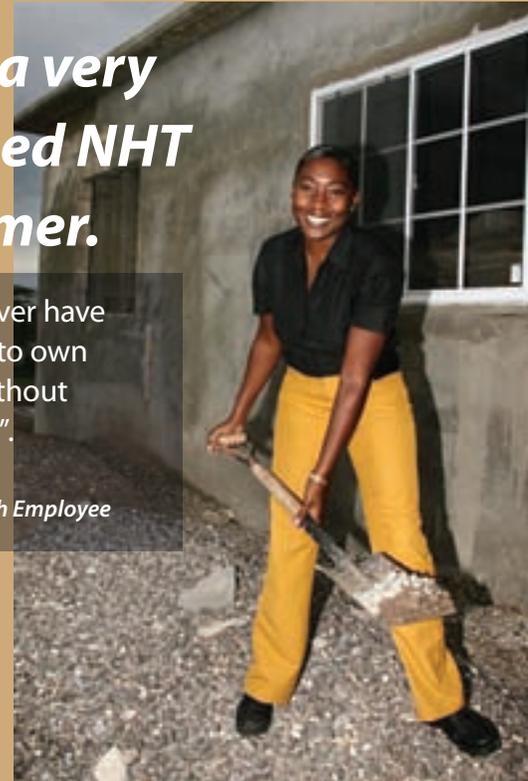
Asset Distribution



“I am a very satisfied NHT customer.”

I would never have been able to own a home without NHT’s help”.

*Gaye Garvin
New Yarmouth Employee*



Building Communities;
Enhancing People’s Lives.

The increase in investment securities has resulted from an organisational decision to shift from short-term instruments to longer-term bonds. Hence, securities purchased under resale agreements experienced a downward movement from last year's position falling by \$1.97 billion.

Income

At the end of the financial year, the Trust was able to record a surplus of \$0.53 billion. Income for the year amounted to \$6.24 billion down from \$6.65 billion in the previous financial year. This was caused by an overall reduction in interest rates. Interest on loans receivables of \$3.1 billion and interest on investments amounting to \$2.6 billion were the major sources of income.

Expenditure

Expenditure for the year totaled \$5.45 billion, representing a \$4.0 billion decrease from the last financial year. The major cause for the decrease in expenditure was the \$5.12 billion decrease in special subsidies and grants which included the grant to the education sector in the financial year 2005/2006.

Operating expenses increased to \$3.1 billion from \$2.3 billion in the financial year 2005/2006. The increases were due mainly to salary adjustments and the fulfillment of staffing requirements to match with industry benchmarks. Salary adjustments were approved upon the expiration of the Memorandum of Understanding (MOU 1) between the Ministry of Finance and the Trade Unions.

Contribution Collections

Contributions collected surpassed the target, amounting to \$9.7 billion, a 15% increase over last year's collections.

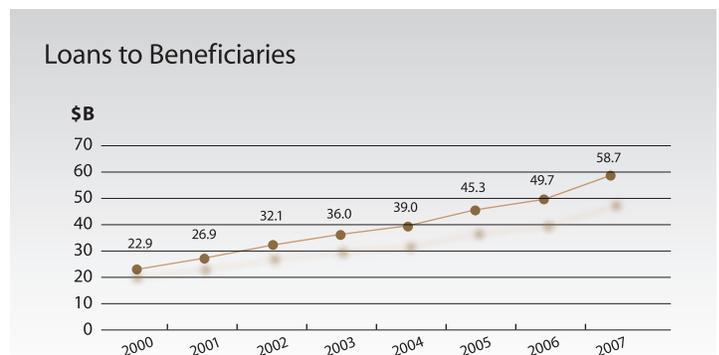
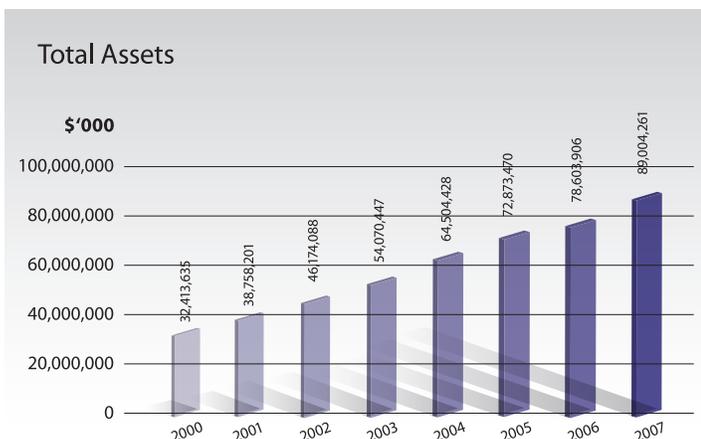
This is explained by wage increases, particularly in the public sector, positively impacting collections. Additionally, the amplification of our compliance activities also proved productive as contributions collected from employers increased by 28% resulting in a total of \$5.03 billion.

Operational Efficiencies

The organization continues to make the satisfaction of its customers the focus of its operations. To this end the contributions accounting, compliance and refund functions were consolidated to ensure a more efficient contribution management process. The introduction of an online application system enabled contributors to apply for refunds from the comfort of their homes or offices. Additionally, customers were able to request that amounts to be refunded be sent to specified bank accounts, thereby eliminating the need to visit NHT's offices. The number of contributors utilising the on-line application system totaled 61,579 and this number is expected to significantly increase in the next financial year as more persons become aware of this feature. In total, 108,064 contributors were refunded to a tune of \$2.02 billion.

During the financial year 2006/2007, the Trust also increased its compliance activities/initiatives targeting delinquent employers and self-employed persons. Approximately 24,000 annual returns were collected from employers. Compliance seminars across the island aimed at increasing the compliance rate resulted in the registration of 10,317 self-employed persons and 2,080 companies.

The restructuring exercise aimed at maximising operational efficiencies was completed in 2006/2007. An important part of this restructuring involved the establishment of



a Project Management Office. It has been entrusted with the responsibility of managing the NHT's project portfolio developed during its business planning process. Projects falling under the ambit of this office for the next financial year include:

- *A new contribution system – This is aimed at further improving the efficiency of the contributions management process. The new system will consolidate positive aspects of current contributions systems and add new areas aimed at improving customer service delivery.*
- *An automated investment management system – This will allow for easier tracking of elements of the investment portfolio; leading to better decisions and increased speed at which these can be made.*
- *Re-engineering of the construction business process – This entails a complete assessment of how activities in the Construction & Development division are carried out, with a view to aligning them with “best practices.” Automation of these activities will be done where possible.*



Delighted new home owners receiving their keys in the past year.



“People shouldn’t hesitate to contribute to the NHT...”

...because there is so much to gain. The NHT gave me a great start in life and we are proud of our home”.

*Zena Welsh
Homeowner, Longville Park*

Building
Communities;
Enhancing
People’s **Lives.**



- *A business continuity plan - The formulation of a detailed business recovery plan, which, in the event of a major disaster, will plot the way for the NHT to revive its critical functions within 24 hours.*
- *Electronic banking - The evaluation and automation of the cheque disbursement system. The electronic disbursement of loans, contributions refund, and payments to contractors and suppliers is the main goal.*

Human Resources

In continuing recognition of the fact that the human resources of an organization are the most valuable resources, the NHT honoured 237 of its longest serving employees in 2006.

- *131 of these persons received awards for 10 to 14 years of service;*
- *73 for over 15 and up to 19 years of service;*
- *33 with over 20 years of service including eight who have served in excess of 27 years.*

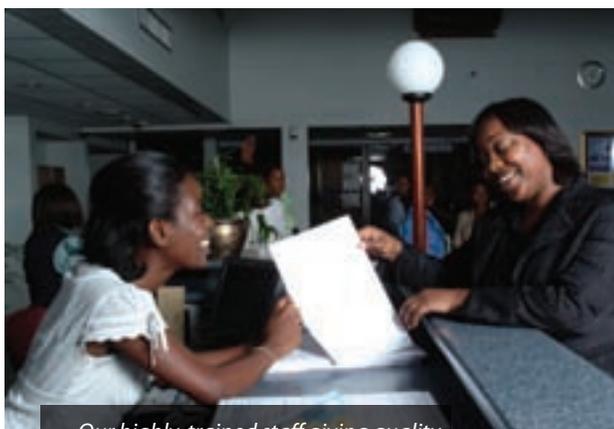
This undoubtedly speaks to the ability of the NHT to provide security of tenure and job satisfaction.

Training is said to be the very best investment any company can make in its employees. To this end, a significant portion of our budget each year is spent on training and development. For the year under review training programs were undertaken in the following areas: Supervisory Management, Performance Management, Leadership development, Project Management and Auditing.

The recruitment and selection process was also strengthened with the improved use of psychometric assessments and assimilation assessments. A harmonious industrial relations climate was also maintained with the settlement of a two-year wage and fringe benefit package.

Unwavering in our desire to make the NHT a healthy and safe environment for our employees, an Occupational Safety and Health policy was developed and implemented across the organization. Periodic

monitoring of this policy ensures that all business units are in compliance at all times.



Our highly-trained staff giving quality service to our customers .



Housing

Expenditure on housing construction amounted to \$13.17 billion, an increase of approximately \$5.46 billion over the previous financial year. A total of 1,974 housing solutions were completed across the island.

SCHEMES 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	557	196,321,494
St. Thomas	0	0
Portland	3	7,381,125
St. Mary	0	0
St. Ann	3	3,634,000
Trelawny	0	0
St. James	56	70,470,909
Hanover	0	0
Westmoreland	0	0
St. Elizabeth	0	0
Manchester	0	0
Clarendon	46	48,891,074
St. Catherine	48	47,174,302
Totals	716	772,896,874



SERVICED LOTS 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	1	2,354,010
St. Thomas	0	0
Portland	4	1,664,906
St. Mary	0	0
St. Ann	8	1,707,102
Trelawny	87	48,421,828
St. James	181	63,787,896
Hanover	33	20,232,931
Westmoreland	38	38,196,209
St. Elizabeth	6	2,112,900
Manchester	0	0
Clarendon	88	38,341,038
St. Catherine	112	117,243,863
Totals	772	358,394,259

BUILD ON OWN LAND 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	39	186,221,511
St. Thomas	30	56,878,186
Portland	28	38,497,000
St. Mary	17	70,189,606
St. Ann	44	89,740,658
Trelawny	13	22,972,200
St. James	63	119,079,938
Hanover	13	21,697,000
Westmoreland	33	58,043,730
St. Elizabeth	56	98,769,800
Manchester	86	181,883,530
Clarendon	34	56,348,488
St. Catherine	72	119,265,219
Totals	608	1,897,628,811

- *Trench Town, Kingston - 252*
- *88-100 Spanish Town Road, Kingston -186*
- *Monaltrie, St. Andrew - 48*
- *Bernard Lodge, St. Catherine – 402*
- *Appleton, St. Elizabeth - 140*

In relentless pursuit of improved quality of life for Jamaicans through housing, the NHT provided 8,294 mortgages for 2006/2007. The organisation continues to record growth in the number of Open Market, Build-on-Own Land, Construction and Home Improvement loans disbursed yearly.

OPEN MARKET 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	1,566	3,506,453,257
St. Thomas	14	26,813,742
Portland	7	11,090,549
St. Mary	12	21,960,878
St. Ann	44	84,488,053
Trelawny	6	10,061,000
St. James	181	349,273,805
Hanover	12	24,918,399
Westmoreland	9	12,528,589
St. Elizabeth	22	35,474,444
Manchester	28	60,188,205
Clarendon	44	71,280,734
St. Catherine	186	93,664,887
Totals	2,323	4,175,507,906

Completions chiefly comprised 1,273 Build-on-Own Land and Home Improvement and 697 Interim Financed solutions. Under the Interim Finance programme, the following six schemes were completed:

- *Caribbean Estate Phases 1 & 2, St. Catherine*
- *Aviary Phase 3, St. Catherine*
- *Hellshire Glades, St. Catherine*
- *Morris Meadows, St. Catherine*
- *Rosevale Estate, St. James*
- *Norwood Views, St. James*

In addition to these projects, the NHT continued to improve the quality of life of our low-income contributors, particularly sugar workers and residents of inner-city communities. A total of 1,028 solutions for sugar workers and inner-city residents were handed over during the year:

Future Plans

“We are the pearl of Jamaica’s housing, improving our quality of life through building - Now we are celebrating 30 years The NHT, standing solid and strong”.
- excerpt from NHT’s 30th Anniversary Theme song

As we look towards another 30 years, the NHT pledges to remain committed to its mandate to improve the life of Jamaicans through housing. In the coming year, loan limits will once again be increased and interest rates reduced. NHT-developed & Joint Venture projects will provide 514 housing solutions of which 279 will be delivered to sugar workers. A further 530 solutions will be completed under the Interim Financed Programme and 237 under the Small Contractors Pro-

gramme. Through the latter two programmes we expect to make the dream of home ownership more attainable for the young professionals of Jamaica.

Several developments totaling over 3000 solutions, are also scheduled for construction along the country's tourism belt:

- *Rosemount, St. James*
- *Point, Hanover*
- *Ridge Estate, St. Ann*
- *Endeavour Farm, St. Ann*
- *Florence Hall, Trelawny*
- *Retirement, St. James*
- *Flat Point, St. Ann*
- *Hague, Trelawny*
- *Hopewell, Hanover*
- *Mt. Edgcombe, St. Ann*
- *Lathium, St. James*

Our housing product will be further enhanced with the introduction of new quality assurance standards for construction. Continuous monitoring of these standards will ensure compliance and guarantee that contributors get value for money.

The NHT has stood solid and strong for 30 years because of prudent financial management. We intend to maintain and

HOUSE LOTS 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	142	113,366,304
St. Thomas	68	37,521,709
Portland	13	9,565,214
St. Mary	94	25,855,409
St. Ann	100	54,727,108
Trelawny	18	5,231,263
St. James	94	34,285,249
Hanover	11	3,071,225
Westmoreland	51	22,821,312
St. Elizabeth	78	43,799,055
Manchester	85	13,257,793
Clarendon	88	52,696,040
St. Catherine	242	148,725,799
Totals	1,041	607,051,309

HOME IMPROVEMENT 2006/2007		
Parish	No. of Loans	Value (\$)
Kingston & St. Andrew	81	71,360,364
St. Thomas	0	0
Portland	3	3,000,000
St. Mary	4	4,140,000
St. Ann	10	9,960,000
Trelawny	3	2,730,000
St. James	5	4,581,340
Hanover	2	1,784,000
Westmoreland	2	1,850,000
St. Elizabeth	9	5,045,880
Manchester	13	13,815,118
Clarendon	11	10,479,000
St. Catherine	28	25,276,783
Totals	168	154,272,881

Furnished interior of 2 bedroom unit built under the Inner-City Housing Programme





Morris Meadows, St. Catherine

improve on our performance and so have acquired investment management software which will facilitate better management of risks relating to investments, improve liquidity management and enhance capabilities to fulfill statutory reporting requirements.

Contributors and business associates can also expect increased efficiencies with the implementation of electronic payments. Consequently, some mortgagors will be able to have loan cheques sent electronically to their accounts. Contractors and suppliers will also benefit as payments can also be made electronically, eliminating the need to collect the cheque in person.

An organisation that lacks a dedicated, customer-focused workforce is almost certain to fail. At the NHT, we believe we have the best group of employees whose commitment to our customers is second to none. They have helped to build this organisation.

