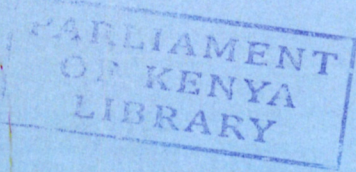


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*paper laid, by
Leader of Majority
on 13/09/2017
Chumbi.*



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNIVERSITY OF NAIROBI ENTERPRISES
AND SERVICES LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2016**

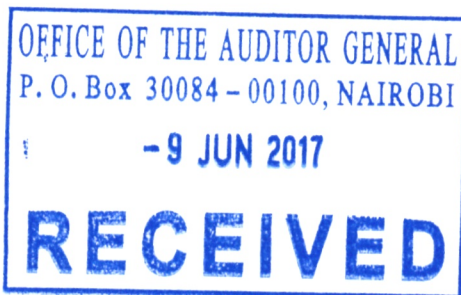




UNIVERSITY OF NAIROBI ENTERPRISES AND SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016



Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

CONTENTS	PAGE
Key Entity Information	1
Board of Directors	3
Management Team	8
Chairman's Statement	10
Report of the Chief Executive Officer	11
Corporate Governance Statement	12
Corporate Social Responsibility Statement	14
Report of the Directors	15
Statement of Directors' Responsibilities	16
Report of the Independent Auditor/Auditor General	17
Statement of Comprehensive Income	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
<u>Notes to the Financial Statements</u>	
Statement of Compliance and basis of preparation	22
Application of New and Revised IFRS	22
Summary of Significant Accounting Policies	23
Explanatory Notes to the Financial Statements	29

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

KEY ENTITY INFORMATION

Background information

UNES Limited was registered as a private company limited by shares under the Companies Act (Chapter 486, Laws of Kenya) on 5th May 1996. The company is also registered in the State Corporations Act, under commercial entities. It is wholly owned by the University of Nairobi and thus the resources available to UNES are primarily those of the University. It is headed by a Board of Directors, which is responsible for the general policy and strategic direction of the company.

Principal Activities

The principal activities of UNES are:

- a) Provision of financial management services for income-generating activities within the University including, but not limited to, Chiromo Funeral Parlour, Diagnostic Imaging and Radiation Medicine, Clinical Studies and Vet farm.
- b) Managing the Consultancy unit that harnesses both the human and the physical resources of the University.
- c) Operating the UNES University Bookstore chain in the country focusing on serving tertiary institutions and the general public.
- d) Operating a Hospitality unit that primarily serves the University community and communities in its immediate surroundings.

Incorporation

The entity is incorporated in Kenya under the Kenyan Companies Act Cap 486 and is domiciled in Kenya.

Registered Office and Corporate Headquarters

Kolobot Drive, Off Arboretum Drive, Off State House Road
P.O. Box 68241
City square 00200
Nairobi, KENYA

Corporate Contacts

Telephone: (254) 20 2318256/6834
E-mail: unes@uonbi.ac.ke
Website: www.uneskenya.com

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

DIRECTORS

The Directors who served the entity during the year/period were as follows:

	Name	Designation	Representative
1	Dr. Idle Omar Farah	Chairman	
2	Dr. Manu Chandaria	Member	
3	Mr. Hirji Shah	Member	
4	Principal Secretary, Ministry of Education	Member	Ms. F. Mwakisha*
5	Principal Secretary, National Treasury	Member	Mr. S. Kiiru
6	The Governor, Central Bank of Kenya	Member	Prof. K. Muragu
7	Managing Director Barclays Bank of Kenya	Member	Mr. Y. Omari
8	Prof. P.M.F. Mbithi	Member	
9	Prof. I.M. Mbeche	Member	
10	Prof. L. Irungu	Member	
11	Prof. B. N. K Njoroge	Member	
12	Prof. E. Njeru	Member	
13	Prof. H. Mutoro	Member	
14	Mr. John Kenduiwo	Ag. Managing Director	
15	Mr. T.O.A.Mweseli	Company Secretary	

CORPORATE SECRETARY

Mr. Tim. O.A. Mweseli
P.O. Box 16336-00100
Nairobi

CORPORATE BANKERS

1. Barclays Bank of Kenya
Westend Building
Off Waiyaki Way
P.O. Box 30120
GPO 00100, Nairobi, Kenya
2. Standard Chartered Bank
48 Westlands road
P.O. Box 40310,
GPO 00100, Nairobi, Kenya
3. National Bank of Kenya
Hospital branch
P.O. Box 30763
GPO 00100, Nairobi, Kenya

INDEPENDENT AUDITORS




Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100

THE BOARD OF DIRECTORS

 <p>1. Dr. Idle Omar Farah, B.V.M., (Nairobi), Ph.D., (Uppsala).</p>	<p>Born in 1965, Dr. Idle Omar Farah is currently Chairman of the Board of University of Nairobi Enterprises and Services Limited, a member of the Task Force on the Kenya National Commission to UNESCO, a council member at the University of Nairobi and a Commissioner with the Commission for Higher Education.</p> <p>He was the Director at Institute of Primate Research before being appointed Director General of the National Museums of Kenya in 2003. In addition, Dr Farah has written a number of publications and presented several papers in both local and international conferences, workshops and seminars.</p>
 <p>2. Dr. Manu P. Chandaria, OBE, EBS. BSc., (Bombay), M.Sc. Eng. (Oklahoma), Hon. D.Sc., (Nairobi).</p>	<p>Born in 1929. He has vast experience in the private sector, engaged in work covering many aspects within the framework of a jointly Indian family with interests in more than fifty countries and a workforce numbered in the many thousands. He is the founding chairman of East African Business Council to support and be part of the East African Community and Kenya Private Sector Alliance. He is the chairman of Bank of India Advisory Committee in Nairobi, Vice Chairman, Kenindia Assurance Company Limited, Vice Chairman, East Africa Reinsurance Company Limited, and Board member of Mabati Rolling Mills Limited, Kaluworks Limited, Aluminium Africa Limited (Dar es Salaam), Uganda Baati Limited (Kampala) and other group companies.</p> <p>Dr. Manu Chandaria serves the Government of Kenya in various capacities, which include, Trustee and Chairman of the street Families Rehabilitation Trust Fund, peace ambassador by Government of Kenya, Chancellor of Technical University of Kenya and Chancellor and Chairman of the Board of United State International University (USIU) Kenya.</p>
 <p>3. Mr. Hirji Shah, OGW</p>	<p>Born in 1936. Mr. Hirji Shah has vast experience in the private sector where he has been actively involved in several manufacturing industries, businesses and charitable organizations for the last 50 years, in Kenya and abroad. He is a director in several companies, including Mabati Rolling Mills Limited, Comcraft Kenya Limited, Kaluworks Limited, Booth Extrusions Limited, Booth Fire Fighting Limited, Bahari Forwarders Limited, Bahari Insurance Brokers Limited, Kifaru Investments Limited, Juhudi Investments Limited and Juhudi Distributors Limited.</p> <p>He has also been chairman, trustee and board member of many organizations, federations and organizations in Kenya, Tanzania, Uganda, Ethiopia, South Africa and Mauritius.</p>