Thirty years have passed but the vision remains the same: improving the quality of life through housing. We look forward to another 30 years. We are confident that with our focus on strengthening our internal capabilities and our continuous pursuit of strategic opportunities, we will continue to serve many generations to come and continue to be an integral and valuable part of the housing landscape, providing affordable shelter to our nation. 🏠

CONSTRUCTION LOANS 2006/2007		
Parish	No. of Loans	Value (£)
Kingston & St. Andrew	104	161,631,411
St. Thomas	86	126,235,412
Portland	39	56,796,439
St. Mary	27	43,442,232
St. Ann	98	156,544,067
Trelawny	17	19,018,562
St. James	165	230,376,325
Hanover	9	8,197,962
Westmoreland	13	18,230,676
St. Elizabeth	43	57,301,208
Manchester	82	125,456,258
Clarendon	333	401,996,965
St. Catherine	238	323,847,972
Totals	1,290	1,733,674,261

HELP 2006/2007		
Parish	No. of Loans	Value (£)
Kingston & St. Andrew	15	11,152,964
St. Thomas	3	1,764,000
Portland	2	1,890,000
St. Mary	3	1,190,000
St. Ann	2	1,273,000
Trelawny	0	0
St. James	4	4,170,000
Hanover	0	0
Westmoreland	0	0
St. Elizabeth	4	1,792,000
Manchester	1	1,000,000
Clarendon	3	1,120,000
St. Catherine	10	4,795,000
Totals	46	41,371,964

TOTAL MORTGAGES CREATED 2006/2007		
Parish	No. of Loans	Value (£)
Kingston & St. Andrew	2,481	1,652,021,618
St. Thomas	393	254,152,899
Portland	101	112,862,732
St. Mary	179	167,038,067
St. Ann	395	494,389,361
Trelawny	136	199,424,049
St. James	834	874,753,388
Hanover	78	82,918,006
Westmoreland	203	152,888,437
St. Elizabeth	213	246,137,696
Manchester	286	415,349,829
Clarendon	858	884,071,123
St. Catherine	1,734	1,792,907,827
Totals	6,924	8,943,298,013



LEFT - Managing Director Earl Samuels, Board Chairman Alva Anderson, Most Hon. Portia Simpson-Miller and Senator Kern Spencer at the handing over ceremony for Appleton Sugar Workers.

BELOW - Former Prime Minister, Most Hon. Percival Patterson presents a beneficiary of Monaltrie with her keys.



ABOVE - Managing Director Earl Samuels congratulates a beneficiary at Chedwin Gardens.

The relentless pursuit of an improved quality of life for Jamaicans through housing

Projected Housing Completions for 2007/2008

Parish	Project	Unit Type	Total
Westmoreland	Frome	1 Bedroom	45
	Water Works	2 Bedroom	98
Clarendon	Monymusk	1 Bedroom	50
St. Elizabeth	Leeds	Serviced Lot	35
St. Catherine	Twickenham Park I & II	2& 3 Bedroom Apartment	80
		2 Bedroom Townhouse	
	Morris Meadows	2 Bedroom	130
	Aviary III	2 Bedroom	150
	Portmore Country Club	2 Bedroom	170
		2 Bedroom Townhouse	
	Bernard Lodge	1 Bedroom	50
Kingston	Orange Park	2 Bedroom	36
		2 Bedroom	33
Cherry Gardens	2 Bedroom		
Kingston	The Kensingtons	Studio Apartment	30
St. James	Rosevale Estate II	2 Bedroom	120
TOTAL			1,027

30th Anniversary Highlights

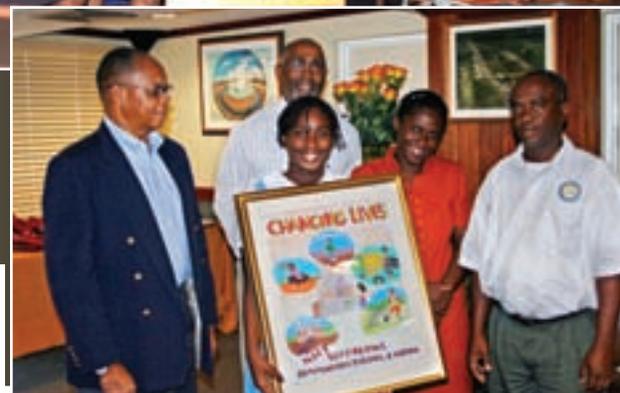


Left: Minister of Housing, Transport, Water & Works the Hon. Robert Pickersgill presenting the keynote address at the NHT's 30th Anniversary housing conference. Also in photo are NHT's Hugh Reid, Senior General Manager, Finance & Operations and Suzanne Wynter-Burke, Assistant General Manager, Loan Management.

Right: The NHT Chorale performing the 30th Anniversary Theme Song



Right: Chairman of the NHT, Alva Anderson and the Managing Director, Earl Samuels with Natalia Surgeon, winner of the 30th Anniversary Poster Competition and her parents



Pictorial

Right: The NHT family celebrates 30 years of existence. (l-r) Board member Hon. Hopeton Caven, Managing Director Earl Samuels, chairman Alva Anderson and Mrs. Anderson, Custos of Clarendon Hon. James DeRoux. In background is Danny Roberts, board member. The occasion was the 30th Anniversary Church Service at St. Gabriel's Anglican Church in Clarendon.





Below: The NHT says thanks. Customer Care Manager Donetta Russell presents a customer of the Manchester Branch with a gift. Looking on is Eric Mcleish, Manager of the Manchester Branch and Neisha Daley, staff member.



Below: Managing Director, Earl Samuels being interviewed by Orville Taylor host of RJR's Hotline. The broadcast was a part of NHT's Customer Appreciation Week.



Above: Allison Levy, Manager of the Kingston & St. Andrew Branch presents a delighted customer with a gift.



Above: The Most Hon. Portia Simpson-Miller and Hon. Hopeton Caven at the Long Service Awards Ceremony. Mr. Caven was presented with an award for being the longest serving board member.

Long Service Awardees



10-14 years

Back row (L-R): Neil Miller, Quinton Masters, Warner Brown, Aubyn Perkins, Barclay Smith, Rohan Jones, Garnet Reid, Audley Stewart, Darcy Maxwell, Donald Moore, Johnette Hutchinson

Second row (L-R): Lenworth Black, Erica Hyman, Ogar Smith, Devon Hudson, Andrea Robinson, Everton Boothe, Sharon Campbell, Dermot Townsend, Judith Thompson

First row (L-R): Janice Speid, Erica Burrell, Brenda Campbell, Judith Duncan-Rowe, Janese Robinson, Gloria Duke, Andrea McPherson, Jeneita Townsend



10-14 years

Back row (L-R): Donavon Evans, Leighton McIntosh, Gregory Blake, Earl Samuels C.D., Desmond Grant, Michael Allen, Harvey Hall

Second row (L-R): Jackie Townsend, Karen McCarthy, Delroy Phillips, Mark Richards, Shirnett Tennant, Paul Redwood, Fitzroy Whyte, Marcia Christie, Judith Larmond-Henry

First row (L-R): Patnesia Lewis, Nicole Bartley, Andrea Alexander-Ferguson, Elaine Palmer-Callum, Karen Isaacs, Heather Rhone, Julie Millington



15-19 years

Back row (L-R): Cherton Dacosta, Dennis Woolcock, H. Elton Vassell, Ransford Hamilton, Andre Christie, Leighton Palmer, Benedict Ranger, Ryan White, Vincent Mitchell, Kepton Smith

Second row (L-R): Clover Gordon, Vincent George, Sancia Cornwall, Bryan Campbell, Leleith Bennett, Irwin Levers, Enid Thompson-Roach, Everaldo Cherrington, Nalda Barneswell

First row (L-R): Dahlia Cooke, Vanessa Simms, Erica Hinds, Maxine Richards-Bailey, Icilda Porter, Dorothy Lawrence, Aldene Wilson, Andrea Ridley-Parsells



(l-r): Rose Thompson, Noralyn Richards, Keith Clarke, Joan Waller-Walker



25 - 29 years



20-24 years

Back row (l-r): Martin Miller, Glendon Stephenson, Marlon Burrell, David Guthrie

Front row (l-r): Janet Hartley, Sheron Hall, Primrose Walcott, Ann Vidal



15-19 years

Back row (l-r): Gladstone Johnson, Nigel McFarlane, Hortense Rose, Dave Campbell, Winston Sherwood, Michelle Campbell, Philbert Solomon, Lorna Tingle, Michael Watson

Front row (l-r): Carol Minott, Floret Kelly, Andrea Campbell, Keturah Deer, Paula Washington, Patricia Webb, Patricia Headlam

Directors' Report

1 Financial Results

(Expressed in \$'000)

	<u>2007</u>	<u>2006</u>
	\$	\$
Interest revenue:		
- Loans receivable	3,115,588	3,035,052
- Investments	<u>2,634,661</u>	<u>3,234,094</u>
	5,750,249	6,269,146
Bonus on employees' contributions	<u>(1,292,602)</u>	<u>(950,414)</u>
Net interest revenue	4,457,647	5,318,732
Service charge on loans to beneficiaries	79,454	75,318
Miscellaneous	<u>260,906</u>	<u>306,937</u>
	<u>4,798,007</u>	<u>5,700,987</u>
Operating expenses	3,089,663	2,278,696
(Write back of) provision on loans receivable	(153,482)	33,743
Losses on projects	92,657	42,289
Special subsidies and grants	887,916	6,044,406
Restructuring costs	45,519	41,873
Share of losses of associates	<u>42,504</u>	<u>42,639</u>
	<u>4,004,777</u>	<u>8,483,646</u>
SURPLUS (DEFICIT) BEFORE TAXATION	793,230	(2,782,659)
Taxation	<u>(265,091)</u>	<u> 880,283</u>
NET SURPLUS (DEFICIT)	<u><u>528,139</u></u>	<u><u>(1,902,376)</u></u>

2 The Board

Alva Anderson - **Chairman**
C. Earl Samuels, C.D. - **Managing Director**
Patrick Lawrence, O.D., J.P. - **Deputy Chairman**
Hon. Hopeton Caven, O.J.
Jacqueline Coke-Lloyd
Robert Cranston
George Fyffe, O.D., J.P.
Geneva Hibbert
Sonia Hyman
Wayne Jones
Herbert Lewis, O.D., J.P.
Isiaa Madden-Brownie
David Mangar
Dimario McDowell
Danny Roberts
Patricia Sinclair McCalla

3 The Auditors

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

4 The Employees

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

Audited Financial Statements

INDEPENDENT AUDITORS' REPORT	27
BALANCE SHEET	29
INCOME STATEMENT	30
STATEMENT OF CHANGES IN ACCUMULATED FUND	31
STATEMENT OF CASH FLOWS	32
NOTES TO THE FINANCIAL STATEMENTS	34

Independent Auditors' Report

Deloitte

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

Telephone: (876) 922-6825/7
Fax: (876) 922-7673
Web: www.deloitte.com.jm

42B & 42C Union Street
Montego Bay
Jamaica, W.I.

Telephone: (876) 952-4713-4
Fax: (876) 979-0246

To the Board of Directors of

NATIONAL HOUSING TRUST

Report on the financial statements

We have audited the financial statements of National Housing Trust (the Trust), set out on pages 29 to 82, which comprise the balance sheet as at March 31, 2007, the income statement, statements of changes in accumulated fund and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Report on the financial statements (Cont'd)

Accounting records – Personal accounts for refundable contributions

As detailed in Note 20, the Trust has not fully established personal accounts for employed persons who made contributions to the Trust, to enable it to issue certificates of contributions made as required by the National Housing Trust 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.

Opinion

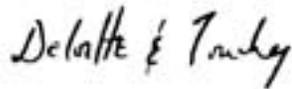
In our opinion, except for the effects on the financial statements of the matter referred to in the preceding paragraph, the financial statements, present fairly, in all material respects, the financial position of the Trust as at March 31, 2007, and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without qualifying our opinion we draw attention to Note 36 of the financial statements. The Trust is contesting an amount of \$214.5 million awarded by an arbitrator subsequent to year end, for interest charges to a developer on a Trust financed housing project. The Trust's attorneys believe the award is open to legal challenge and are commencing legal proceedings to contest the award. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Report on additional requirements of the National Housing Trust Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, except for the effect of the matter referred to under Accounting Records - Personal accounts for refundable contributions above, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required in the manner so required.



Chartered Accountants

Kingston, Jamaica

May 28, 2007

Carey O. Metz, Audley L. Gordon, Winston G. Robinson, Fagan E. Calvert, Gihan C. deMel

Consultants: T. Sydney Fernando, Donald S. Reynolds

Member firm of
Deloitte Touche Tohmatsu

Balance Sheet

NATIONAL HOUSING TRUST

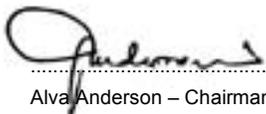
BALANCE SHEET AT MARCH 31, 2007

(Expressed in \$'000)

	<u>Notes</u>	<u>2007</u> \$	<u>2006</u> \$
<u>ASSETS</u>			
Cash and cash equivalents	6	4,238,088	4,921,344
Other receivables	7	309,101	310,617
Income tax recoverable		1,548,605	906,296
Loans receivable	8,9	58,728,730	49,656,370
Securities purchased under resale agreements	10	4,748,176	6,715,636
Investment securities	11	12,482,999	9,632,515
Inventories	12	3,870,059	3,651,406
Intangible assets	13	8,292	25,400
Investments in associates	14,35	1,054,708	1,022,851
Retirement benefit asset	15	379,300	270,300
Property, plant and equipment	16	1,636,203	1,365,622
Deferred tax asset	17	-	125,549
Total assets		<u>89,004,261</u>	<u>78,603,906</u>
<u>LIABILITIES AND ACCUMULATED FUND</u>			
<u>LIABILITIES</u>			
Accounts payable and accruals	18,35	1,703,484	1,250,465
Provisions	19,35	40,801	22,175
Refundable contributions	20	32,716,876	28,449,888
Deferred tax liabilities	17	138,531	-
		<u>34,599,692</u>	<u>29,722,528</u>
<u>ACCUMULATED FUND</u>			
Non-refundable employers' contributions	2(c)	33,463,941	28,772,475
Fair value and other reserves	21	1,904,016	1,600,430
Peril reserve	22	2,010,000	1,240,000
Loan loss reserve	23	1,484,183	1,035,679
Surplus on income statement		15,542,429	16,232,794
		<u>54,404,569</u>	<u>48,881,378</u>
Total liabilities and accumulated fund		<u>89,004,261</u>	<u>78,603,906</u>

The Notes on Pages 34 to 82 form an integral part of the Financial Statements.

The financial statements on Pages 29 to 82 were approved and authorized for issue by the Board of Directors on May 28, 2007 and are signed on its behalf by:


Alva Anderson – Chairman


C. Earl Samuels – Managing Director

Income Statement

NATIONAL HOUSING TRUST

INCOME STATEMENT

YEAR ENDED MARCH 31, 2007

(Expressed in \$'000)

	<u>Notes</u>	<u>2007</u> \$	<u>2006</u> \$
Interest revenue:			
- Loans receivable		3,115,588	3,035,052
- Investments		<u>2,634,661</u>	<u>3,234,094</u>
		5,750,249	6,269,146
Bonus on employees' contributions		<u>(1,292,602)</u>	<u>(950,414)</u>
Net interest revenue		4,457,647	5,318,732
Service charge on loans to beneficiaries	8	79,454	75,318
Miscellaneous	24	<u>260,906</u>	<u>306,937</u>
		<u>4,798,007</u>	<u>5,700,987</u>
Operating expenses		3,089,663	2,278,696
(Write back of) provision on loans receivable	8	(153,482)	33,743
Losses on projects		92,657	42,289
Special subsidies and grants	25	887,916	6,044,406
Restructuring costs	26	45,519	41,873
Share of losses of associates	14	<u>42,504</u>	<u>42,639</u>
		<u>4,004,777</u>	<u>8,483,646</u>
SURPLUS (DEFICIT) BEFORE TAXATION		793,230	(2,782,659)
Taxation	27	<u>(265,091)</u>	<u>880,283</u>
NET SURPLUS (DEFICIT)	28	<u><u>528,139</u></u>	<u><u>(1,902,376)</u></u>

The Notes on Pages 34 to 82 form an integral part of the Financial Statements.