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

 <p>4. Ms. Fenny Mwakisha, MBS, M.Ed.</p>	<p>Born in 1957. Ms. Fenny W. S. Mwakisha is the Ag. Director of Higher Education in the ministry of education, science and technology. She previously worked as an education attaché, curriculum developer and high school teacher.</p>
 <p>5. Mr. Samuel Kiiru, M.A.(CARLETON), B.A(Nairobi).</p>	<p>Born in 1969. He has worked for the National Treasury for over 15 years where he is currently a Deputy Chief Economist and Head of Budget Policy. He has experience in Policy reviews, Fiscal analysis, Macro level planning, Program and performance budgeting, Policy guidelines on Budgets, Project appraisal, Monitoring and evaluation, and Program performance reviews. He is also a trainer on Programme and Performance Budgeting,</p>
 <p>6. Prof. Kinandu Muragu, B.Com, MBA, (Nairobi), PhD(Glasgow,UK)</p>	<p>Born in 1957. Professor Kinandu Muragu joined Central Bank of Kenya as Executive Director, Kenya School of Monetary Studies on May 02, 2008. He is a Fellow of the Institute of Certified Accountants of Kenya (FCPA).</p> <p>Before joining the School, Prof. Muragu worked under the sponsorship of the World Bank as the Projects Coordinator for the 19 Donor-funded Education Sector Development Programme in the Kingdom of Lesotho. He was responsible for creation of the e-governance system for the education sector that enabled him participate in the implementation of the e-schools project in Lesotho and thereafter follow progress of the initiative across the continent.</p> <p>He has consulted for a variety of international organizations such as the World Bank, World Food Programme and UNICEF. He has also held the position of Dean of Finance and Administration and Chief Finance Officer at the United States International University-Africa where he was also Associate Professor of Finance. Prof. Muragu has also carried out consulting assignments in Kenya, Uganda, Tanzania, Malawi, Zimbabwe and Swaziland as a Senior Consultant for the Eastern and Southern African Management Institute (ESAMI), one of Africa's top management institutes. Before joining ESAMI, he had lectured at the University of Nairobi for 10 years rising to be a senior lecturer in the Department of Accounting and Finance. Prof. Muragu had his basic accountancy training at Delloite and Touche and later at Pricewaterhouse and Nyaga Associates.</p>

UNES LIMITED



Annual Report and Financial Statements for the year ended June 30, 2016

 <p>7. Mr. Yusuf Omari, MBA, B.Econ., ICPA(K), IIA.</p>	<p>Born in 1974. Mr. Yusuf Omari is the Chief Finance Officer of Barclays Bank of Kenya. He joined Barclays Bank of Kenya in 2004 from the Audit Firm, KPMG (1998-2004). He worked as the Head of Internal Audit East and West Africa cluster (2004-2008) & then as Head of Compliance (2008-2009) before his appointment as the Chief Financial Officer in 2009. He is a qualified Certified Public Accountant (CPA) as well as a Certified Internal Auditor.</p> <p>He holds an MBA from Strathmore Business School and a Bachelor's degree in Economics from University of Nairobi. He is a Member of the Institute of Chartered Public Accountants of Kenya (ICPAK).</p> <p>Yusuf is a Board Member of Barclays Bank of Kenya, ICPAK, Barclays Pension Fund and Barclays Financial Services Limited</p>
 <p>8. Prof. P.M.F. Mbithi, EBS, IOM, B.V.M., M.Sc.(Nairobi), (Nairobi), M.V.Sc. (Saskatchewan), Ph.D.(Nairobi).</p>	<p>Born in 1956. Prof. Peter Mulwa Felix Mbithi is the Vice-Chancellor and Professor of Veterinary Surgery, University of Nairobi. He was Chairman, Department of Clinical Studies and in 2003 he served as the Principal, College of Agriculture and Veterinary Sciences until he was appointed as Deputy Vice-Chancellor, Administration and Finance, a position he has held to date.</p> <p>He has supervised MSc and PhD students, published extensively in peer-reviewed journals, and is a member of several professional organizations. His research interests are Clinical veterinary medicine and orthopedic surgery, wounding and traumatology with special interest in lameness, joint surgery and arthritides.</p>
 <p>9. Prof. H.W. Mutoro, B.Ed., M.A., (Nairobi), C.Phil., Ph.D., (UCLA).</p>	<p>Born in 1950. Prof. Henry W. Mutoro is currently the Deputy Vice-Chancellor, Academic Affairs (DVC – AA) of the University of Nairobi, and as such, he is the head of the academic division and chairs several committees, namely the Deans Committee, Senate Appeals Committee, Lectureship and Senior Lectureships appointments Committees. He is the immediate former Principal, College of Education and External Studies, a position he held for nine years. Prof. Mutoro is an Associate Professor in Archeology.</p> <p>He served as Deputy Principal, College of Humanities and Social Sciences (1997-2004), Dean, Faculty of Arts (1996-1997) and Chairman, Department of History (1991- 1996). Prof. Mutoro is a widely published scholar with articles in peer reviewed journals, chapters in books, books and has made presentations in numerous public lectures, conferences and seminars.</p>

 <p>10. Prof. I.M. Mbeche, B.Ed., M.A., (Nairobi), Ph.D., (Lancaster).</p>	<p>Born in 1952. He is the Deputy Vice-Chancellor, Student Affairs at the University of Nairobi (UoN) and a Professor in Management Sciences. Prof. Mbeche taught at the Nairobi School and the Kenya Science Teachers' College. In 1986, Prof. Mbeche joined the University as tutorial fellow in the Department of Management Science, Faculty of Commerce after which he was promoted to a lecturer, senior lecturer and associate professor thereafter. Between 1992 and 1993 he also worked as a Teaching Assistant, Department of Management Science, School of Management, Lancaster University, UK. In 2002, Prof. Mbeche was appointed the Principal, College of Humanities and Social Sciences (UoN), a position he held up to February 2011 when he was appointed as Deputy Vice-Chancellor, Student Affairs.</p>
 <p>11. Prof. L. Irungu, B.Sc.,(Nairobi), MSc., Ph.D., (Liverpool).</p>	<p>Born in 1957. Prof. Lucy W. Irungu is the Deputy Vice-Chancellor, Research, Production and Extension (UoN) and a Professor of Entomology in the School of Biological Sciences. In 1988, she joined the Department of Zoology (UoN) as a lecturer and rose through the ranks to Professor.</p> <p>Prof. Irungu has also served as the chairman of the Department of Zoology from 1999-2004. She was then appointed as the Principal College of Biological and Physical Sciences (CBPS), a position she held up to February 2011 when she was appointed as Deputy Vice-Chancellor, Research, Production and Extension. She has conducted research in the area of vector biology and control, with special reference to malaria vectors and other vectors and parasites of Neglected Diseases. In addition, she has supervised MSc students and PhD students. She has published extensively in peer-reviewed journals and is a fellow of the Royal Society of Tropical Medicine and Hygiene and a member of several other professional organizations.</p>
 <p>12. Prof. E. Njeru, B.A, M.A (Nairobi), Ph.D., (California).</p>	<p>Born in 1957. Prof. Njeru is currently the Principal, College of Humanities and Social Sciences (CHSS) at the University of Nairobi and a Professor of Sociology & Anthropology in the Department of Sociology. He has many years of lecturing and research experience. He is also a Medical Anthropologist and Fellow in Social Medicine – Health and behaviour (Harvard Medical School, Boston).</p> <p>Professor Njeru is widely experienced in both consultancy and research in areas with strong components on: participatory needs assessment and poverty analysis and sustainable community based reduction strategies design and implementation; gender mainstreaming; governance and organizational approaches to project selection, prioritization & design, implementation, evaluation & monitoring, participatory stakeholder collaboration, governance mainstreaming in</p>

UNES LIMITED






Annual Report and Financial Statements for the year ended June 30, 2016

	<p>development, HIV/AIDS & its implications for livelihoods. He worked as a Senior Research Fellow and Social Sector Program Coordinator (Education and Health) at IPAR (Institute of Policy Analysis & Research and was then (2001-2005) involved in educational policy analysis and research.</p>
 <p>13. Mr. John Kenduiwo, B.Sc., MBA.</p>	<p>Born in 1956, Mr. John Kenduiwo is the acting Managing Director of UNES and on secondment from the School of Business where he is a Senior Lecturer in the Department of Management Science. He joined UNES as the Deputy MD in 2009. He previously served as the Chairman of the Department of Management Science and subsequently the Dean of the School of Business.</p> <p>He has extensive experience in Teaching, Research and Consultancy in the areas of Strategic/Operations Management and Performance Measurements Systems. He also serves as a non-executive Director in a number of both Private and Public Sector Boards. Membership to Professional Associations, he is a full member of the Kenya Institute of Management (KIM), and the Operations Research Society of Eastern Africa (ORSEA).</p>
 <p>14. Mr. T.O.A. Mweseli, LL.B.(Nairobi), LL.M.(Harvard), CPS(K).</p>	<p>Born in 1955. Mr. T. O. Mweseli is currently a Senior Lecturer at the School of Law, University of Nairobi and company secretary of UNES. He is a member of the Law Society of Kenya, a Notary Public and a Certified Public Secretary CPS (K).</p> <p>Mr. Mweseli has over 30 years of experience in Law, both as a lecturer and an advocate of the High Court. He has served as Ag. Dean, School of Law and chaired several committees in the school of Law (UoN). He has also published several Law books and booklets and written numerous published & unpublished papers. He has also attended many seminars and workshops.</p>

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

MANAGEMENT TEAM

	Managing Director
1. Mr. John Kenduiwo, B.Sc., MBA.	
	Company Secretary
2. Mr. T.O.A. Mweseli, LLB, LLM.	
	Chief Manager, Finance and Administration
3. Ms. Jennifer Mburu, B.Com. (Finance), MBA. (Finance), CPA (K), CPS.	
	Chief Manager, Commercial Operations
4. Mr. Simplicious Ochieng, B.Com. (Accounting), MBA. (Finance), CPA (K).	
	Chief Manager, Risk and Internal Audit
5. Mrs. Grace Kimotho, B.Com. (Finance), CPA (K).	

	Head Hospitality
6. Ms. Belinda Muriuki, B.Sc. (Hotel and Restaurant Management), MBA. (Strategic Management).	
	Consultancy Manager
7. Mr. Seith Abeka, B.Econ & Math., MA(Gender & Development Studies).	

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

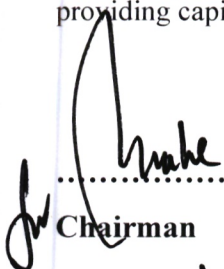
CHAIRMAN'S STATEMENT

It gives me great pleasure to present to you UNES' Annual Report and Financial Statements for the year ended 30th June, 2016. During the year under review, this is the first year after a major reorganization to refocus its strategic direction on non-academic revenue, after the management of the Self Sponsored Academic Programs was dropped from the business portfolio. The effects of this change will therefore be observed in the Financial Statements for the year.

In the year under review 2015/2016, Kenya's economy expanded by 5.3% which is however expected to be on a positive trend to 6.6% in 2017 and eventually 7% in 2018. As the Kenya's economy continues to grow, the board in its reviewed Strategic Plan 2014-2018 is prepared to tap into the business opportunities especially in the area of consultancies. The Board, however, continues to exercise a high degree of conservatism in its approach to business, as new business opportunities are judiciously evaluated before being taken up.

During the year under review, the Board continued to serve with dedication and provided the strategic direction in line with the company's mandate and Strategic objectives. I wish to express my sincere gratitude to the entire Board of Directors for their valuable support and dedication to discharging their responsibilities. I also recognize and appreciate the management and staff of UNES for their effort and commitment in making the year a success.

In conclusion, on my own behalf and that of the entire Board, I would like to take this opportunity to thank our principal shareholder, the University of Nairobi, for its strong support and commitment in providing capital and considering the recommendations of the Board over the years.


.....
Chairman

Date: 27/03/17

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

REPORT OF THE CHIEF EXECUTIVE OFFICER

One of the core mandates of UNES has been Financial Management of revenue from Self Sponsored Programmes, the promotion of existing and facilitation for mounting of new University of Nairobi (UON) academic programmes. For the Financial Year ending June 30, 2016, this has since changed and the management of academic revenue was transferred to the newly installed Centre for Self Sponsored Programmes under the University of Nairobi. Going forward, UNES core mandate shall be engagement in Consultancies and more so in Institutional Consultancies as stipulated in the reviewed 2014-2018 Strategic Plan. In this regard, UNES shall therefore be on a new growth path based on the refocused strategic direction, with the main business areas being: Consultancy, Hospitality, Bookstores and Financial Management of Income Generating Units (IGUs).