Statement of Changes in Accumulated Fund

**NATIONAL HOUSING TRUST
STATEMENT OF CHANGES IN ACCUMULATED FUND
YEAR ENDED MARCH 31, 2007
(Expressed in \$'000)**

	Notes	Non- Refundable Employers' Contributions	Fair Value and Other Reserves	Peril Reserve	Loan loss Reserve	Surplus on Income Statement	Total
		\$	\$	\$	\$	\$	\$
Balance at April 1, 2005		24,886,011	934,261	920,441	901,652	18,668,351	46,310,716
Effect of changes in accounting policies:							
Effect of changes in the accounting for investments in associates	35	-	-	-	-	(79,595)	(79,595)
As restated		<u>24,886,011</u>	<u>934,261</u>	<u>920,441</u>	<u>901,652</u>	<u>18,588,756</u>	<u>46,231,121</u>
Reduction in deferred tax liability on revaluation of property, plant and equipment	17	-	1,011	-	-	-	1,011
Increase in fair values of available-for-sale investments	21	-	583,431	-	-	-	583,431
Net income recognized directly in accumulated fund		-	584,442	-	-	-	584,442
Losses on impairment of available-for-sale investments charged to income	21	-	81,727	-	-	-	81,727
Net deficit for the year as restated	35	-	-	-	-	(1,902,376)	(1,902,376)
Total recognised income and expense		-	<u>666,169</u>	-	-	(1,902,376)	(1,236,207)
Non-refundable contributions for the year (net)		3,886,464	-	-	-	-	3,886,464
Transfer to peril reserve	22	-	-	371,053	-	(371,053)	-
Utilised during the year	22	-	-	(51,494)	-	51,494	-
Transfer to loan loss reserve	23	-	-	-	134,027	(134,027)	-
Balance at March 31, 2006		<u>28,772,475</u>	<u>1,600,430</u>	<u>1,240,000</u>	<u>1,035,679</u>	<u>16,232,794</u>	<u>48,881,378</u>
Reduction in deferred tax liability on revaluation of property, plant and equipment	17	-	1,011	-	-	-	1,011
Increase in fair values of available-for-sale investments	21	-	261,805	-	-	-	261,805
Net income recognized directly in accumulated fund		-	262,816	-	-	-	262,816
Losses on impairment of available-for-sale investments charged to income	21	-	40,770	-	-	-	40,770
Net surplus for the year		-	-	-	-	528,139	528,139
Total recognised income and expense		-	<u>303,586</u>	-	-	528,139	831,725
Non-refundable contributions for the year (net)		4,691,466	-	-	-	-	4,691,466
Transfer to peril reserve	22	-	-	784,607	-	(784,607)	-
Utilised during the year	22	-	-	(14,607)	-	14,607	-
Transfer to loan loss reserve	23	-	-	-	448,504	(448,504)	-
Balance at March 31, 2007		<u>33,463,941</u>	<u>1,904,016</u>	<u>2,010,000</u>	<u>1,484,183</u>	<u>15,542,429</u>	<u>54,404,569</u>

The Notes on Pages 34 to 82 form an integral part of the Financial Statements.

Statement of Cash Flows

NATIONAL HOUSING TRUST

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2007

(Expressed in \$'000)

	<u>2007</u>	<u>2006</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net surplus (deficit) for the year	528,139	(1,902,376)
Adjustments for:		
Provisions for losses and subsidies on projects	762,562	1,084,686
Provisions on loans receivable	(153,482)	33,743
Provision for bonus on employees' contribution	1,292,602	950,414
Depreciation	117,340	93,060
Gain on sale of property, plant and equipment	(465)	(13,542)
Adjustments to property, plant and equipment	(1,359)	(4,787)
Service charges amortised	(79,454)	(75,318)
Intangible assets amortised	8,803	17,805
Impairment of intangible assets	15,842	-
Loss on impairment of available-for-sale investments	40,770	81,727
Retirement benefit asset	(33,500)	(18,800)
Deferred tax adjustments	265,091	(880,283)
Interest income	(5,750,249)	(6,269,146)
Foreign exchange adjustment	(29,611)	(5,411)
Share of losses of associates	42,504	42,639
Provisions charged during the year	<u>64,191</u>	<u>52,150</u>
	(2,910,276)	(6,813,439)
(Increase) decrease in operating assets		
Other receivables	1,516	(85,834)
Retirement benefit contributions	(75,500)	(49,600)
Increase (decrease) in operating liabilities		
Accounts payable and accruals	453,019	573,996
Provisions utilised	<u>(45,565)</u>	<u>(56,758)</u>
Cash used in operations	(2,576,806)	(6,431,635)
Interest received	6,018,299	6,930,035
Tax paid	<u>(642,309)</u>	<u>(856,363)</u>
Cash provided by (used in) operating activities	<u>2,799,184</u>	<u>(357,963)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Intangible assets	(7,537)	(11,410)
Loans receivable less recoveries	(8,997,310)	(4,699,877)
Acquisition of property, plant and equipment	(386,562)	(378,151)
Acquisition of securities purchased under resale agreements	(10,334,108)	(9,781,947)
Proceeds on encashment of securities purchased under resale agreements	12,329,713	9,147,350
Acquisition of investment securities	(3,675,844)	(5,163,881)
Proceeds on encashment of investment securities	977,001	8,077,782
Increase in inventory (net)	(981,215)	(2,901,841)
Proceeds on sale of property, plant and equipment	465	22,327
Investment in, and advances to associated company	<u>(74,361)</u>	<u>(460,039)</u>
Cash used in investing activities	<u>(11,149,758)</u>	<u>(6,149,687)</u>

Statement of Cash Flows (Cont'd)

NATIONAL HOUSING TRUST

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2007

(Expressed in \$'000)

	<u>Note</u>	<u>2007</u> \$	<u>2006</u> \$
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributions from employers		5,031,384	3,944,338
Contributions from employees		4,656,992	4,483,125
Refund of employees' contributions		<u>(2,022,524)</u>	<u>(2,145,282)</u>
Cash provided by financing activities		<u>7,665,852</u>	<u>6,282,181</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(684,722)	(225,469)
OPENING CASH AND CASH EQUIVALENTS		4,921,344	5,142,546
Effect of foreign exchange rate changes		<u>1,466</u>	<u>4,267</u>
CLOSING CASH AND CASH EQUIVALENTS	6	<u>4,238,088</u>	<u>4,921,344</u>

The Notes on Pages 34 to 82 form an integral part of the Financial Statements.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

1 IDENTIFICATION

The National Housing Trust was established in Jamaica in 1976 and became a body corporate under the National Housing Trust Act (the Act) in 1979.

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 loans available 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 registered office of the Trust is 4 Park Boulevard, Kingston 5.

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) contribution refunds 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) contribution refunds 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 were refundable twenty-five years after the end of the year in which they were made. These amounts have been substantially repaid subject to the contributor not being in default of any of the Trust's requirements. 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 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Trust has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on January 1, 2006.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Cont'd)

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Trust's accounting policies nor the amounts reported for the current and prior years although additional disclosures have resulted in some instances.

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

		Effective for annual periods <u>beginning on or after</u>
IFRS 7	Financial Instruments: Disclosure	January 1, 2007
IFRS 8	Operating Segments	January 1, 2009
IFRIC 8	Scope of IFRS 2	May 1, 2006
IFRIC 9	Reassessment of Embedded Derivatives	June 1, 2006
IFRIC 10	Interim Financial Reporting and Impairment	November 1, 2006
IFRIC 11	Group and Treasury Share Transactions	March 1, 2007
IFRIC 12	Service Concession Arrangements	January 1, 2008

The Board of Directors and management anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements, although additional disclosures will arise on adoption of IFRS 7.

IFRS 7 – Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Trust assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Trust will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning April 1, 2007.

4 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Trust's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS).

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments.

These financial statements are expressed in Jamaican dollars.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Financial instruments include contracts that give rise to both financial assets and financial liabilities.

Financial assets of the Trust include any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - (i) to receive cash or another financial asset from another entity; or
 - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial liabilities of the Trust include any liability that is a contractual obligation:

- (i) to deliver cash or another financial asset to another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial assets and liabilities are generally recognized on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the asset expire or are cancelled. Financial liabilities are derecognized when the contractual obligations are discharged, are cancelled or have expired.

Financial liabilities issued by the Trust are classified according to the substance of the contractual arrangements entered into.

Financial assets include the Trust's assets except intangible assets, property, plant and equipment, investments in associates, retirement benefit asset, inventories, income tax recoverable, prepayments and deferred taxation.

Financial liabilities include the Trust's liabilities except accruals, provisions and deferred taxation.

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 at Note 32.

Financial Assets

a) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and other highly liquid investments that have an original maturity of 90 days or less from the date of acquisition and are held to meet cash requirements rather than for investment purposes.

b) Other receivables (net of prepayments)

These are measured on initial recognition at their fair values. Interest is not charged on outstanding balances as they are expected to be settled within a short period during which recognition of interest would be immaterial. Appropriate allowances for estimated irrecoverable amounts are recognized in income when there is objective evidence that the asset is impaired.

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial Assets (Cont'd)

c) Loans receivable and service charges on loans

Loans receivable

Loans are recognized when funds are advanced/disbursed to beneficiaries. They are initially recorded at fair value, which is the cash given to originate the loan, including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

A loan is classified as non-performing when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. Loans are classified as non-current if they are non-performing in excess of 90 days.

Service charge on loans to beneficiaries

A fee of 5% to cover processing and administrative expenses is added to the loan amount when granting new mortgages. The difference between the fee income and the related expenses is amortised using the effective yield basis over the life of the mortgage.

d) Securities purchased under resale agreements

Securities purchased under agreement to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest income and is accrued over the lives of the resale agreements using the effective yield method.

e) Investment securities

Investment securities are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are classified as available-for-sale securities. The classification depends on the nature and purpose of the financial asset and is determined at the date of initial recognition.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or market prices. They are initially recognized at fair value, (including transaction costs), and for subsequent re-measurements fair value is based on quoted bid prices or amounts derived from cash flow models. Where fair values cannot be reliably determined, available-for-sale securities are carried at cost less provision for impairment. Gains and losses arising from changes in fair value of available-for-sale securities are recognized directly in fair value and other reserves included in the accumulated fund until the security is disposed of or is determined to be impaired. When the securities are disposed of or determined to be impaired, the related accumulated unrealized gains or losses included in the accumulated fund are transferred to the income statement for the period.

f) Impairment of financial assets

Financial assets of the Trust are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial Assets (Cont'd)

f) Impairment of financial assets (Cont'd)

i) Loans receivable

A loan is considered impaired when it is in arrears for ninety days and over and when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for loan losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for impairment also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses on a portfolio basis.

IFRS permits specific loan loss provisions and general provisions based upon the Trust's actual credit loss experience. Prudential provisions by management for loan loss requirements are maintained at a maximum of 3% of the total mortgage loan receivables. The loan loss provision that is in excess of IFRS requirements is treated as an appropriation of undistributed surplus and included in a non-distributable loan loss reserve (Note 23).

Write offs are made when all or part of a loan is deemed uncollectible, and are charged against previously established provisions for loan losses. Recoveries in part or in full, of amounts previously written off are credited to loan loss expense in the income statement.

ii) Available-for-sale investment securities

Impairment losses recognized in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement. Impairment losses recognized in the income statement for debt instruments classified as available-for-sale are subsequently reversed if an increase in fair value of the instrument can be objectively related to an event occurring after recognition of the impairment loss on a portfolio basis.

iii) Other financial assets

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment directly with the exception of other receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously provided for reduce the amount of the allowance account. Changes in the carrying amount of the allowance account are recognized in the income statement. Recoveries of amounts previously written-off are credited to income.

Financial Liabilities

a) Accounts payable

These are initially measured at their fair values. No interest is charged on outstanding balances as they are settled within a short period during which interest charged would be immaterial.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial Liabilities (Cont'd)

b) Borrowings

Interest bearing loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Trust's accounting policy for borrowing costs (See Borrowing Costs on Page 44).

Employee benefits

Pension obligations

The Trust participates in a pension scheme which is administered by Trustees and managed by Life of Jamaica Limited. The Scheme's assets are separately held and the Scheme is funded by employee contributions of 5% of pensionable salaries (with the option of contributing an additional 5%) and employer contributions as recommended by independent actuaries.

The cost of providing benefits is determined using the Projected Unit Credit Method with independent actuarial valuations being carried out every three years with interim valuations as required by the Trustees. Actuarial gains and losses that exceed 10% of the greater of the present value of the Trust's obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service costs, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Termination obligations

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Trust recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the balance sheet date are discounted to present value.

Leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the balance sheet date.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labour costs and any other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale and are assigned to inventories held on an average cost basis. Any write down to net realisable value is recognized as an expense in the period in which the write-down or loss occurs. Any reversal up to the previous write-off is recognized in the income statement in the period in which the reversal occurs.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Trust's development (or from the development phase of an internal project) is recognised if, and only if all the following have been demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible assets during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible assets first meets the recognition criteria above.

Where no internally-generated intangible asset can be recognized, development expenditure is recognized as an expense in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortisation is determined on the same basis as for internally-generated intangible assets.

Investments in associates

An associate is an entity over which the Trust has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, these investments are carried at cost as adjusted for post-acquisition changes in the Trust's share of net assets of associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Trust's interest in that associate (which includes any long-term interests that in substance, form part of the Trust's net investment in the associate) are not recognised, unless the Trust has incurred legal or constructive obligations or made payments on behalf of the associate.

Property, plant and equipment

All property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for administrative purposes, or for purposes not yet determined are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation on these assets (on the same basis as other property assets), commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets (other than land, artwork and properties under construction) over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. No depreciation is provided on freehold land and artwork.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of tangible and intangible assets

At each balance sheet date, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from the net surplus as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable surplus, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable surplus nor the accounting surplus.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates that have been enacted at balance sheet date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Trust expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax (Cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Trust intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to accumulated fund, in which case the deferred tax is also charged or credited in the accumulated fund.

Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contributions

Contributions are recorded when received as the Directors consider that this is the most practical method of dealing with such receipts given the difficulties in determining the number of employers, their outstanding contributions and the likelihood of collections. Accordingly, the Trust does not account for contributions which at year end (March 31) have not been collected from employers.

Employee contributions (including self employed persons) are refunded (including bonuses) in accordance with the NHT Act as discussed in Note 2 (b). Employer contributions are non-refundable and are credited directly to the accumulated fund.

Fair value reserve

This represents the excess or shortfall of the market value of available-for-sale securities over the fair value on initial recognition (net of adjustments for the amortisation of discounts and premiums on acquisitions).

Peril reserve

Transfers are made from the accumulated surplus on the income statement to the peril reserve up to the policy deductible limit to settle insurance claims by mortgage beneficiaries. Claims up to the policy deductible limit are charged to expenses when advised.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Related party

A party is considered related if:

- (i) directly or indirectly through one or more intermediaries, one party is able to exercise control or significant influence over the other party;
- (ii) both parties are subject to common control or significant influence from the same source;
- (iii) the party is a member of key management personnel of the entity, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including directors, officers and close members of the families of these individuals;
- (iv) the party is a post-employment benefit plan for the benefit of the employees of the entity.

Related parties to the Trust also include other profit-oriented state-controlled entities.

Transactions with related parties are recorded in accordance with the normal policies of the Trust.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Disposal of Inventory Units

Revenue from the disposal of inventory units is recognised when all the following conditions are satisfied:

- the Trust has transferred to the buyer the significant risks and rewards of ownership of the units;
- the Trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units transferred;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Surpluses/losses on disposal of all units in a housing project are credited/charged against the income statement in the year of occurrence.

Interest income

Interest income is accrued on the time basis by reference to the principal outstanding and the effective interest rate applicable, which rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Dividend

Dividend income from investments is recognised when the Trust's rights to receive payments have been established.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Trust as a lessor

Rental income under operating leases is recognized in income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease terms.

The Trust as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

4 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interest and penalties on contributions not paid

The NHT regulations direct the Trust to charge interest at the rate of 20% per annum on contributions not paid over on the due dates. A penalty charge of 5% above the weighted average 6 months Treasury bill rate applicable to the auction last held prior to the earliest date of the debt is applicable once the Trust obtains a judgement in respect of contributions not paid at the due date. A surcharge of 10% per annum is also charged if the judgement debt remains unpaid for longer than one (1) year. Interest and penalties are recorded on the basis of amounts collected.

Borrowing costs

These are recognised in the income statement in the period in which they are incurred.

Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Trust operates (its functional currency).

In preparing the financial statements of the Trust, transactions in currencies other than the Trust's functional currency, are recorded at the rates of exchange prevailing on the dates of those transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical costs in foreign currency are not retranslated.