I wish to express my sincere gratitude to the staff and management without who the company would not run and continue to achieve and exceed its targets. I also wish to acknowledge and appreciate all the Board members who have warmly welcomed me as the Managing Director from March 2015 and provided support and leadership to the company. I look forward to seeing the company continue to steer to higher heights and executing its mandate to the principal shareholder and other stakeholders.



.....
Mr. John K. Kenduiwo
Managing Director

Date: 27/03/17

CORPORATE GOVERNANCE STATEMENT

Concept of Corporate Governance

The Directors are committed to the principles of good corporate governance and recognize the need to conduct business in accordance with generally accepted best practice. In addition to the Board committees, which have been set up to assist the Board in carrying out its mandate, the company has also put in place internal controls and good management processes that seek to ensure preservation and growth of shareholder value.

Board of Directors

The UNES Board of Directors is broadly constituted of Representatives from Government, Private Sector and the University of Nairobi. In fulfilling its responsibilities, UNES Board of Directors meets at least four times in a year.

Responsibilities of the Board

The Board is responsible for setting the strategic direction of the Company through the establishment of strategic objectives, key policies and approval of budgets. It monitors the implementation of such strategies and policies through a structured approach of reporting by management.

The conduct of the Board members is consistent with their duties and responsibilities to the company and they must always act within the limitations imposed by the Board. The Company Secretary advises the Board on all Corporate Governance matters, Statutory Requirements and also attends all the Board and its Committee Meetings. The Board has set up the following Committees:

- 1. Audit Committee.** The Board has established the Audit Committee that shall meet at least four times in a year under the Terms of reference set by the Board. It consists of four Directors and is chaired by a non-executive Director. The committee is charged with the responsibility of verifying the company's financial information, regulatory compliance, compliance with accounting standards, and liaison with both internal and external auditors, and ensuring that the internal controls systems are sound and effectively administered. The audit committee has also been charged with the responsibility of enterprise risk management. Members of the Board Audit Committee who served during the year were: Mr. Yusuf Omari (Chairman), Prof. Henry Mutoro, Ms. Fenny Mwakisha and Mr. Samuel Kiiru.
- 2. Finance and General Purposes Committee:** The Finance and General Purposes committee of the Board monitors the financial performance of the Company and meets at least four times every financial year. Members of the Finance and General Purposes Committee who served during the year were: Prof. Kinandu Muragu (Chairman), Prof. Peter Mbithi, Prof. Isaac Mbeche and Mr. Samuel Kiiru.
- 3. Investment Committee:** The Board has established an Investments Committee to monitor performance of the Company's Investments and to evaluate Investment proposals and products. Members of the Investment Committee who served during the year were: Mr. Hirji Shah (Chairman), Prof. P. M. F. Mbithi, Prof. Lucy Irungu, Prof. Enos Njeru and Mr. Samuel Kiiru.

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

Internal Controls and Risk Management

The Company has prescribed an elaborate set of procedures and financial controls to ensure accurate reporting of financial information and protection of its assets. An Internal Audit department coordinates the activities of the Internal Control mechanisms and reports directly to the Audit Committee. The Company in implementing the framework for Enterprise Risk Management has expanded the Terms of Reference of the Board Audit Committee to include Risk Management. The position of Chief Manager, Risk and Internal Audit has also been put in place to spearhead Enterprise Risk Management for the company.

The company is also in the process of implementing ISO 9001:2015 which lays a great emphasis and requirement on the determination of risks and opportunities, addressing them appropriately in order to ensure continued conformity of products and services offered. In this regard risks and opportunities have been identified for all the processes in the organization as well as mitigations and exploitation strategies respectively. The Quality Management System will promote Risk Based Approach (RBA) in planning, implementing and monitoring the effectiveness of the Quality Management System. Management has identified risks in the current operating environment, developed mitigation strategies to address their impact and likelihood.

Shareholding

UNES as a Company limited by Shares has a share capital of Kshs 100,000 comprising of 5,000 Ordinary shares of KSh 20 each. Of these, 4998 are in the name of University of Nairobi, while the Vice chancellor and Deputy Vice Chancellor (Administration and Finance) hold one share each as nominee shareholders of the University.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

University of Nairobi Enterprises and Services Limited remains committed to giving back to the society by regularly implementing policies that integrate responsible practices to the environment and committing to uplifting the education of the girl child through the sponsoring and donation of books and sanitary towels to girls schools in various parts of the country. UNES identifies the most pressing needs of the schools and mobilizes resources to meet those needs cost-effectively, at all times involving the communities in seeking appropriate resolutions to their needs.

Environment Conservation: Tree Planting

UNES in collaboration with College of Biological and Physical Sciences, UON and Chiromo Funeral Parlour planted an additional 100 tree seedlings along the riverbanks of Chiromo River. Restoring trees and shrubs to riverbanks, is an important step toward improved water quality and riverbank stability by slowing rainwater runoff. Trees provide a good ambiance to the environment and provide spots to gather, reflect, and enjoy nature.

Further, UNES planted an additional 100 tree seedlings at the UNES Gardens by the Masongawai River. In the previous year, 200 tree seedlings had been planted by the Staff and Management at the same venue and have continued to nature and tend to them for survival. UNES continues to be a committed Partner in the promotion of Forest cover in Kenya for a greener environment.

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the company's affairs.

Principal activities

The principal activities of the entity continue to be Financial Management, Consultancy, Hospitality and Bookstore services.

Results

The results of the company for the year ended June 30, 2016 are set out on pages 18 -21.

Dividends

The Directors do not recommend the payment of dividend for the year as a result of the drop in profit for the year.

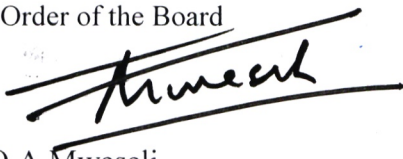
Directors

The members of the Board of Directors who served during the year are shown on pages 3-7.

Auditors

The Auditor General is responsible for the statutory audit of the company in accordance with the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Board



T.O.A. Mweseli
Corporate Secretary
Nairobi

Date: 27/03/17



UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the company, which give a true and fair view of the state of affairs of the company at the end of the financial year and the operating results of the company for that year. The Directors are also required to ensure that the company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company. The Directors are also responsible for safeguarding the assets of the company.