All exchange gains and losses are credited to, or charged against, income for the period in which they arise.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Trust's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are critical judgements apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

Litigation

As detailed in Note 36, the Trust has made no provision for the amount of \$214.5 million awarded by an arbitrator subsequent to year end, in respect of interest charges to a developer on a Trust financed housing project, which it is contesting. In making its judgement, management considered the facts of the case and the opinion of its attorneys and are satisfied that sufficient grounds for a legal challenge of the award exists.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Impairment losses on loans and advances

The Trust reviews its loan portfolio to assess impairment on a monthly basis. A provision for impairment is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for loan losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. In respect of loans to beneficiaries the value of the security is based on proxy values determined by the Trust's technical department, which values take cognizance of factors such as the type of unit, the date it was constructed, its location and the current market conditions. Past experience and judgement are used in estimating the timing of the expected cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to minimize any differences between loss estimates and actual loss experience. To the extent that the expected future cash flows differs by +/- 1 percent, the resulting provision for impairment would be estimated \$3.81 million lower or \$3.81 million greater.

Peril insurance

The Trust maintains a reserve equivalent to the insurance policy deductible limit of US\$30 million (2006:US\$20 million) to settle insurance claims by mortgage beneficiaries. Generally, claims are not booked immediately upon notification but are accounted for when the claims have been processed and a liability by the Trust is established (See Note 29(b)). Experience has shown that these amounts are usually insignificant to the operations of the Trust, unless there is a one-off significant event such as a natural disaster, in which case, an estimate of potential liability is assessed and booked. This reserve is fully funded by certain securities denominated in United States dollars included in cash equivalents, securities purchased under resale agreements and investment securities (Note 22).

Employee benefit – pension obligation

As disclosed in Note 15, the Trust operates a defined benefit pension plan. The amount shown in the balance sheet of an asset of approximately \$379.3 million in respect of the defined benefit plan is subject to estimates in respect of periodic costs, which costs would be dependent on returns on assets, future discount rates, rates of salary increases and inflation rate.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Trust estimates the appropriate discount rate annually, which rate is used to determine the present value of estimated cash outflows expected to be required to settle any future pension obligation.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have maturities approximating the related pension liabilities were considered.

Note 15(h) details some history of experience adjustments in the post employment benefit plan.

Contributions

As described in Note 20, the Trust has not established individual accounts for savings and time contributions totaling approximately \$12.3 billion and \$23.4 billion respectively. The split between savings accounts (currently due) and time accounts (not yet due) requires management to estimate the refund of contributions relating to savings and time accounts respectively.

Generally the contributions for the past seven years is determined and refunds made to contributors during this period (both refunds to expatriates under Section 22 and cash grants to contributors under Section 21) are deducted. The split of refunds between time accounts and savings accounts is estimated based upon the average determined over the years. The result is the estimate of contributions not yet due (time accounts). This is compared with the total value of individual accounts not established to determine the estimate of the amounts currently due (savings accounts).

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Contributions (Cont'd)

Interest is accrued on savings account at 8% per annum, while the interest accrual on time accounts is at 3% per annum. The accuracy of the interest accrued depends on the accuracy of the estimate of savings and time accounts accordingly.

A change of +/- 1% in the split between savings account and time accounts would have the effect of a change of approximately \$11.7 million (increase/decrease) on bonus on contributions.

6 CASH AND CASH EQUIVALENTS

These comprise:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Reverse repurchase agreements with financial institutions maturing within ninety days of original date of purchase at interest rates ranging from 11.6% to 12.35% per annum (2006: 6% to 13.25% per annum) (Note 6(a))	3,925,796	4,584,965
Bank balances (Note 6(b))	310,496	334,497
Cash in hand	<u>1,796</u>	<u>1,882</u>
	<u>4,238,088</u>	<u>4,921,344</u>

(a) Reverse repurchase agreements are fully backed by Government of Jamaica securities. At year end, these investments include foreign currency deposits amounting to US\$NIL (2006: US\$101,963) and interest receivable totalling \$40,795,600 (2006: \$53,365,400).

(b) Bank balances include foreign currency deposits of US\$1,095,038 (2006: US\$378,272) at interest rates of 1.5% (2006: 1.5%) (Note 21).

7 OTHER RECEIVABLES

	<u>2007</u> \$'000	<u>2006</u> \$'000
Staff loans	175,772	129,498
Prepayments	31,414	29,524
Deposits for acquisition of property, plant and equipment	16,111	-
Mortgage litigation receivable	78,212	67,393
Mortgage loan fees receivable	25,130	25,087
Death claims recoverable	41,247	7,889
Due from Ministry of Finance and Planning (Note 7(a))	-	99,005
Other	<u>20,614</u>	<u>20,711</u>
	388,500	379,107
Less provision for irrecoverable debt	<u>79,399</u>	<u>68,490</u>
	<u>309,101</u>	<u>310,617</u>

(a) This represented amounts which were due to the Trust to March 31, 2006 in lieu of interest foregone consequent on early encashment of investment securities in order to meet its obligation under the Education Transformation Fund (Note 25(b)). The Ministry of Finance had undertaken to refund the interest foregone, which totalled approximately \$250 million up to August 2006 (the maturity date of the securities) of which \$99 million had been accrued to March 31, 2006. The amount was received during the year.

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE

	<u>2007</u> \$'000	<u>2006</u> \$'000
(a) Loans to beneficiaries selected by the Trust (Note 8(e), (f))		
Mortgage loans	46,923,638	39,735,954
Loans for which mortgage processing is incomplete (Note 8(g))	778,612	1,887,953
Loans through financial institutions (Note 8(h))	1,188,085	1,257,622
Loans through joint venture programme (Note 8(i))	<u>20,065</u>	<u>24,574</u>
	48,910,400	42,906,103
Less: provisions for impairment (Note 8(m))	<u>236,317</u>	<u>430,697</u>
	48,674,083	42,475,406
Less: unexpired service charges (Note 8(n))	<u>1,158,794</u>	<u>988,697</u>
	<u>47,515,289</u>	<u>41,486,709</u>
(b) Loans to beneficiaries selected by the following Agencies approved by the Trust:		
Jamaica Teachers' Association Housing Co-operative Limited (JTAHC): Repayable in 25 years at 3% - 18% per annum (Note 8(j)(i))	50,900	59,203
National Housing Development Corporation (NHDC) Repayable in 25 years at 5% (2006: 7%) per annum (Note 8(j)(ii))	682,539	730,471
Repayable in 15 years at 8% per annum (Note 8(j)(iii))	772,745	820,600
Repayable over 10 years at 4% per annum (Note 8(j)(iv))	92,197	120,286
Repayable in 10 years at 8% per annum (Note 8(j)(v))	677,781	786,556
Repayable in 15 years at 8% (2006: 10%) per annum (Note 8(j)(vi))	76,347	83,300
Repayable at 8% per annum (Note 8(j)(vii))	-	57,755
Joint financing mortgage programme (Note 8(j)(viii))	5,566,995	2,817,433
Special loans through joint financing – Hurricane Ivan (Note 8(j)(ix))	53,249	58,320
Special loans to churches through joint financing – Hurricane Ivan (Note 8(j)(x))	309,863	301,000
Jamaica Defence Force (Note 8(j)(xi))	73,855	62,566
Other institutions	<u>83,524</u>	<u>75,620</u>
	<u>8,439,995</u>	<u>5,973,110</u>
Balance c/f	<u>55,955,284</u>	<u>47,459,819</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE (Cont'd)

	<u>2007</u> \$'000	<u>2006</u> \$'000
Balance b/f	<u>55,955,284</u>	<u>47,459,819</u>
(c) Loan financing to developers (Note 8(k))	1,944,491	1,268,954
Less: provision for impairment (Note 8(m))	<u>311,515</u>	<u>370,747</u>
	<u>1,632,976</u>	<u>898,207</u>
(d) Other		
University of the West Indies (Note 8(l))	<u>597,752</u>	<u>597,740</u>
Interest receivable	<u>542,718</u>	<u>700,604</u>
Total	<u>58,728,730</u>	<u>49,656,370</u>

(e) Effective August 15, 2005 the rate of interest payable by a beneficiary selected to the Trust on a loan varies from 2% to 8% depending on the income of the beneficiary. The loans together with interest thereon are repayable in monthly instalments over periods ranging up to a maximum of 30 years.

(f) Mortgage loans of \$46,923,638,000 (2006: \$39,735,954,000) include loans totalling \$415,185,000 (2006: \$1,117,673,000) 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.

(g) 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.

(h) Loans through financial institutions

These are mortgage credit certificates granted to beneficiaries who are in a position to obtain additional funds from financial institutions and other organisations. 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.

(i) Loans through joint venture programme

These are loans granted to beneficiaries 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 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% (See Note 9.1 (a)).

(j) Loans to beneficiaries selected by agencies approved by the Trust

(i) This loan to Jamaica Teachers' Association Housing Co-operative Limited (JTAHC) in previous years was secured by the assignment to the Trust of mortgages in the name of JTAHC and the title deeds to the relevant properties were deposited with the Trust. The loans are amortised over a period of 25 years with interest rates ranging from 3% to 18% per annum.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE (Cont'd)

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

(i) (Cont'd)

During 2004 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 Trust's Combined Mortgage and Build on Own Land (BOL) programmes. The formal agreement was signed between the parties on April 1, 2004. The Trust has registered its interest on the various titles.

(ii) This loan is repayable in quarterly instalments over a 25 year period commencing January 1, 2001. Interest chargeable at 5% per annum and is payable in quarterly instalments from January 1, 1997. (During the year the interest on the loan rate was reduced from 7% to 5% per annum consequent on the adjustment to the Trust's mortgage rates). The loan is secured by the transfer of mortgages by NHDC to the Trust.

(iii) The Trust entered into an agreement in 2001 to make the sum of \$1.1 billion available 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 instalments of \$8,695,856 per month. Interest is charged at 8% per annum. The loan is secured by:

- a letter of undertaking from the Ministry of Finance & Planning in respect of \$250 million given to secure the advance until NHDC satisfied conditions precedent to loan disbursement. These conditions have subsequently been satisfied.
- transfer of mortgages in respect of the Greater Portmore portfolio.
- duplicate certificates of title in respect of the Greater Portmore portfolio retained by the Trust.

(iv) An amount of \$180 million was advanced to NHDC in October 2001, for the purpose of providing shelter solutions for persons who fall within the social housing segment of the housing market and who reside in several depressed communities in Jamaica.

The loan is repayable over 10 years in 120 equal monthly installments at an interest rate of 4% per annum.

This loan is secured by a letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal plus interest if the NHDC is unable to do so.

(v) The Trust entered into an agreement in 2002 to make the sum of \$800 million available for the purpose of providing shelter solutions for beneficiaries under the NHDC - Operation Pride portfolio. The loan was disbursed in September 2002 and the principal is repayable in 120 equal monthly instalments commencing September 2003. Interest is repayable monthly in arrears on the first business day of each calendar month and payments commenced October 1, 2002. Interest is charged at 8% per annum or such other rate as the Trust may from time to time notify the NHDC.

The loan is secured by:

- A letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal plus interest if the NHDC is unable to do so.
- Transfers of mortgages in respect of the Greater Portmore and mortgage over property at Barrett Hall Estate.
- Duplicate Certificates of titles in respect of the Greater Portmore portfolio and Barrett Hall Estate retained by the Trust.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE (Cont'd)

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

(vi) The loan is for a sum of \$88,711,063 for the purpose of co-financing 279 mortgages in the Greater Portmore Project. The loan is for a period of 15 years and the principal is repayable in 180 equal monthly instalments. Interest is repayable monthly in arrears on the first business day in each calendar month and payments commenced August 2002. Interest is charged at 8% per annum or such other rate as the Trust may from time to time notify the NHDC. (During the year the interest rate on the loan was reduced from 10% to 8% per annum consequent on the adjustment to the Trust's mortgage rates).

The loan is secured by mortgage over land at Barrett Hall Estates registered at Volume 1308 Folio 438.

(vii) The loan was settled during the year.

(viii) Joint financing mortgage programme

The Trust entered into an agreement to invest funds with participating institutions for the sole purpose of onlending funds to qualified contributors of the Trust. Accounts are maintained by the institutions through sub-accounts bearing the name of the Trust with the applicable rate of interest. The purpose of the agreement is to assist the contributor in owning a home which shall be mortgaged to the participating financial institutions as security for the funds onlent.

Where the imprest account is diminished to 20% of the initial deposit, the Trust is obligated to replenish the account to either its original value or to an amount as agreed between the partners.

The participating institutions include:

- Victoria Mutual Building Society
- Jamaica National Building Society
- First Caribbean Building Society
- Life of Jamaica Limited
- Scotia Jamaica Building Society

Interest earned on the imprest account is capitalized and credited to the account every six months (March and September).

Quarterly payments are remitted to the Trust in respect of each loan benefit disbursed in accordance with the amortization schedule applicable for the relevant loan (with interest in accordance with the Trust's loan policy less the percentage spread for participating institutions as agreed between the parties).

These payments are due on the 1st day of April, July, October and January of each year.

Further, these participating institutions are liable to the Trust for the full amount of the quarterly obligation irrespective of whether the amounts have been recovered or collected from the relevant beneficiaries through the mortgage payment.

The obligations of the participating institutions are secured by:

- deposit certificate for the imprest account (where applicable)
- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE (Cont'd)

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

(ix) Special loans joint financing – Hurricane Ivan

In 2004/05, the Trust entered into an agreement with participating institutions to provide funds to assist persons who suffered damage to property due to Hurricane Ivan. This involved the utilization of an imprest mechanism whereby a float was agreed on and reimbursed upon reaching a percentage of approximately 20% of the original float.

The participating institutions include:

- Jamaica National Building Society
- Victoria Mutual Building Society
- First Caribbean Building Society
- Scotia Jamaica Building Society
- Life of Jamaica Limited

Interest is charged at 5% to the Participating Institution for onlending at 7% to qualified borrowers and is computed from the first disbursement to the participating institutions. The sum of all disbursements and interest accrued to March 31, 2005 (or an earlier date as agreed with the participating institution) will be combined to form the loan, repayable over 10 years on a quarterly basis commencing June 2005.

The obligations of the participating institutions are secured by:

- deposit certificate for the imprest account (where applicable)
- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

(x) Special loans to churches – Hurricane Ivan

In 2005/06, the Trust entered into an agreement with participating institutions to provide funds to assist churches in the repair of church buildings damaged by Hurricane Ivan.

The participating institutions include:

- Jamaica National Building Society
- Victoria Mutual Building Society

Interest is charged at 5% to the Participating Institution for onlending at 7% to borrowers who qualify based on the criteria determine by the relevant participating institution (routed through one of the umbrella groups of churches – the Jamaica Council of Churches). The total loan to the participating institutions will be for a period of fifteen (15) years with a one (1) year moratorium in respect of principal and interest and is computed from the first disbursement to the participating institutions.

The obligations of the participating institutions are secured by:

- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

8 LOANS RECEIVABLE (Cont'd)

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

- (xi) Jamaica Defence Force (JDF)

The Trust entered into an agreement with the Ministry of Finance and Planning in 2003 to make the sum of \$80 million available to the JDF to be utilized exclusively for the JDF. The loan is repayable over 15 years in 180 equal monthly installments at an interest rate of 8% per annum.

The loan is issued under the Loans Act. A certificate was received from the Financial Secretary certifying that the GOJ had sufficient borrowing capacity for the disbursement of the loan pursuant to the said loan agreement.

- (k) Loan financing to developers

This represents the total amount of financing provided to public and private developers, inclusive of interest charged during the construction period at rates ranging from 8% to 12% per annum. (See Note 9.1(b)).

- (l) Advances to the University of the West Indies (UWI)

This loan was disbursed in March 2003 for the construction of student housing. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 5% per annum for the first nine years, thereafter it will be based on a straight-line method. The security for the advance is:

- (i) A letter of undertaking from the Ministry of Finance and Planning, which has undertaken to repay the full amount of principal plus interest if UWI is unable to do so.
- (ii) Assignment of a bank account used containing fees paid for accommodation by the students in respect of the buildings constructed.

- (m) The movement in the loans receivable provision is as follows:

	<u>2007</u>			<u>2006</u>
	<u>Mortgage</u> <u>Loans</u> \$'000	<u>Development</u> <u>Financing</u> \$'000	<u>Total</u> \$'000	<u>Total</u> \$'000
Balance, April 1	430,697	370,747	801,444	772,602
(Decrease) increase in provision for the year	(166,167)	12,685	(153,482)	33,743
Write off during the year	(28,213)	(71,917)	(100,130)	(4,901)
Balance, March 31	<u>236,317</u>	<u>311,515</u>	<u>547,832</u>	<u>801,444</u>

- (n) Unexpired service charges on loans to beneficiaries:

This comprises:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Balance, April 1	988,697	979,123
Additions during the year	249,551	84,892
Amortisation	(79,454)	(75,318)
Balance, March 31	<u>1,158,794</u>	<u>988,697</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

9 STATUS OF SECURITIES FOR FINANCING FOR DEVELOPERS AND LOANS TO BENEFICIARIES

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

	<u>2007</u> \$'000	<u>2006</u> \$'000
(a) Loans through joint venture mortgage programme (Note 9.2)	<u>20,065</u>	<u>24,574</u>
(b) Other loans (Note 9.3)		
Mortgage loans to beneficiaries:		
- Schemes for which parent titles exist or for which splintering is in process	415,185	1,117,673
- Schemes for which mortgage processing is incomplete and land titles are not available	<u>778,612</u>	<u>1,887,953</u>
	1,193,797	3,005,626
Finance for housing construction projects	<u>302,740</u>	<u>99,359</u>
Sub-total	<u>1,496,537</u>	<u>3,104,985</u>
Total	<u>1,516,602</u>	<u>3,129,559</u>

- .2 The loans through joint venture programmes stated in Note 9.1(a) are supported by promissory notes, and in the case of building societies, share certificates.
- .3 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 (See Note 8(f)). 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 9.1(b) will have a material impact on these financial statements.
- .4 A provision for mortgage losses of \$236,317,000 (2006: \$430,697,000) as reflected in Note 8, as well as an additional appropriation of surplus on the income statement of \$1,484,183,000 (2006: \$1,035,679,000) has been made to a loan loss reserve, to cover any losses that may arise from the loans referred to in Note 9.1 above and other mortgage loans.

Additionally, provisions of \$311,515,000 (2006: \$370,747,000) have been made in respect of loan financing to developers.

10 SECURITIES PURCHASED UNDER RESALE AGREEMENTS

The Trust entered into reverse repurchase agreements with various financial institutions collateralised by Government of Jamaica securities, namely local registered stock and investment debentures.

	<u>2007</u> \$'000	<u>2006</u> \$'000
Jamaican dollars deposit (Note 10(a))	3,755,293	6,315,174
United States dollar deposits (Note 10(b))	<u>992,883</u>	<u>400,462</u>
	<u>4,748,176</u>	<u>6,715,636</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

10 SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Cont'd)

- (a) These deposits mature within one to six months after year-end, with interest rates ranging between 11.95% and 13.5% (2006: 12.75% and 13.75%) per annum. As at March 31, 2006, the interest receivable included in these deposits amounted to \$98,293,600 (2006: \$288,174,000).
- (b) These deposits totalling approximately US\$14,697,000 (2006: US\$6,135,000) mature within one to nine months of year-end, with interest rates ranging between 6.3% and 7.5% (2006: 5.75% and 7.75%) per annum. As at March 31, 2007 the interest receivable included in these deposits amounted to \$18,602,500 (2006:\$7,413,000).

11 INVESTMENT SECURITIES

These consist of available-for-sale securities carried at fair value.

During 2005/6, in order to settle the commitment in respect of the special grant related to the Government of Jamaica's Educational Transformation Fund (Note 25(b)), a significant portion of investment securities classified as held-to-maturity were early encashed. Consequently, the remaining balances in this category totalling approximately \$8.5 billion were reclassified as available-for-sale investments in accordance with IAS 39, Financial Instruments – Recognition and Measurement resulting in a fair value adjustment of a credit of approximately \$639 million being recognized in fair value reserves (Note 11(e)). The Trust is prohibited from classifying investments in this category for the financial years 2006/7 and 2007/8.

- a) Available-for-sale securities (at fair values) comprise:

	Nominal <u>Values</u> \$'000	<u>2007</u> \$'000	Nominal <u>Values</u> \$'000	<u>2006</u> \$'000
Life of Jamaica Limited – Universal				
Investment policy (Note 11(b))		99,675		86,935
Euro Bonds (Note 11(c))		337,474		222,584
Quoted equity investments (Note 11(d))		249,984		143,273
Treasury bills at interest rates of 11.9% to 13.3% (2006: 13.15% and 13.35%) per annum maturing 2007/2008 (2006: 2006/2007)	492,678	480,291	283,973	293,501
National Road Operating & Construction Company Limited (NROCC) Infrastructure 4.5% (plus adjustment for inflation component) Convertible Jamaican Dollar denominated Bonds maturing in 2032. The Trust has the option to convert bonds to NROCC shares at redemption	991,300	1,653,284	991,300	1,557,012
Government of Jamaica Indexed Bonds US\$12,218,871 (2006: US\$11,094,422) at interest rates of 7.5% - 11.75% per annum maturing between 2006/2007 to 2012/2013	768,988	<u>826,938</u>	751,883	<u>763,908</u>
Balance c/f		3,647,646		3,067,213

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

11 INVESTMENT SECURITIES (Cont'd)

a) (Cont'd)

	<u>Nominal</u> <u>Values</u> \$'000	<u>2007</u> \$'000	<u>Nominal</u> <u>Values</u> \$'000	<u>2006</u> \$'000
Balance b/f		3,647,646		3,067,213
Government of Jamaica Fixed Rate Bonds at interest rates of 13.25% - 13.875% (2006: 13.875%) per annum maturing between 2007/2008 to 2014/2015	750,000	792,550	600,000	609,199
Government of Jamaica Variable Bonds at interest rates of 12.82% - 13.8% (2006: 12.98% - 14.66%) per annum maturing between 2007/2008 to 2018/2019	1,620,000	1,653,145	500,000	502,352
Government of Jamaica 12.625% - 14.625% (2006: 13.75% - 16.5%) debentures maturing between 2007/2008 to 2009/2010	2,337,925	2,441,075	2,457,925	2,533,944
Bank of Jamaica Variable Rate Certificates of Deposit at an interest rate of 11.8% per annum maturing between 2007/2008 to 2008/2009	640,000	652,297	-	-
Government of Jamaica/Dehring, Bunting & Golding certificate of participation at a rate of interest based on the weighted average yield on the 6 month treasury bill, payable semi-annually at March 1 and September 1 maturing 2009/2010. The interest rate at year end was 12.79% per annum (2006 - 13.03%).	310,733	313,874	403,981	408,680
	<u>Interest rate</u> %			
Local registered stock:				
Fixed rate maturing between 2007/2008 to 2020/21	13.25 - 17.10	1,643,214	1,763,506	1,207,635
Variable maturing 2008/2009	13.34 & 13.59	1,200,000	<u>1,218,906</u>	<u>1,213,714</u>
			<u>12,482,999</u>	<u>9,632,515</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

11 INVESTMENT SECURITIES (Cont'd)

(b) Life of Jamaica Limited – Universal Investment policy

	<u>2007</u> \$'000	<u>2006</u> \$'000
Fair value, April 1	86,935	85,281
Increase in fair value (Note 11(e))	<u>12,740</u>	<u>1,654</u>
Fair value, March 31	<u>99,675</u>	<u>86,935</u>

(c) Euro Bonds

The investment in Euro Bonds of US\$3,572,800 (2006:US\$3,410,550) at an interest rate of 10.625% per annum matures in 2017/18.

	<u>2007</u> \$'000	<u>2006</u> \$'000
Fair value, April 1	222,584	189,064
Purchased during the year	72,656	-
Increase in fair value (Note 11(e))	8,505	24,780
Unrealised foreign exchange gains	<u>33,729</u>	<u>8,740</u>
Fair value, March 31	<u>337,474</u>	<u>222,584</u>

(d) Quoted equity investments

The movement during the year is as follows:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Fair value, April 1	143,273	154,824
Purchased during the year	87,798	70,234
Increase (decrease) in fair value (Note 11(e))	<u>18,913</u>	<u>(81,785)</u>
Fair value, March 31	<u>249,984</u>	<u>143,273</u>

(e) Increase (decrease) in fair values – Available-for-sale investments

	<u>2007</u> \$'000	<u>2006</u> \$'000
Life of Jamaica universal investor policy (Note 11(b))	12,740	1,654
Euro Bonds (Note 11(c))	8,505	24,780
Quoted equities (Note 11(d))	18,913	(81,785)
On investments previously classified as held-to-maturity	<u>221,647</u>	<u>638,782</u>
Increase in fair value included in fair value and other reserves (Note 21)	<u>261,805</u>	<u>583,431</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

12 INVENTORIES

	<u>2007</u> \$'000	<u>2006</u> \$'000
Land held for housing development	2,444,807	2,013,887
Housing under construction	673,642	911,798
Housing units completed but not allocated (value of units)	491,370	735,352
Inner City Housing Project (Note 12(a))	<u>1,357,449</u>	<u>1,712,052</u>
	4,967,268	5,373,089
Less: Provision for losses and subsidies	<u>(1,097,209)</u>	<u>(1,721,683)</u>
	<u>3,870,059</u>	<u>3,651,406</u>

The movement in the provision is as follows:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Balance, April 1	1,721,683	686,283
Provisions during the year	762,562	1,084,686
Adjustments on closed projects	<u>(1,387,036)</u>	<u>(49,286)</u>
Balance, March 31	<u>1,097,209</u>	<u>1,721,683</u>

(a) Inner City Housing Project

The primary aim of the Inner City Housing Project (ICHP) is to transform "inner city areas into attractive and sustainable neighbourhoods through a combination of new housing and the refurbishment of existing housing stock."

The Trust has committed \$14.712 billion for expenditure on the project in Kingston, St. Catherine, St. Mary and Westmoreland. The estimated project cost includes the following:

- The construction of 5,000 housing solutions including the purchase of land at a cost of \$9.409 billion.
- The provision of supporting social and physical infrastructure for new and existing communities at a cost of \$2.530 billion.
- Provision of professional fees, social housing programme and indirect costs totalling \$2.213 billion.
- The refurbishment and upgrading of existing inner city communities at a cost of \$560 million.

The project is expected to run for the period 2004 to 2011.

The amounts spent on refurbishing works will be borne by the Trust. As at March 31, 2007, \$249.6 million (2006:\$233.8 million) has been spent on refurbishing several schemes and this amount as well as other subsidies to the project are reflected in the Income Statement, as Subsidies – Special Projects (Note 25).

The ICHP is being undertaken as a distinct and separate, though complementary project, under the broader Government of Jamaica Urban Renewal Programme.

The Trust is the financier of the project and has overall responsibility for planning, project management and administration.

The new solutions to be provided under the ICHP will primarily be in the form of two and three bedroom apartments. The units are to be sold by the Trust to qualified borrowers and it is expected that the Trust will provide a substantial subsidy and recoup the balance of the investment through the granting of mortgages.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

13 INTANGIBLE ASSETS

	\$'000
Cost	
Balance, April 1, 2005	51,095
Additions	<u>11,410</u>
Balance, April 1, 2006	62,505
Additions	<u>7,537</u>
Balance, March 31, 2007	<u>70,042</u>
Amortisation	
Balance, April 1, 2005	19,300
Charge for the year	<u>17,805</u>
Balance, April 1, 2006	37,105
Charge for the year	8,803
Impairment losses charged to income (Note 13(a))	<u>15,842</u>
Balance, March 31, 2007	<u>61,750</u>
Carrying amount:	
March 31, 2007	<u>8,292</u>
March 31, 2006	<u>25,400</u>

This consists primarily of software purchased and developed, the costs of which are being amortised over three years.

- a) During the year, amounts being capitalized in respect of a new contribution system were fully written off due to the inability to fulfil the criteria for recognition as an intangible asset.

14 INVESTMENTS IN ASSOCIATES

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Cost of investments:		
Central Waste Water (Note 14(a))	302,094	302,094
Harmonisation Limited	<u>490</u>	<u>490</u>
	<u>302,584</u>	<u>302,584</u>
Advances:		
Harmonisation Limited	916,410	842,407
Jamaica Lifestyle Village (Note 14(b))	<u>452</u>	<u>94</u>
	<u>916,862</u>	<u>842,501</u>
Share of associates' losses:		
Harmonisation Limited	(163,840)	(122,193)
Central Waste Water	<u>(898)</u>	<u>(41)</u>
	<u>(164,738)</u>	<u>(122,234)</u>
	<u>1,054,708</u>	<u>1,022,851</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

14 INVESTMENTS IN ASSOCIATES (Cont'd)

- (a) Total allotment of equity in the above company amounts to US\$4.8 million, all of which has been settled. In respect of this investment, the Trust, along with the other three shareholders of this company, is a party to a guarantee of loans amounting to US\$2.5 million and US\$35.5 million from National Commercial Bank Jamaica Limited and NCB Capital Markets Limited respectively to this company.
- (b) Represents amounts advanced to facilitate incorporation of company. Details of the Trust's shareholdings in this company have not yet been finalised.
- (c) Details of the associates as at March 31, 2007 are as follows:

<u>Name of associates</u>	<u>Place of Incorporation and operation</u>	<u>Proportion of ownership</u>	<u>Proportion of voting power held</u>	<u>Principal Activity</u>
Harmonisation Limited	Jamaica	49.5%	49.5%	Land investment and development
Central Waste Water	Jamaica	38.1%	38.1%	Management of waste water treatment

Summarized financial information in respect of these associates are as follows:

	<u>Harmonisation Limited</u>		<u>Central Waste Water</u>	
	<u>(Unaudited)</u> <u>2007</u> <u>\$'000</u>	<u>(Audited)</u> <u>2006</u> <u>\$'000</u>	<u>(Unaudited)</u> <u>2007</u> <u>US\$'000</u>	<u>(Audited)</u> <u>2006</u> <u>US\$'000</u>
Total assets	1,413,625	1,199,026	33,188	14,415
Total liabilities	1,743,626	1,444,891	20,624	1,817
Net assets (liabilities)	<u>(330,001)</u>	<u>(245,865)</u>	<u>12,564</u>	<u>12,598</u>
Trust's share of associates' net assets (liabilities)	<u>(163,350)</u>	<u>(121,703)</u>	<u>4,787</u>	<u>4,800</u>
	<u>2007</u> <u>\$'000</u>	<u>2006</u> <u>\$'000</u>	<u>2007</u> <u>\$'000</u>	<u>2006</u> <u>\$'000</u>
Revenue	<u>827</u>	<u>275</u>	<u>66</u>	<u>49</u>
Loss for the period	<u>(84,136)</u>	<u>(86,056)</u>	<u>(34)</u>	<u>(2)</u>
Trust's share of associates' losses for the period	<u>(41,647)</u>	<u>(42,598)</u>	<u>(13)</u>	<u>(1)</u>

15 RETIREMENT BENEFIT ASSET

The Trust operates a defined benefit pension plan for qualifying employees. The plan is funded by contributions from the employees and the Trust. The employees contribute at a rate of 5% of annual pensionable salaries (with the option of increasing this amount by an additional 5%) with the Trust contributing the balance of the cost at rates determined periodically by independent actuaries. Pension benefits are determined on a prescribed basis and are payable at a rate of 1.67% of the employee's average earnings over the three years prior to retirement from the fund times the number of years of pensionable service. Normal retirement is at 65 years. No other post employment benefits are provided.

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

15 RETIREMENT BENEFIT ASSET (Cont'd)

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligations were carried out at March 31, 2007 by Duggan Consulting Limited, Fellows of the Institute of Actuaries.