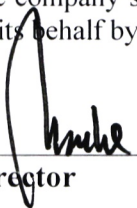
The Directors are responsible for the preparation and presentation of the company's financial statements, which give a true and fair view of the state of affairs of the company for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the UNES financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2016 and of the company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The company's financial statements were approved by the Board on 23rd Sept 2016 and signed on its behalf by:



Director



Director



Director



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI ENTERPRISES AND SERVICES LIMITED FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Nairobi Enterprises and Services Limited set out on pages 18 to 42, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

Report of the Auditor-General on the Financial Statements of University of Nairobi Enterprises and Services Limited for the year ended 30 June 2016

the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Enterprises's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of University of Nairobi Enterprises and Services Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act 2015.

Emphasis of Matter

Financial Performance

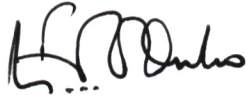
As disclosed in note 33 to the financial statements, the Company registered a loss of Kshs.55,984,000 (2014/2015 profit of Kshs.14,518,000) thereby reducing retained earnings from Kshs.83,192,000 in 2014/2015 to Kshs.27,208,000 in the year under review. The management has attributed the poor financial performance to transfer of the management of academic revenue to a department of the University to allow the Company shift focus to other income generating activities and opportunities which had remained under exploited. The management has further indicated that the Company's performance is expected to turnaround upon full implementation of the 2014-2018 strategic plan. However, if these strategies do not bear fruit, the Company is likely to experience financial challenges in the near future. My opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, I report based on my audit, that:

- I. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

- II. In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,
- III. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

05 June 2017



UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2015/2016 Kshs'000'	2014/2015 Kshs'000'
REVENUES			
Allocation from Academic Programmes	1	0	131,147
Allocation from Income Generating Units	2	6,618	7,182
UNES University Bookstores	3	116,234	169,388
Arziki Restaurants and Chiromo Conference Centre	4	52,935	53,840
Consultancy	5	325,121	286,890
Other Income	6	9,002	823
TOTAL REVENUES		509,910	649,270
OPERATING EXPENSES			
Direct Costs	7	383,146	404,693
Administration Costs	8	183,222	228,754
Depreciation of property, plant and equipment	14-15	7,370	9,097
Amortisation of Intangible Assets	16	40	233
TOTAL OPERATING EXPENSES		573,778	642,777
OPERATING PROFIT	10	(63,868)	6,493
Finance Income	11	7,884	8,025
PROFIT BEFORE TAXATION		(55,984)	14,518
INCOME TAX EXPENSE/ (CREDIT)		-	-
PROFIT AFTER TAXATION		(55,984)	14,518
Earnings per share – basic	12	(11.2)	2.9

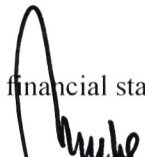
UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	Note	2015/2016 Kshs'000'	2014/2015 Kshs'000'
ASSETS			
Non-Current Assets			
Property, plant and equipment	14-15	20,010	30,206
Intangible assets	16		154
Total Non-Current Assets		20,010	30,360
Current Assets			
Inventories	17	74,682	98,467
Trade and other receivables	18	232,623	519,518
Short-term Investments	19	121,500	136,500
Bank and cash balances	20	42,864	66,393
Total Current Assets		471,669	820,878
TOTAL ASSETS		491,679	851,238
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	21	100	100
Retained earnings	22	27,208	83,192
Capital Reserve	23	11,107	11,107
Capital and Reserves		38,415	94,399
Non-Current Liabilities			
Long term liability	24	23,472	38,650
Total Non-Current Liabilities		23,472	38,650
Current Liabilities			
Trade and other payables	25	375,468	565,744
Staff gratuity obligations	26	26,240	43,608
Provision for leave pay	27	2,610	1,802
Dividends payable	28	21,349	60,349
Bank accounts with overdrawn cashbook	29	4,125	46,686
Total Current Liabilities		429,792	718,189
TOTAL EQUITY AND LIABILITIES		491,679	851,238

The financial statements were approved by the Board on 23rd Sept 2016 and signed on its behalf by:


Chairman


Director


Director

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2016**

	Ordinary share capital	Capital reserve	Retained earnings	Total
	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
At July 1, 2014	100	12,479	128,953	141,532
Expenses from capital reserves	0	(1,372)	0	(1,372)
Total comprehensive income	0	0	14,518	14,518
Final Dividends for 2012/2013 paid	0	0	(60,279)	(60,279)
At June 30, 2015	100	11,107	83,192	94,399
At July 1, 2015	100	11,107	83,192	94,399
Expenses from capital reserves	0	0	0	0
Total comprehensive income	0	0	(55,984)	(55,984)
Final Dividends for 2013/2014	0	0	0	0
At June 30, 2016	100	11,107	27,208	38,415

UNES LIMITED**Annual Report and Financial Statements for the year ended June 30, 2016****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2015/2016 Kshs'000'	2014/2015 Kshs'000'
OPERATING ACTIVITIES			
Cash (used in) / generated from operations	30(a)	47,465	175,836
Finance income (Interest received)	11	7,884	8,025
Dividends paid	30(b)	(39,000)	0
Net cash generated from/ (used in) operating activities		16,349	183,861
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14-15	(3,152)	(7,247)
Proceeds from disposal of property, plant and equipment	15	5,899	0
Proceeds from disposal of intangible assets	16	114	0
Capital renovations	23	0	(1,372)
Net cash generated from/(used in) investing activities		2,861	(8,619)
FINANCING ACTIVITIES			
Provision for write off (Bad debts/Dead stock)		0.	0
Repayment of long term liability	24	(15,178)	16,150
Net cash (used in) financing activities		(15,178)	16,150
(DECREASE) IN CASH AND CASH EQUIVALENTS		4,032	191,392
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		156,207	(35,185)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30(d)	160,239	156,207

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

A. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Companies Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

B. Application of new and revised International Financial Reporting Standards (IFRSs).

Relevant new standards and amendments to published standards effective for the year ended 30 June 2016.

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

i) Amendments to IFRS 14 - Regulatory Deferral Accounts

IFRS 14 deals with entities with activities whose prices are regulated by the government such as petroleum products. The amendment to IFRS 14 had no effect on UNES financial statements because UNES pricing activities are not regulated by the government, in addition the amendment only applies to first time adopters of IFRS

ii) IAS 16 and IAS 38 Clarification on accepted methods of depreciation and amortization

IAS 16 deals with the accounting for property, plant and equipment and IAS 38 with intangible assets. The two provide guidelines on the recognition, subsequent measurements and depreciation/amortization of these assets. The amendments to IAS 16 & 38 did not affect the UNES current Financial Statements since the amendments are effective for accounting periods beginning on or after 1st January, 2016.

iii) Amendments to IAS 41 Agriculture: Bearer plants

IAS 41 gives guidelines on the accounting treatment of biological assets such as bearer plants. The amendment to IAS 41 did not affect UNES current Financial Statements because the effective for accounting periods beginning on or after 1st January, 2016 and also UNES does not have any biological assets in the statement of financial position.

iv) IFRS 10, IFRS 12 and IAS 28: Investment entities applying the consolidation exception

IFRS 10 guides on the preparation and presentation of consolidated financial statements. IFRS 12 guides on the disclosure of interests in other entities (subsidiaries, joint ventures, associates e.t.c), while IAS 28 narrows down on the detailed accounting for associates and joint ventures. The amendment to the above standards which dealt with application for consolidation exception, did not affect UNES Financial Statement since UNES does not have a controlling interest in other entities. In addition, the effective date for the amendment was for accounting periods beginning on or after 1st January 2016.

UNES LIMITED
Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

v) Annual improvement 2012-2014 (IFRS 5, IFRS 7, IAS 19, IAS 34)

IFRS 5 deals with noncurrent assets held for sale and discontinued operations, IAS 32 accounting for financial instruments (Financial assets & liabilities) and IAS 34 gives guidelines on preparation of interim Financial Statements. The amendments to these standards are effective for accounting periods beginning on or after 1st January, 2016 and hence did not affect the financial statements of the company.

Early adoption of standards

The company did not early-adopt any new or amended standards in 2016.

C. Summary of Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

i) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Company's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Company's activities as described below.

- a) **Revenue from the sale of goods and services** is recognised in the year in which the Company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- b) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- c) **Other income** is recognised as it accrues.

UNES is allocated an amount for budgetary support from revenue generated by the various Income Generating Activities (IGAs) of University of Nairobi under management of UNES, at rates approved by the university Council as shown below;

Project Categories	UNES Allocation
(i) Specialized Based Production Units	7.25%
(ii) General production units	7.25%
(iii) Workshops, Seminars & Short Courses	2.00%

ii) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

iii) Depreciation and impairment of property, plant and equipment

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset to its residual value over its estimated useful life. The estimated useful lives and depreciation rates in use for each class of asset are as follows:

	Years	Rate
Motor vehicles, including motor cycles	5 years	20%
Computers and related equipment	3 years	33 ¹ / ₃ %
Office equipment, furniture and fittings	10 years	10%

A full year's depreciation charge is recognised in the year of asset purchase and none in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

iv) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over five years.

v) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of five years.

All computer software are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

vi) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges. Costs of Inventories are determined on a first-in first-out basis.

vii) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

UNES LIMITED
Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

viii) **Taxation**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date.

ix) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of one year or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised staff which were accounted for but not surrendered at the end of the financial year.

x) **Trade and other payables**

Trade and other payables are non-interest bearing and are carried at cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the company or not, less any payments made to the suppliers.

xi) **Retirement benefit obligations**

The company's employees are employed on contract and are entitled to a service gratuity at the end of their contracts at the rate of 31% of basic pay. The company's obligation is accrued in the financial statements on pro rata basis.

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

xii) **Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue to the employees. A provision is made for the estimated liability for annual leave at the reporting date.

xiii) **Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the company operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

xiv) **Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

xv) **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

xvi) **Corporation tax**

UNES is exempted from paying corporation tax.

xvii) **Financial risk management**

UNES is exposed to various financial risks including liquidity risk, credit risk and foreign currency risk. The Company has prescribed an elaborate set of procedures and financial controls to ensure accurate reporting of financial information and protection of its assets.

a) Liquidity Risk

The definition of liquidity risk is the risk that UNES is unable to meet its obligations as they fall due as a result of a sudden, and potentially protracted, increase in net cash outflows. Such outflows would deplete available cash resources for operations and investments. UNES performs cash flow forecasting and monitoring rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The maximum exposure of the company to liquidity risk at the balance sheet date is as follows:

	Less than 1 month Ksh(000)	Between 1 -3 months Ksh(000)	Between 3 – 12 months Ksh(000)	Over 1 year Ksh(000)
30th June 2016				
Trade and other payables	0	0	72,228	0
Borrowings - bank	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			<u>72,228</u>	<u>0</u>
30th June 2015				
Trade and other payables	<u>0</u>	0	566,122	0
Borrowings - bank	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>566,122</u>	<u>0</u>

b) Credit Risk

UNES is exposed to credit risk which is the risk that the counter party will cause a financial loss to UNES by failing to discharge an obligation. Credit risk arises mainly from trade debtors who receive goods and services from the business units on credit. UNES has reduced the impact of credit risk by implementing a credit policy which requires assessment of creditworthiness of clients before extending credit.

The maximum exposure of the company to credit risk as at the balance sheet date is as follows:

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Fully performing Ksh(000)	Past due but not impaired Ksh(000)	Past due and impaired Ksh(000)	Total Ksh(000)
30th June 2016				
Cash at bank	42,080	0	0	42,080
Trade & other receivables	<u>232,595</u>	<u>0</u>	<u>0</u>	<u>232,595</u>
Gross financial assets	<u>274,675</u>	<u>0</u>	<u>0</u>	<u>274,675</u>
30th June 2015				
Cash at bank	14,102	0	0	14,102
Trade & other receivables	<u>519,919</u>	<u>0</u>	<u>0</u>	<u>519,919</u>
Gross financial assets	<u>535,021</u>	<u>0</u>	<u>0</u>	<u>535,021</u>

c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in the market price and comprises three types of risks; foreign exchange risk, price risk and interest rate risk.

i) Foreign Exchange Risk

Foreign currency risk is a financial risk that exists when transactions are denominated in a currency other than the base currency of UNES. UNES receives payments denominated in foreign currencies for both Kenyan and non Kenyan students' fees. UNES also makes payments denominated in foreign currencies for books purchased from outside Kenya.