The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

(a) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<u>2007</u>	<u>2006</u>
Gross discount rate	12.0%	12.5%
Expected return on assets	11.0%	11.0%
Expected rate of salary increases	10.0%	10.0%
Future pension increases	4.0%	4.0%

(b) The amounts included in the balance sheet arising from the Trust's obligation in respect of its defined benefit plan are as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Present value of obligation	(861,600)	(605,800)
Fair value of plan assets	<u>1,304,100</u>	<u>1,054,700</u>
	442,500	448,900
Unrecognised actuarial gains	<u>(63,200)</u>	<u>(178,600)</u>
Net asset in balance sheet	<u>379,300</u>	<u>270,300</u>

(c) Amounts recognized in income in respect of the defined benefit plan are as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Current service cost	17,900	26,200
Interest cost	74,300	63,200
Expected return on assets	(121,800)	(103,100)
Net actuarial gain recognized in income	<u>(3,900)</u>	<u>(5,100)</u>
Total included in staff costs	<u>(33,500)</u>	<u>(18,800)</u>
Actual return on plan assets	<u>143,400</u>	<u>84,600</u>

(d) Movements in the net assets in the current period were as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Balance, April 1	270,300	201,900
Amounts credited to income	33,500	18,800
Contributions by the Trust	<u>75,500</u>	<u>49,600</u>
Balance, March 31	<u>379,300</u>	<u>270,300</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

15 RETIREMENT BENEFIT ASSET (Cont'd)

(e) Changes in the present value of the defined benefit obligation in the current period were as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Opening defined benefit obligation	605,800	515,800
Service cost	17,900	26,200
Interest cost	74,300	63,200
Members' contributions	53,200	35,800
Benefits paid	(22,700)	(19,900)
Actuarial loss (gain)	<u>133,100</u>	<u>(15,300)</u>
Closing defined benefit obligation	<u>861,600</u>	<u>605,800</u>

(f) Changes in the fair value of plan assets are as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Opening fair value of plan assets	1,054,700	904,600
Contribution	128,700	85,400
Expected return on plan assets	121,800	103,100
Benefits and expenses paid	(22,700)	(19,900)
Actuarial gain (loss)	<u>21,600</u>	<u>(18,500)</u>
Closing fair value of plan assets	<u>1,304,100</u>	<u>1,054,700</u>

(g) The fair value of plan assets at balance sheet date is analysed as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
LOJ Pooled Funds	570,100	507,600
Assets held in segregated fund	734,000	539,700
Contribution – March	<u>-</u>	<u>7,400</u>
Closing fair value of plan assets	<u>1,304,100</u>	<u>1,054,700</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

15 RETIREMENT BENEFIT ASSET (Cont'd)

(g) (Cont'd)

The percentage distribution of the major categories of plan assets, and the expected rate of return at the balance sheet date for each category is as follows:

	Fair value of plan asset	
	<u>2007</u>	<u>2006</u>
	%	%
Equity instruments	2.1	5.9
Money market investments and debt securities	48.7	94.1
LOJ pooled fund	43.7	-
Other	<u>5.5</u>	<u>-</u>
	<u>100.0</u>	<u>100.0</u>

The overall expected rate of return is 11% (2006: 11%) and represents the weighted average of the expected returns of the various categories of plan assets held. The Board of Directors' and management's assessment of the expected return is based on historical return trends and analysts' prediction of the market for the asset in the next twelve months.

The plan assets do not include any of the Trust's own financial instruments, nor any property occupied by or other assets used by the Trust.

(h) The history of experience adjustments is as follows:

	Defined Benefit Pension Plan		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	(861,600)	(605,800)	(515,800)
Fair value of plan assets	<u>1,304,100</u>	<u>1,054,700</u>	<u>904,600</u>
Fund Surplus	442,500	448,900	388,800
Experience adjustments on plan liabilities	133,100	(15,300)	(18,700)
Experience adjustments on plan assets	21,600	(18,500)	93,100

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004 the disclosures above are determined prospectively from the 2004 reporting period.

(i) The Trust expects to make a contribution of \$83.5 million (2006: \$75.9 million) to the defined benefit plan during the next financial year.

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land \$'000	Freehold Buildings \$'000	Partitions \$'000	Artworks \$'000	Furniture, Fixtures and Office Equipment \$'000	Computer Equipment \$'000	Heavy Equipment \$'000	Motor Vehicles \$'000	Construction in progress \$'000	Total \$'000
At cost										
April 1, 2005	148,969	581,987	9,040	13,471	247,463	385,337	84,032	30,485	200,308	1,701,092
Additions	-	-	77,534	-	59,132	26,112	-	21,933	193,440	378,151
Transfers	(40,610)	56,667	9,288	-	-	-	-	-	(25,345)	-
Adjustment (Note 16(a))	-	-	-	-	(88,287)	(166,251)	-	-	-	(254,538)
Disposals	-	(9,500)	-	-	(1,044)	(154)	-	(7,583)	-	(18,281)
April 1, 2006	108,359	629,154	95,862	13,471	217,264	245,044	84,032	44,835	368,403	1,806,424
Additions	8,812	63,288	198	560	24,022	76,952	-	8,691	204,039	386,562
Transfers	-	345,845	-	-	(12,916)	12,086	-	-	(345,015)	-
Adjustment	-	-	969	-	1,284	154	-	-	(1,316)	1,091
Disposals	-	-	-	-	-	-	-	(990)	-	(990)
March 31, 2007	117,171	1,038,287	97,029	14,031	229,654	334,236	84,032	52,536	226,111	2,193,087
Depreciation										
April 1, 2005	-	88,930	5,402	-	116,764	320,747	68,001	16,719	-	616,563
Charge for year	-	17,819	522	-	35,235	27,187	3,990	8,307	-	93,060
Adjustment (Note 16(a))	-	-	-	-	(94,069)	(165,256)	-	-	-	(259,325)
On disposals	-	(2,177)	-	-	(684)	(137)	-	(6,498)	-	(9,496)
April 1, 2006	-	104,572	5,924	-	57,246	182,541	71,991	18,528	-	440,802
Charge for year	-	21,117	5,481	-	32,142	46,806	-	11,794	-	117,340
Adjustment	-	(18,568)	7,944	-	(1,692)	1,526	12,041	(1,519)	-	(268)
On disposals	-	-	-	-	-	-	-	(990)	-	(990)
March 31, 2007	-	107,121	19,349	-	87,696	230,873	84,032	27,813	-	556,884
Net book value										
March 31, 2007	117,171	931,166	77,690	14,031	141,958	103,363	-	24,723	226,111	1,636,203
March 31, 2006	108,359	524,582	89,938	13,471	160,018	62,503	12,041	26,307	368,403	1,365,622

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

16 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The following rates are used for the depreciation of property, plant and equipment:

Freehold buildings	-	40 years
Partitions	-	10 years
Furniture and fixtures	-	8 years
Office equipment	-	5 years
Computer equipment	-	3 years
Heavy equipment	-	5 years
Motor vehicles	-	4 years

Certain freehold land and buildings were revalued in 1993 and 1994 and the revaluation surplus of \$208.208 million was credited to fair value and other reserves. The revalued amounts of \$59.3 million for land and \$180.308 million for buildings have been designated the deemed cost of these assets, as permitted under IFRS 1.

Included in the cost of property, plant and equipment are the following in respect of Emancipation Park:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Buildings/Related infrastructure	202,536	202,536
Furniture, fixtures and office equipment	7,559	7,559
Artwork	<u>13,931</u>	<u>13,471</u>
	<u>224,026</u>	<u>223,566</u>

The Emancipation Park is a public park managed and maintained by the Trust. The Trust intends to transfer the maintenance and management of the park to the Emancipation Park Trust.

- (a) During 2005/2006 the Trust embarked upon a comprehensive physical verification of assets exercise resulting in a net write-back of accumulated depreciation of approximately \$4.8 million, after adjustments for obsolete assets of approximately \$255 million.

17 DEFERRED TAX LIABILITIES (ASSET)

This comprises:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Deferred tax liabilities	519,036	595,804
Deferred tax asset	<u>(380,505)</u>	<u>(721,353)</u>
	<u>138,531</u>	<u>(125,549)</u>

Notes to the Financial Statements

**NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

17 DEFERRED TAX LIABILITIES (ASSET) (Cont'd)

The following are the deferred tax liabilities (asset) recognized by the Trust and movements thereon:

	Liabilities							Total \$'000
	Asset \$'000	Accelerated Capital Allowances \$'000	Revaluation of Property, Plant and Equipment \$'000	Retirement Benefit Asset \$'000	Unrealized Foreign Exchange Gains \$'000	Interest Receivable \$'000	Other Assets \$'000	
Balance, March 31, 2005	-	10,035	40,436	67,300	13,823	619,291	4,860	755,745
Charged (credited) to income for the year (Note 27)	(721,353)	16,317	-	22,800	20,379	(220,296)	1,870	(880,283)
Credited to accumulated fund during the year 2005/06 (Note 21)	-	-	(1,011)	-	-	-	-	(1,011)
Balance, March 31, 2006	(721,353)	26,352	39,425	90,100	34,202	398,995	6,730	(125,549)
Charged (credited) to income for the year (Note 27)	340,848	4,700	-	36,333	(21,636)	(93,540)	(1,614)	265,091
Credited to accumulated fund during the year 2005/06 (Note 21)	-	-	(1,011)	-	-	-	-	(1,011)
Balance, March 31, 2007	<u>(380,505)</u>	<u>31,052</u>	<u>38,414</u>	<u>126,433</u>	<u>12,566</u>	<u>305,455</u>	<u>5,116</u>	<u>519,036</u>
								<u>138,531</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

18 ACCOUNTS PAYABLE AND ACCRUALS

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Land purchase	63,282	63,282
Accounts payable and accruals	990,914	845,784
Scheme deposits	331,515	65,363
Statutory and other payroll deductions	45,995	30,491
Other payables	<u>271,778</u>	<u>245,545</u>
	<u>1,703,484</u>	<u>1,250,465</u>

These comprise amounts outstanding for purchases and other on-going operational costs.

19 PROVISIONS

	<u>Employee benefits</u>	
	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Balance, April 1	22,175	26,783
Utilised	(45,565)	(56,758)
Charged to income for year	<u>64,191</u>	<u>52,150</u>
Balance, March 31	<u>40,801</u>	<u>22,175</u>

The provision for employee benefits represents annual leave entitlement accrued.

20 REFUNDABLE CONTRIBUTIONS

(a)	<u>2007</u>			<u>2006</u>
	<u>Currently Due</u>	<u>Not Yet Due</u>	<u>Total</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Contributions refundable	7,359,804	20,874,792	28,234,596	25,047,448
Bonus accrued (Note 20(b))	<u>1,272,027</u>	<u>3,210,253</u>	<u>4,482,280</u>	<u>3,402,440</u>
	<u>8,631,831</u>	<u>24,085,045</u>	<u>32,716,876</u>	<u>28,449,888</u>
Represented by:				
8% Savings Accounts				
Principal (overdrawn)	(3,722,331)	-	(3,722,331)	(2,167,661)
Interest	<u>41,964</u>	-	<u>41,964</u>	<u>41,178</u>
	<u>(3,680,367)</u>	-	<u>(3,680,367)</u>	<u>(2,126,483)</u>
3% Time Accounts				
Principal	-	637,950	637,950	745,511
Interest	-	<u>68,943</u>	<u>68,943</u>	<u>69,445</u>
	-	<u>706,893</u>	<u>706,893</u>	<u>814,956</u>
Total for which personal accounts are established	(3,680,367)	706,893	(2,973,474)	(1,311,527)
Balances for which no personal accounts are established	<u>12,312,198</u>	<u>23,378,152</u>	<u>35,690,350</u>	<u>29,761,415</u>
Total refundable employee contribution	<u>8,631,831</u>	<u>24,085,045</u>	<u>32,716,876</u>	<u>28,449,888</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

20 REFUNDABLE CONTRIBUTIONS (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). Contributions not currently refundable and bonuses thereon calculated at 3% per annum for the first seven years are reflected in the time accounts. Contributions currently due and bonuses thereon calculated at 8% per annum are reflected in savings accounts.
- (c) The primary reasons for the backlog in establishing personal accounts are
- i) the non-submission of annual returns by employers.
 - ii) 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 by interface with the computerized contributions system.

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.

21 FAIR VALUE AND OTHER RESERVES

	Unallocated Contributions <u>Reserves</u> \$'000	Properties Revaluation <u>Reserves</u> \$'000	Investment Revaluation <u>Reserves</u> \$'000	<u>Total</u> \$'000
Balance, March 31, 2005	723,524	167,772	42,965	934,261
Net increase in fair value of available-for-sale investments (Note 11(e))	-	-	583,431	583,431
Loss on impairment of available-for-sale equity investments charged to income	-	-	81,727	81,727
Deferred tax arising on revaluation of property, plant and equipment (Note 17)	<u>-</u>	<u>1,011</u>	<u>-</u>	<u>1,011</u>
Balance, March 31, 2006	723,524	168,783	708,123	1,600,430
Net increase in fair value of available-for-sale investments (Note 11(e))	-	-	261,805	261,805
Loss on impairment of available-for-sale equity investments charged to income	-	-	40,770	40,770
Deferred tax arising on revaluation of property, plant and equipment (Note 17)	<u>-</u>	<u>1,011</u>	<u>-</u>	<u>1,011</u>
Balance, March 31, 2007	<u>723,524</u>	<u>169,794</u>	<u>1,010,698</u>	<u>1,904,016</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

22 PERIL RESERVE

During the year, the Trust increased its policy deductible to US\$30 million (2006:US\$20 million), i.e., peril insurance claims up to this amount will be for the account of the Trust (claims over this amount will be for the account of the insurer) (Notes 28 (b) and 29(b)).

This reserve is funded by the following:

	<u>2007</u> US\$'000	<u>2006</u> US\$'000
Securities purchased under resale agreement (Note 10(b))	14,697	6,135
Available-for-sale securities (Note 11(a))	<u>18,054</u>	<u>14,505</u>
	<u>32,751</u>	<u>20,640</u>

23 LOAN LOSS RESERVE

This reserve represents the excess of the provision for loan losses, determined using management's prudential estimate of 3% of the total mortgage loans receivable, over the amounts determined under IFRS (Note 8).

24 MISCELLANEOUS INCOME

This comprises:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Foreign exchange gains (net)	56,105	56,234
Penalty income	56,076	64,367
Debt management fees	26,663	25,846
Peril and life insurance administrative fees	44,293	100,124
Other	<u>77,769</u>	<u>60,366</u>
	<u>260,906</u>	<u>306,937</u>

25 SPECIAL SUBSIDIES AND GRANTS

The analysis of special subsidies and grants provided is as follows:

	<u>2007</u> \$'000	<u>2006</u> \$'000
Special projects		
Social Housing Programme	150,000	150,000
Relocation 2000	-	30,808
Inner City Housing Project	653,805	755,556
Sugar Housing Programme	31,776	-
Township Development	7,000	-
Emancipation Park (net of recoveries of \$3.097 million (2006: \$4.96 million))	45,335	43,042
Grants		
Contribution to Office of National Reconstruction (Note 25(a))	-	65,000
Education Transformation Fund (Note 25(b))	<u>-</u>	<u>5,000,000</u>
	<u>887,916</u>	<u>6,044,406</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

25 SPECIAL SUBSIDIES AND GRANTS (Cont'd)

- (a) The total contribution of \$465 million in respect of the Office of National Reconstruction was fully advanced during 2005/2006. These contributions were made in relation to restoration works after the passage of Hurricane Ivan in September 2004.
- (b) Consequent on the amendment of The NHT Act in July 2005, requiring the Trust to make a 'one off' contribution to the Government of Jamaica's Education Transformation Fund, the Trust advanced the above amounts during 2005/2006 (Note 11).

26 RESTRUCTURING COSTS

This balance comprises redundancy costs resulting from the restructuring of the organisation.

27 TAXATION

Income tax is calculated at 33 $\frac{1}{3}$ % of the estimated assessable surplus.

The total charge (credit) for the year comprises:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Deferred tax adjustment (Note 17)	<u>265,091</u>	<u>(880,283)</u>

The charge for the year can be reconciled to the surplus before taxation in the income and expenditure account as follows:

	<u>2007</u>	<u>2006</u>
	\$'000	\$'000
Surplus (deficit) before taxation	<u>793,230</u>	<u>(2,740,020)</u>
Tax at current tax rate of 33 $\frac{1}{3}$ %	264,410	(913,340)
Tax effect of amounts not deductible in determining taxable surpluses	374,177	67,128
Tax effect of amounts deductible for tax purpose only	(32,648)	(34,071)
Tax effect of tax losses utilized	<u>(340,848)</u>	<u>-</u>
Taxation expense (write back)	<u>265,091</u>	<u>(880,283)</u>

Subject to the agreement of the Commissioner, Taxpayer Audit and Assessment, tax losses amounting to approximately \$1.18 billion are available for set off against future taxable profits. A deferred tax asset has been recognized in respect of these losses.

In addition to the amount charged to the Income Statement, deferred tax relating to the revaluation of the Trust's property, plant and equipment amounting to approximately \$1,011,000 has been credited directly to accumulated fund (See Note 21).

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

28 NET SURPLUS (DEFICIT)

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

	<u>2007</u> \$'000	<u>2006</u> \$'000
Directors' emoluments:		
Non Executive Directors – fees	1,792	1,917
Management		
Basic	7,729	6,348
Incentive payments and gratuity in lieu of pension	4,509	3,490
Audit fees	9,735	8,575
Depreciation	117,340	93,060
Amortisation of intangible assets	8,803	17,805
Impairment of intangible assets	15,842	-
Loss on impairment of available-for-sale equity investments	40,770	81,727

(b) Operating expenses includes an amount of \$14.607 million (2006: \$51.494 million) relating to peril claims (Note 22).

29 COMMITMENTS AND CONTINGENCIES

(a) Commitments

	<u>2007</u> \$'000	<u>2006</u> \$'000
Commitments contracted for -		
Financing house construction and acquisition of houses for allocation to beneficiaries	3,144,010	6,452,344
Purchase of land	63,000	63,000
Inner City Housing Project	222,450	2,740,000
Loans and/or mortgage financing	1,320,979	2,730,910
Car park	-	132,559
	<u>4,750,439</u>	<u>12,118,813</u>
Authorised and approved but not contracted for -		
Purchase of land	800,000	600,000
Inner City Housing Project	7,742,450	10,260,000
Newtown development project	-	5,000
Community projects	29,889	27,280
Computer software development	263,000	267,784
Office refurbishing	156,000	134,000
Projects' subsidy	<u>1,274,244</u>	<u>2,174,035</u>
	<u>10,265,583</u>	<u>13,468,099</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

29 COMMITMENTS AND CONTINGENCIES (Cont'd)

(b) Contingencies

Peril claims

The Trust has increased the level of its policy deductible on its peril insurance cover to US\$30 million (J\$2.01 billion) (2006: US\$20 million (J\$1.24 billion)). Should a catastrophic event occur such as a hurricane or an earthquake, the Trust will be liable to meet the cost of damages up to the aggregate amounts of the deductible with the balance borne by the insurer (Note 22).

At year end claims made by beneficiaries not yet processed by the Trust amounted to approximately \$0.68 million (2006:\$8.07 million).

Litigation

The Trust is involved in litigation in the normal course of operations. Management believes that liabilities, if any, arising from such litigation will not have a material adverse effect on the financial position of the Trust.

Union Negotiations

The Trust is currently in negotiations with certain unions representing its employees in respect of further adjustments, if any, to amounts already provided in these financial statements related to retroactive salaries, the outcome of which is uncertain at this time. Any agreement reached will be subject to the approval of the Ministry of Finance. Consequently no additional provisions have been made in these financial statements in this regard.

30 RELATED PARTY TRANSACTIONS

Operating transactions

During the year, the Trust entered into the following transactions with government agencies and key management personnel, including members of the board of directors.

	Loans granted (including interest)		Balance owed	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
State controlled entities	<u>372,144</u>	<u>-</u>	<u>261,845</u>	<u>57,755</u>
Key management personnel	<u>12,921</u>	<u>16,375</u>	<u>50,560</u>	<u>43,946</u>
Board of Directors and Committee members	<u>2,851</u>	<u>-</u>	<u>2,828</u>	<u>987</u>

State-controlled entities

During the year the Trust paid fees for services rendered on the Inner City Housing Project (ICHP) totalling \$7.091 million (2006: \$31.260 million) to National Housing Development Corporation (NHDC) as well as provided interim loan financing of approximately \$233.357 million to the Urban Development Corporation (UDC) (Note 8(k)). Loans made to beneficiaries selected by NHDC are disclosed at Note 8(b).

The Trust also paid rental and maintenance fees of \$13.116 million (2006: \$8.562 million) for the office space occupied to, as well as reimbursed \$4.173 million (2006: \$9.180 million) for expenses incurred on the Trust's behalf by, Development Bank of Jamaica.

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

30 RELATED PARTY TRANSACTIONS (Cont'd)

Compensation of key management personnel

The remuneration of directors, committee members and other key members of management during the year was as follows:

Key management personnel

	<u>2007</u> \$'000	<u>2006</u> \$'000
Short-term benefits	58,646	52,142
Post employment benefits (*)	<u>2,793</u>	<u>2,721</u>
	<u>61,439</u>	<u>54,863</u>

The remuneration of the above is determined by the Board of Directors under the guidelines set by the Ministry of Finance, having regards to the performance of individuals and market trends.

(*) This represents the Trust's contribution to the defined benefit plan.

Board of Directors and Committee members

	<u>2007</u> \$'000	<u>2006</u> \$'000
Short-term benefits (directors fees)	<u>1,792</u>	<u>1,917</u>

31 RISK MANAGEMENT

(a) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Trust will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and other funding facilities.

The Trust is exposed to daily calls on its available cash resources primarily in respect of loan and project disbursements. The Trust, based on experience, holds a sufficient amount of cash and cash equivalents to cover unexpected levels of demand. Liquidity and funding management policies are established by the Trust and limits are set to control the risk, which is monitored on a monthly basis.

Notes to the Financial Statements

**NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

31 RISK MANAGEMENT (Cont'd)

(a) Liquidity risk (Cont'd)

The following table analyses assets and liabilities of the Trust into relevant maturity groupings based on the remaining period, at balance sheet date, to the contractual maturity date.

As at March 31, 2007:

Assets	Within 3 Months \$'000	Within 3 - 12 Months \$'000	1 to 2 Years \$'000	2 to 3 Years \$'000	3 to 4 Years \$'000	4 to 5 Years \$'000	Over 5 Years \$'000	No Specific Maturity \$'000	Total \$'000
Cash and cash equivalents	4,238,088	-	-	-	-	-	-	-	4,238,088
Other receivables	-	133,329	-	-	-	175,772	-	-	309,101
Income tax recoverable	-	1,548,605	-	-	-	-	-	-	1,548,605
Loans receivable	15,243	9,986	35,439	76,702	176,923	275,201	58,139,236	-	58,728,730
Securities purchased under resale agreements	3,188,787	1,559,389	-	-	-	-	-	-	4,748,176
Investment securities	710,578	1,439,821	4,109,925	1,898,656	48,331	134,103	3,791,926	349,659	12,482,999
Inventories	-	-	-	-	-	-	-	3,870,059	3,870,059
Other	-	-	-	-	-	-	-	3,078,503	3,078,503
Total assets	8,152,696	4,691,130	4,145,364	1,975,358	225,254	585,076	61,931,162	7,298,221	89,004,261
Liabilities and Accumulated Fund									
Accounts payable and accruals	-	1,703,484	-	-	-	-	-	-	1,703,484
Provisions	-	40,801	-	-	-	-	-	-	40,801
Refundable contributions	8,631,831	1,927,736	2,891,604	2,891,604	2,650,637	3,614,505	10,108,959	-	32,716,876
Deferred tax liabilities	-	-	-	-	-	-	-	138,531	138,531
Accumulated fund	-	-	-	-	-	-	-	54,404,569	54,404,569
Total liabilities and accumulated fund	8,631,831	3,672,021	2,891,604	2,891,604	2,650,637	3,614,505	10,108,959	54,543,100	89,004,261
Net Liquidity Gap	(479,135)	1,019,109	1,253,760	(916,246)	(2,425,383)	(3,029,429)	51,822,203	(47,244,879)	-
Cumulative Liquidity Gap	(479,135)	539,974	1,793,734	877,488	(1,547,895)	(4,577,324)	47,244,879	-	-

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

31 RISK MANAGEMENT (Cont'd)

(a) Liquidity risk (Cont'd)

As at March 31, 2006:

Assets	Within 3 Months \$'000	Within 3 - 12 Months \$'000	1 to 2 Years \$'000	2 to 3 Years \$'000	3 to 4 Years \$'000	4 to 5 Years \$'000	Over 5 Years \$'000	No Specific Maturity \$'000	Total \$'000
Cash and cash equivalents	4,921,344	-	-	-	-	-	-	-	4,921,344
Other receivables	-	177,016	-	-	-	133,601	-	-	310,617
Income tax recoverable	-	906,296	-	-	-	-	-	-	906,296
Loans receivable	1,066	7,594	20,051	427,703	86,471	188,006	48,925,479	-	49,656,370
Securities purchased under resale agreements	6,365,352	350,284	-	-	-	-	-	-	6,715,636
Investment securities	206,705	1,262,252	1,420,834	2,980,805	1,706,401	45,714	1,779,596	230,208	9,632,515
Inventories	-	-	-	-	-	-	-	3,651,406	3,651,406
Deferred tax asset	-	-	-	-	-	-	-	125,549	125,549
Other	-	-	-	-	-	-	-	2,684,173	2,684,173
Total assets	11,494,467	2,703,442	1,440,885	3,408,508	1,792,872	367,321	50,705,075	6,691,336	78,603,906
Liabilities and Accumulated Fund									
Accounts payable and accruals	-	1,250,465	-	-	-	-	-	-	1,250,465
Provisions	-	22,175	-	-	-	-	-	-	22,175
Refundable contributions	4,875,059	1,780,202	2,919,346	2,738,890	2,542,694	3,552,011	10,041,686	-	28,449,888
Accumulated fund	-	-	-	-	-	-	-	48,881,378	48,881,378
Total liabilities and accumulated fund	4,875,059	3,052,842	2,919,346	2,738,890	2,542,694	3,552,011	10,041,686	48,881,378	78,603,906
Net Liquidity Gap	<u>6,619,408</u>	<u>(349,400)</u>	<u>(478,461)</u>	<u>669,618</u>	<u>(749,822)</u>	<u>(3,184,690)</u>	<u>40,663,389</u>	<u>(42,190,042)</u>	<u>-</u>
Cumulative Liquidity Gap	<u>6,619,408</u>	<u>6,270,008</u>	<u>4,791,547</u>	<u>5,461,165</u>	<u>4,711,343</u>	<u>1,526,653</u>	<u>42,190,042</u>	<u>-</u>	<u>-</u>

(b) Interest rate risk

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flows risks. Interest margins may increase or decrease as a result of such changes and create losses in the event that unexpected movements arise. The Trust is exposed to interest rate risk either through market value fluctuations of balance sheet items or change in the interest expenses or revenues.

NATIONAL HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED MARCH 31, 2007

31 RISK MANAGEMENT (Cont'd)

(b) Interest rate risk (Cont'd)

The Trust's exposure to significant interest rate risks is limited for the reason 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 investments in securities, loans to beneficiaries and inventory housing projects. Such investments are at significantly higher rates of return. The table below summarises the interest rate gap based on the earlier of the contractual repricing or maturity dates.

Included in the table are the Trust's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates:

As at March 31, 2007:

Assets	Within 3	1 to 2	2 to 3	3 to 4	4 to 5	Over	Non- rate Sensitive \$'000	Total \$'000
	Months \$'000	Months \$'000	Years \$'000	Years \$'000	Years \$'000	5 Years \$'000		
Cash and cash equivalents	4,025,482	-	-	-	-	-	212,606	4,238,088
Other receivables	-	-	-	-	-	-	309,101	309,101
Income tax recoverable	-	-	-	-	-	-	1,548,605	1,548,605
Loans receivable	15,243	35,439	76,702	176,923	275,201	58,139,236	-	58,728,730
Securities purchased under resale agreements	3,188,787	-	-	-	-	-	-	4,748,176
Investment securities	3,001,922	2,036,953	1,794,032	48,331	134,103	1,397,597	249,984	12,482,999
Inventories	-	-	-	-	-	-	3,870,059	3,870,059
Other	-	-	-	-	-	-	3,078,503	3,078,503
Total assets	10,231,434	2,072,392	1,870,734	225,254	409,304	59,536,833	9,268,858	99,004,261
Liabilities and accumulated fund								
Accounts payable and accruals	-	-	-	-	-	-	1,703,484	1,703,484
Provisions	-	-	-	-	-	-	40,801	40,801
Refundable contributions	8,631,831	2,891,604	2,891,604	2,650,637	3,614,505	10,108,959	-	32,716,876
Deferred tax liabilities	-	-	-	-	-	-	138,531	138,531
Accumulated fund	-	-	-	-	-	-	54,404,569	54,404,569
Total liabilities and accumulated fund	8,631,831	2,891,604	2,891,604	2,650,637	3,614,505	10,108,959	56,287,385	89,004,261
Net interest rate sensitivity gap	<u>1,599,603</u>	<u>(819,212)</u>	<u>(1,020,870)</u>	<u>(2,425,383)</u>	<u>(3,205,201)</u>	<u>49,427,874</u>	<u>(47,018,527)</u>	<u>-</u>
Cumulative Gap	<u>1,599,603</u>	<u>4,242,107</u>	<u>3,221,237</u>	<u>795,854</u>	<u>(2,409,347)</u>	<u>47,018,527</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

**NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

31 RISK MANAGEMENT (Cont'd)

(b) Interest rate risk (Cont'd)

As at March 31, 2006:

	Within 3 Months \$'000	Within 3 - 12 Months \$'000	1 to 2 Years \$'000	2 to 3 Years \$'000	3 to 4 Years \$'000	4 to 5 Years \$'000	Over 5 Years \$'000	Non-rate Sensitive \$'000	Total \$'000
Assets									
Cash and cash equivalents	4,614,375	-	-	-	-	-	-	306,969	4,921,344
Other receivables	-	-	-	-	-	-	-	310,617	310,617
Income tax recoverable	-	-	-	-	-	-	-	906,296	906,296
Loans receivable	1,066	7,594	20,051	427,703	86,471	188,006	48,925,479	-	49,656,370
Securities purchased under resale agreements	6,365,352	350,284	-	-	-	-	-	-	6,715,636
Investment securities	206,705	5,039,039	1,062,637	746,097	568,233	-	1,866,631	143,273	9,632,515
Inventories	-	-	-	-	-	-	-	3,651,406	3,651,406
Deferred tax asset	-	-	-	-	-	-	-	125,549	125,549
Other	-	-	-	-	-	-	-	2,684,173	2,684,173
Total assets	11,187,498	5,396,917	1,082,688	1,173,800	654,704	188,006	50,792,010	8,128,283	78,603,906
Liabilities and accumulated fund									
Accounts payable and accruals	-	-	-	-	-	-	-	1,250,465	1,250,465
Provisions	-	-	-	-	-	-	-	22,175	22,175
Refundable contributions	4,875,059	1,780,202	2,919,346	2,738,890	2,542,694	3,552,011	10,041,686	-	28,449,888
Accumulated fund	-	-	-	-	-	-	-	48,881,378	48,881,378
Total liabilities and accumulated fund	4,875,059	1,780,202	2,919,346	2,738,890	2,542,694	3,552,011	10,041,686	50,154,018	78,603,906
Net Interest Rate Sensitivity Gap	<u>6,312,439</u>	<u>3,616,715</u>	<u>(1,836,658)</u>	<u>(1,565,090)</u>	<u>(1,887,990)</u>	<u>(3,364,005)</u>	<u>40,750,324</u>	<u>(42,025,735)</u>	<u>-</u>
Cumulative Gap	<u>6,312,439</u>	<u>9,929,154</u>	<u>8,092,496</u>	<u>6,527,406</u>	<u>4,639,416</u>	<u>1,275,411</u>	<u>42,025,735</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

31 RISK MANAGEMENT (Cont'd)

(b) Interest rate risk (Cont'd)

The following table summarizes the effective interest rate for financial instruments of the Trust:

	2007							Average %
	Within 3 Months %	Within 3 - 12 months %	1 to 2 Years %	2 to 3 Years %	3 to 4 Years %	4 to 5 Years %	Over 5 years %	
Assets								
Cash and cash equivalents	11.73	-	-	-	-	-	-	11.73
Loans receivable	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Securities purchased under resale agreements	12.09	9.08	-	-	-	-	-	11.10
Investment securities	13.34	9.32	13.2	13.73	8.13	13.25	11.16	11.60
Liabilities and accumulated fund								
Refundable contributions	8.0	8.0	3.0	3.0	3.0	3.0	3.0	3.4

	2006							Average %
	Within 3 Months %	Within 3 - 12 months %	1 to 2 Years %	2 to 3 Years %	3 to 4 Years %	4 to 5 Years %	Over 5 years %	
Assets								
Cash and cash equivalents	12.69	-	-	-	-	-	-	12.69
Loans receivable	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Securities purchased under resale agreements	12.28	10.60	-	-	-	-	-	12.19
Investment securities	9.77	13.25	14.67	13.98	15.78	-	5.21	12.08
Liabilities and accumulated fund								
Refundable contributions	8.0	8.0	3.0	3.0	3.0	3.0	3.0	3.4

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

31 RISK MANAGEMENT (Cont'd)

(c) Credit risk

Credit risk is the risk that a party to a financial instrument will default on its contractual obligations resulting in financial loss to the Trust. The risk is managed primarily by reviews of the financial status of each obligator and making provisions where there is evidence of impairment.