UNES limits foreign transactions to at least two foreign currencies, that is, the US dollar and Euro and also uses mark up pricing to hedge against fluctuations.

ii) Price Risk

This is the risk resulting from a decline in the value of a security or a portfolio. UNES is not exposed to any price risk since it has no investments in any securities.

iii) Interest Rate Risk

This is the risk that an investment's value will change due to a change in the absolute level of interest rates. UNES manages this risk by investing only in fixed income securities with different durations like treasury bills.

xviii) Critical Accounting Estimates and Judgements

In the process of applying the accounting policies adopted by the company, the Directors make certain judgments and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgments and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The Directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the available information.

a) Impairment of non-financial assets

Non-financial assets that are carried at amortized cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Contingent liabilities and assets

A contingent liability is a potential obligation that may be incurred depending on the outcome of a future event. It is a situation where the outcome of an existing situation is uncertain, and this uncertainty will be resolved by a future event. A contingent liability is recorded in the books of accounts only if the contingency is probable and the amount of the liability can be estimated. A contingent asset is a potential asset associated with a contingent gain. Unlike contingent liabilities and contingent losses, contingent assets and contingent gains are not recorded in accounts, even when they are probable and the amount can be estimated.

c) Going concern issues

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

UNES LIMITED
Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

D. Explanatory notes to the financial statements

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
1 ALLOCATION FROM ACADEMIC PROGRAMMES		
School of Business	0	31,996
School of Law	0	10,718
Faculty of Arts	0	10,231
School of Economics	0	4,130
Institute of Anthropology, Gender & African studies	0	524
Population studies & Research Institute	0	281
Institute of Diplomacy & International studies	0	3,607
School of Journalism & Mass Communication	0	3,533
School of Medicine	0	19,101
School of Nursing	0	1,706
School of Pharmacy	0	2,390
School of Dental Sciences	0	1,025
Institute of Tropical & Infectious Diseases	0	228
School of Arts & Design	0	604
School of Built Environment	0	5,412
School of Engineering	0	7,222
School of Education	0	5,572
School of Continuing & Distance Studies	0	13,901
School of Physical Sciences	0	1,212
School of Mathematics	0	1,571
School of Biological Sciences	0	678
School of Computing and Informatics	0	1,905
CEBIB	0	180
Faculty of Veterinary Medicine	0	996
Faculty of Agriculture	0	1,593
CASELAP	0	254
Wangari Maathai Institute	0	139
ICCA	0	438
	0	
	<u>0</u>	<u>131,147</u>
	=====	=====

UNES ceased management of academic revenue effective 1st March 2015 and therefore the Academic Allocation for the previous year is for the eight months that UNES managed the funds. Further there was a reduction in the UNES allocation from the previous allocation of 5% of tuition fees to an annual allocation of Ksh 196,720M. The management of academic revenue was transferred to the Centre for Self Sponsored Programmes, a unit within the University of Nairobi.

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 ALLOCATION FROM INCOME GENERATING UNITS

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
Veterinary Farm	577	595
Clinical studies	439	504
Dept. of Diagnostic Imaging & Radiation Medicine	1,178	1,448
Dept. of Haematology & Blood Transfusion	58	78
Chiromo Funeral Parlour	3,009	3,373
Department of Immunology	2	9
Clinical Chemistry	100	189
Dental Plaza	691	629
UON Library IGA	494	313
Surgery	34	23
Unitid	36	21
	6,618	7,182
	6,618	7,182

3 REVENUE FROM UNES UNIVERSITY BOOKSTORE

Nairobi	99,598	131,185
Mombasa	12,166	19,542
Kisumu	10,291	27,435
	122,055	178,162
Less: VAT paid	5,821	8,774
	116,234	169,388
	116,234	169,388

4 REVENUE FROM ARZIKI RESTAURANTS AND CHIROMO CONFERENCE CENTRE

Restaurant services	35,013	38,770
Conference services	5,191	9,902
Outside catering services	20,692	12,690
Other Income	129	291
	61,025	61,653
VAT and Catering levy paid	8,090	7,813
	52,935	53,840
	52,935	53,840

5 REVENUE FROM CONSULTANCY

Consultancies	279,728	270,020
Training (Short courses)	45,393	16,128
Other Income		742
	325,121	286,890
	325,121	286,890

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6	OTHER INCOME COSTS	2015/2016	2014/2015
		Kshs'000'	Kshs'000'
	Sale of tender documents/Misc	1,389	823
	Unrealized foreign exchange gain	<u>7,613</u>	<u>823</u>
		9,002	823
		=====	=====
7	DIRECT COSTS		
	i) Cost of sales		
	Nairobi Bookstore	67,722	95,022
	Kisumu Bookstore	6,525	23,308
	Mombasa Bookstore	6,449	16,734
	Arziki Restaurants and conference centre	23,951	21,382
	ii) Consultancy direct project costs	<u>278,499</u>	<u>248,247</u>
		383,146	404,693
		=====	=====
8	ADMINISTRATION		
	Staff Costs (note 9)		
	UNES Head office	64,284	107,223
	UNES University Bookstore-Nairobi	13,291	14,912
	UNES University Bookstore-Kisumu	2,940	3,651
	UNES University Bookstore-Mombasa	2,314	2,520
	Chiromo Conference Center & Arziki Restaurants	15,906	17,190
	UNES Consultancy unit	<u>8,090</u>	<u>6,203</u>
		106,825	151,699
	Staff Bonus provision	<u>0</u>	<u>5,662</u>
		106,825	157,361
	Directors Emoluments		
	Directors Sitting Allowances	2,006	3,454
	Directors Retainer Fees	1,500	1,500
	Directors presents & awards	0	129
	Chairman's Honorarium	<u>960</u>	<u>960</u>
		4,466	6,043
	Office and other Costs		
	(i) UNES Head office expenses		
	Staff Training & Development	1,327	2,631
	Medical Expenses	3,560	3,424
	New Business Development	4	0
	Out-Sourced Services	3,471	4,118
	Staff Travelling and Accommodation	256	2,132
	Transport operating expenses	919	776
	Seminars and Workshops	498	2,275
	Telecommunication	569	806

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
Electricity & water	0	820
Printing Expenses	1,172	849
Uniforms and Clothing	31	148
Office Stationery	1,163	2,521
General expenses & Other consumables	3,016	4,475
Marketing & Advertisements	926	1,659
Physical space	1,410	1,696
Bank Charges	475	571
Maintenance of equipment	473	314
Maintenance of vehicles	316	344
Maintenance of Buildings & Grounds	431	64
Insurance Charges	0	959
Legal & Statutory Expenses	0	96
Security Expenses	35	1,432
Subscriptions	74	132
ICT Services	513	646
Audit Fees	870	870
Entertainment	0	444
Corporate Social Responsibility	0	411
Procurement Costs	262	103
Performance contracting	896	858
ISO-QMS Expenses	1,727	2,953
Anti-Corruption Activities	0	567
Loss on disposal of assets	80	<u>0</u>
Bad debts written off	22,758	
Unrealized foreign exchange loss	<u>916</u>	
	48,148	39,094
(ii) UNES University Bookstore-Nairobi		
Casuals/Outsourced services	645	1,044
Staff training & development	50	12
Medical expenses	4,088	365
Bank Charges	365	504
Physical space	1,410	2,820
General office expenses	1,327	2,361
Maintenance and repairs	422	363
Marketing expenses	588	460
Statutory & legal expenses	30	30
Travelling expenses	175	224
Withholding VAT	57	37
Telecommunication	<u>153</u>	<u>285</u>
	9,310	8,505