The Trust seeks to minimise its risk in the following ways:

- Investment securities are placed with reputable financial institutions and are usually collateralised. Additionally, management limits the amount of investment with any one institution.
- Monitoring the terms of investments and ensuring that the terms of agreements are complied with.
- Financial appraisals of new and existing institutions transacting with the Trust in the area of investments, construction and mortgage loan financiers.

The Trust also has a significant credit risk exposure in respect of loans to beneficiaries and loan financing for housing construction 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 is secured on houses and letters of undertaking from the Ministry of Finance. The Trust's experience of credit loss has been low. (See Notes 8 and 9).

See also Note 14(a) in respect of guarantees issued in respect of an associated company.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. 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 at the end of the year were as follows:

<u>2007</u>	<u>2006</u>
US\$'000	US\$'000
<u>30,273</u>	<u>20,787</u>

(e) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Trust's market risk is limited to its equity securities, its currency risk at (d) above and variable rate Government of Jamaica instruments valued at approximately \$3.580 billion (2006:\$2.143 billion) at year end. The Trust manages its risk through a thorough research of the financial institutions being invested in. The price movement of these available-for-sale securities is monitored on a monthly basis.

32 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument.

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

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

32 FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

These conditions would 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 fair values presented in these financial statements have, therefore, been presented using various estimation techniques based on market conditions existing at balance sheet date as well as the special circumstances of the Trust.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

- (i) The carrying amounts of cash and cash equivalents, receivables, accounts payable and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.
- (ii) The fair values of available-for-sale investment securities are measured by reference to quoted market prices.
- (iii) The carrying values of loans receivable (after deductions for the provision for impairment), bonus to employees not yet due and refundable contributions not yet due are assumed to approximate their fair values based on the particular circumstances of the Trust.

33 OPERATING LEASE ARRANGEMENTS

The Trust as a lessee

Operating leases relate to administrative facilities with lease term of between six to twelve months. The Trust does not have an option to purchase the leased asset at the expiry of the lease period.

At the balance sheet date, the Trust contracted with its lessor for the following future minimum lease payments:

	<u>2007</u> US\$'000	<u>2006</u> US\$'000
Within one year	<u>2,575</u>	<u>13,031</u>

The Trust as a lessor

The Trust rents a portion of its properties under operating leasing with lease terms of between two to five years, with an option to extend for a further two years. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the Trust from these properties amounts to \$12.45 million (2006: \$5.86 million). Direct operating expenses arising on these properties in the period amounted to \$10.8 million (2006: \$8.36 million).

At the balance sheet date, the Trust contracted with its tenants for the following future minimum lease payments:

	<u>2007</u> US\$'000	<u>2006</u> US\$'000
Within one year	12,128	10,416
Within two to five years	<u>9,755</u>	<u>21,883</u>
	<u>21,883</u>	<u>32,299</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

34 OTHER DISCLOSURES – EMPLOYEES' COSTS

	<u>2007</u> \$'000	<u>2006</u> \$'000
Staff costs incurred during the year:		
Salaries and wages including statutory contributions	1,218,008	1,076,358
Retroactive salaries and wages on cessation of original Memorandum of Understanding	548,270	-
Other staff costs	<u>274,693</u>	<u>194,555</u>
	<u>2,040,971</u>	<u>1,270,913</u>

35 FINANCIAL EFFECTS OF RESTATEMENTS AND RECLASSIFICATIONS

Below are the reconciliations of accumulated fund as at April 1, 2005 and March 31, 2006 and of the Income Statement for the year ended March 31, 2006.

a) Reconciliation of accumulated fund as at April 1, 2005

	<u>Notes</u>	Previously <u>Reported</u> \$	Effects of <u>Adjustments</u> \$	<u>Restated</u> \$
ASSETS				
Cash and cash equivalents		5,332,826	-	5,332,826
Interest and other receivables		2,170,448	-	2,170,448
Income tax recoverable		49,933	-	49,933
Loans receivable		44,126,523	-	44,126,523
Investment securities		17,356,219	-	17,356,219
Inventories		1,834,251	-	1,834,251
Intangible assets		31,795	-	31,795
Investment in associates	(i)	685,046	(79,595)	605,451
Retirement benefit asset		201,900	-	201,900
Property, plant and equipment		<u>1,084,529</u>	-	<u>1,084,529</u>
Total assets		<u>72,873,470</u>	<u>(79,595)</u>	<u>72,793,875</u>
LIABILITIES AND ACCUMULATED FUND				
LIABILITIES				
Accounts payable and accruals	(ii)	703,190	(26,783)	676,407
Provisions	(ii)	-	26,783	26,783
Bonus payable to employers		62	-	62
Refundable contributions		25,103,757	-	25,103,757
Deferred taxation		<u>755,745</u>	-	<u>755,745</u>
		<u>26,562,754</u>	-	<u>26,562,754</u>
ACCUMULATED FUND				
Non-refundable employers' contributions		24,886,011	-	24,886,011
Fair value and other reserves		934,261	-	934,261
Peril reserve		920,441	-	920,441
Loan loss reserve		901,652	-	901,652
Surplus on income statement	(i)	<u>18,668,351</u>	<u>(79,595)</u>	<u>18,588,756</u>
		<u>46,310,716</u>	<u>(79,595)</u>	<u>46,231,121</u>
Total liabilities and accumulated fund		<u>72,873,470</u>	<u>(79,595)</u>	<u>72,793,875</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

35 FINANCIAL EFFECTS OF RESTATEMENTS AND RECLASSIFICATIONS (Cont'd)

b) Reconciliation of accumulated fund as at March 31, 2006

	<u>Notes</u>	<u>Previously Reported</u> \$	<u>Effects of Adjustments</u> \$	<u>Restated</u> \$
<u>ASSETS</u>				
Cash and cash equivalents		4,921,344	-	4,921,344
Other receivables		310,617	-	310,617
Income tax recoverable		906,296	-	906,296
Loans receivable		49,656,370	-	49,656,370
Securities purchased under resale agreements		6,715,636	-	6,715,636
Investment securities		9,632,515	-	9,632,515
Inventories		3,651,406	-	3,651,406
Intangible assets		25,400	-	25,400
Investments in associates	(i)	1,145,085	(122,234)	1,022,851
Retirement benefit asset		270,300	-	270,300
Property, plant and equipment		1,365,622	-	1,365,622
Deferred tax asset		<u>125,549</u>	<u>-</u>	<u>125,549</u>
Total assets		<u>78,726,140</u>	<u>(122,234)</u>	<u>78,603,906</u>
<u>LIABILITIES AND ACCUMULATED FUND</u>				
<u>LIABILITIES</u>				
Accounts payable and accruals	(ii)	1,272,640	(22,175)	1,250,465
Provisions	(ii)	-	22,175	22,175
Refundable contributions		<u>28,449,888</u>	<u>-</u>	<u>28,449,888</u>
		<u>29,722,528</u>	<u>-</u>	<u>29,722,528</u>
<u>ACCUMULATED FUND</u>				
Non-refundable employers' contributions		28,772,475	-	28,772,475
Fair value and other reserves		1,600,430	-	1,600,430
Peril reserve		1,240,000	-	1,240,000
Loan loss reserve		1,035,679	-	1,035,679
Surplus on income statement	(i)	<u>16,355,028</u>	<u>(122,234)</u>	<u>16,232,794</u>
		<u>49,003,612</u>	<u>(122,234)</u>	<u>48,881,378</u>
Total liabilities and accumulated fund		<u>78,726,140</u>	<u>(122,234)</u>	<u>78,603,906</u>

Notes to the Financial Statements

NATIONAL HOUSING TRUST NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2007

35 FINANCIAL EFFECTS OF RESTATEMENTS AND RECLASSIFICATIONS (Cont'd)

c) Reconciliation of net deficit for the year ended March 31, 2006

<u>Notes</u>	<u>Previously Reported</u> \$	<u>Effects of Adjustments</u> \$	<u>Restated</u> \$
Interest revenue:			
- Loans receivable	3,035,052	-	3,035,052
- Investments	<u>3,234,094</u>	<u>-</u>	<u>3,234,094</u>
	6,269,146	-	6,269,146
Bonus on employees' contributions	<u>(950,414)</u>	<u>-</u>	<u>(950,414)</u>
	5,318,732	-	5,318,732
Service charge on loans to beneficiaries	75,318	-	75,318
Miscellaneous	<u>306,937</u>	<u>-</u>	<u>306,937</u>
	<u>5,700,987</u>	<u>-</u>	<u>5,700,987</u>
Operating expenses (iii)	2,294,056	(15,360)	2,278,696
Provision on loans receivable	33,743	-	33,743
Losses on projects (iii)	26,929	15,360	42,289
Special subsidies and grants	6,044,406	-	6,044,406
Restructuring costs	41,873	-	41,873
Share of losses of associates (ii)	<u>-</u>	<u>42,639</u>	<u>42,639</u>
	<u>8,441,007</u>	<u>42,639</u>	<u>8,483,646</u>
DEFICIT BEFORE TAXATION	(2,740,020)	(42,639)	(2,782,659)
Taxation	<u>880,283</u>	<u>-</u>	<u>880,283</u>
NET DEFICIT	<u>(1,859,737)</u>	<u>(42,639)</u>	<u>(1,902,376)</u>

Notes

- (i) Investments in associates previously recorded at cost have been restated to the equity method of accounting in accordance with IAS 28, Investment in Associates.
- (ii) Provisions related to employee benefits in respect of annual leave entitlements previously classified as accounts payable and accruals were reclassified to accord with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.
- (iii) Expenses related to projects were reclassified to accord with classifications in the current year.

36 SUBSEQUENT EVENT

In July 2005 an arbitrator, awarded a developer under the Trust's finance of housing construction programme the sum of \$24.325 million – developer's profit and risk – in respect of a housing development project which the developer commenced in 1995. The arbitrator declined to award interest and the \$24.325 million was paid by the Trust. The developer sought an order from the Supreme Court regarding the consideration of interest by the arbitrator.

In January 2007, the court ordered that the matter be remitted to the arbitrator for him to consider interest on the developer's profit and risk. A supplementary award was published by the arbitrator on May 11, 2007 and received by the Trust on May 22, 2007 whereby the sum of \$214.5 million and costs were awarded to the developer.

The attorneys representing the Trust are of the opinion that the award is open to challenge on the basis of error of law. Management, based on the facts and the opinion of their attorneys, has concluded that no provision should be made in the financial statements.

Administration

EXECUTIVE COMPENSATION

The basic salaries for 67 executives for the years ended 31 March 2006 & 2007 are as follows:

		2007	2006	
		\$000	\$000	
Managing Director (1)		7,729	6,348	(See notes 1 & 2)
Senior General Managers (3)	From	4,998	4,000	(See note 2)
	To	5,248	4,200	
General Managers (6)	From	3,539	2,870	(See note 3)
	To	4,125	3,301	
Assistant General Managers & Managers (57)	From	2,249	1,800	(See note 3)
	To	3,516	2,814	

Notes

1. The Managing Director, being a contract officer whose position does not fall under the company's pension scheme, receives a gratuity of 25% on his compensation package.
2. The amounts shown for the Managing Director and Senior General Managers exclude the provision of a fully maintained motor vehicle.
3. The amounts shown for General Managers, Assistant General Managers and Managers do not include motor vehicle allowances.

Administration

Managing Director

- Carlton Earl Samuels C.D.

Senior General Managers

- Vincent George – Corporate Services
- Donald Moore – Construction and Development
- Hugh Reid – Finance and Operations

General Managers

- Judith Larmond-Henry – Company Secretariat & Legal Services
- Martin Miller – Finance & Accounting
- Lanie-Marie Oakley-Williams – Operations
- Benedict Ranger - Information Systems
- Jeneita Townsend J.P. – Human Resources Management
- Lorna Walker - Internal Audit

Assistant General Managers

- Maurice Anderson – Inner City Housing Project
- Maxine Hart – Project Management Office
- Quinton Masters – Project Appraisal Management
- Neil Miller – Corporate & Business Strategy
- Kolean Mills-Bellamy – Legal Conveyancing & Mortgage Registry
- Hortense Rose – Corporate Communication
- Joyce Simms-Wilson – Branch Network
- Michael Taylor – Project Management
- Errol Thompson – Financial Control
- Elton Vassell – Contributions Management
- Suzanne Wynter-Burke – Loan Management

Managers

- Herman Baker – Industrial Relations, HRM
- Alayne Bennett – Legal Conveyancing
- Sheron Blair-Brown – Legal Conveyancing
- Everton Boothe – Loan Management
- Judith Brown – Accounts Payable & Payroll



- Erica Burrell – Management Support
- Dave Campbell – Financial Reporting
- Camille Chevannes-Redwood – Legal Conveyancing
- Allison Chung-Campbell – Company Secretariat
- Keith Clarke – Project Appraisal & Management
- Tracey-Ann Creary – Project Management
- Shani Dacres-Lovindeer – Project Management
- Kareen Daley – Application Development
- Clive Davis – Project Management, ICHP
- Joan Dennis – Special Projects, Project Management
- Delores Facey-Johnson – Project Management, PMO
- Marisa Forbes – Legal Conveyancing
- Clivia Green – Compliance
- Sheron Green-Brown – Company Secretariat
- Ransford Hamilton – Property Management
- Cheryl Harris-Walder – Change Management, PMO
- Carol Higgins – Legal Conveyancing
- Dian Isaacs – Risk & Insurance Management
- Karen Isaacs – Contribution Refund
- Gladstone Johnson – Operations Support
- Rohan Jones – Information Systems Security
- Paul Oliver – Loan Accounting
- Leighton Palmer – Technical Support, Information Systems
- Donetta Russell – Customer Care
- Philbert Solomon – Investments and Accounts Receivables
- Kim-Marie Spence – Social Development, ICHP
- Audley Stewart – Contributor Accounts
- Jefferine Stubbs-Ruddock – Legal Conveyancing
- Mazielyn Walker – Legal Conveyancing
- Winston Weir – Internal Audit
- Wendy-Jo Williams – Social Development
- Vencot Wright – Planning & Research

Administration

Branch Network Managers

- Lorna Bernard – Westmoreland
- Morcell Brown – Customer Service
- Novelette Forbes – St. James
- Janet Hartley – St. Catherine
- Allison Levy – Kingston & St. Andrew
- Eric McLeish – Manchester
- Paul Reid – St. Ann
- Ava-Ann Scott – New Loans
- Judith Thompson – Clarendon

Senior Customer Service Representatives

- Sancia Cornwall – St. Elizabeth
- Karen Forbes-Rodney – Portland
- Althea Green – Trelawny
- Alwyn Haynes – Hanover
- Violet Salabie – St. Thomas
- Janice Speid – St. Mary



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