UNES LIMITED
Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(iii) UNES University Bookstore-Kisumu

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
Out sourced services	162	239
Staff training & development	2	25
Staff medical expenses	94	141
Transport & Travelling Expenses	253	389
Rent Expenses	1,950	1,857
General office expenses	253	605
Marketing expenses	116	202
Telecommunication	37	33
Electricity	68	67
Repair and maintenance	380	160
Statutory & legal expenses	34	34
W/Holding Tax	6	4
Security	<u>181</u>	<u>181</u>
	3,536	3,937

(iv) UNES University Bookstore-Mombasa

Staff training & development	2	18
Casual labour	192	300
Staff medical expenses	0	48
Transport & Travelling Expenses	50	117
Rent Expenses	818	818
General office expenses	477	440
Marketing expenses	33	55
Repairs and maintenance	274	13
Telecommunication	76	62
Withholding VAT	11	8
Statutory & legal expenses	<u>16</u>	<u>34</u>
	1,949	1,913

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
(v) Chiromo Conference Center & Arziki Restaurants		
Out sourced services	1,516	1,240
Staff Medical expenses	767	629
Office Expenses	608	802
Transport Expenses	122	256
Telecommunication	97	100
Purchase of small kitchen equipments	125	301
Stationery/Printing	130	212
Electricity / Water	137	110
Maintenance of Equipment	54	141
Maintenance of building	0	510
Physical space	600	600
Legal & statutory expenses	294	329
Bank charges	<u>145</u>	<u>161</u>
	4,595	5,391
(vi) UNES Consultancy unit		
Stationery & Printing	662	1,559
Outsourced services	168	370
Travelling & Subsistence	57	130
Office expenses	1,427	1,464
Telecommunication expenses	82	401
Security Expenses	897	846
Legal & Statutory Expenses	94	140
Marketing	0	1,389
Insurance expenses	462	0
Bank charges	<u>544</u>	<u>211</u>
	4,393	6,510
Total administration costs	183,222	228,754
	=====	=====

UNES LIMITED
Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 STAFF COSTS

	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
Salaries and allowances employees	88,319	124,670
Compulsory national health insurance schemes	1,366	880
Compulsory national social security schemes	462	621
Leave pay and gratuity provisions	16,678	25,528
	106,825	151,699
	=====	=====

The average number of employees at the end of the year was:

Management level employees	4	4
Middle level employees	9	13
Lower level employees	91	75
	104	92
	=====	=====

10 OPERATING PROFIT

The operating profit is arrived at after charging/ (crediting):

Staff costs (note 9)	106,825	151,699
Depreciation of property, plant and equipment	7,370	9,097
Amortisation of intangible assets	40	233
Directors' emoluments - fees	4,466	6,043
Auditors' remuneration - current year fees	870	870
Loss on disposal of property, plant and equipment	79	0
Prepaid Rent	0	0

11 FINANCE INCOME

Interest income on government securities	7,332	7,385
Interest income on short-term bank deposits	552	640
	7,884	8,025
	=====	=====

12 EARNINGS PER SHARE

The earnings per share is calculated by dividing the average number of issued ordinary shares which are 5,000. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

13 DIVIDEND PER SHARE

Dividends are accounted for as a separate component of equity and are only presented in the accounts once ratified and declared at the relevant Annual General Meeting (AGM).

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 PROPERTY, PLANT AND EQUIPMENT

2015/2016	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total 2014/2015
COST OR VALUATION	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
At July 1, 2015	25,963	19,009	45,442	90,414
Additions		2,442	710	3,152
Transfers	0	0	0	0
Disposals	(3,370)	(1,805)	(6,480)	(11,655)
At June 30, 2016	22,593	19,646	39,672	81,911
DEPRECIATION				
At July 1, 2015	18,539	17,113	24,556	60,208
Charge for the year	2,174	1,853	3,343	7,370
Impairment loss	0	0	0	0
Eliminated on disposal	(1,257)	(1,267)	(3,153)	(5,677)
At June 30, 2016	19,456	17,699	24,746	61,901
NET BOOK VALUE				
At June 30, 2016	3,137	1,947	14,926	20,010

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

2014/2015	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Total 2014/2015
COST OR VALUATION	Kshs'000'	Kshs'000'	Kshs'000'	Kshs'000'
At July 1, 2014	22,062	17,722	43,383	83,167
Additions	3,901	1,287	2,059	7,247
Transfers	0	0	0	0
Disposals	0	0	0	0
At June 30, 2015	25,963	19,009	45,442	90,414
DEPRECIATION				
At July 1, 2014	15,661	14,881	20,569	51,111
Charge for the year	2,879	2,231	3,987	9,097
Impairment loss	0	0	0	0
Eliminated on disposal	0	0	0	0
At June 30, 2015	18,540	17,112	24,556	60,208
NET BOOK VALUE At June 30, 2015	7,423	1,897	20,886	30,206

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2015/2016	2014/2015
16	INTANGIBLE ASSETS	Kshs'000'	Kshs'000'
	COST		
	At July 1	8,273	8,273
	Disposals	(286)	0
	At June 30	7,987	8,273
	AMORTISATION		
	At July 1	8,119	7,886
	Charge for the year	40	233
	Eliminated on disposal	(172)	0
	At June 30	7,987	8,119
	NET BOOK VALUE		
	At June 30	0	154
	The intangible asset relate to computer software		
17	INVENTORIES		
	UNES Bookstores	68,604	92,591
	Chiromo Funeral Parlour	473	357
	Arziki Restaurants & Conference Centre	693	590
	UNES Head Office	679	727
	Clinical Studies	1,514	2,016
	Vet Farm	1,199	926
	Haematology	43	150
	Radiology	283	413
	Immunology	45	232
	Dental Plaza	75	115
	Clinical Chemistry	1,074	350
		74,682	98,467
	All inventories are valued at historical cost.		
18	TRADE AND OTHER RECEIVABLES		
	Trade receivables	201,357	223,335
	Bank Guarantees	5,120	7,149
	Amount held for the University of Nairobi	0	262,972
	Staff receivables	2,847	3,032
	Other receivables	6,985	1,742
	Suppliers deposits and advances	16,257	20,257
	Alumni expenses	57	1,031
	Net trade and other receivables	232,623	519,518

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2015/2016 Kshs'000'	2014/2015 Kshs'000'
19	SHORT TERM DEPOSITS		
	91 Days Treasury bills	121,500	136,500
		<u>121,500</u>	<u>136,500</u>

The effective interest rate on the short term deposits as at June 30, 2016 was 7.1%.

20 BANK AND CASH BALANCES

Cash at bank

Bank accounts with positive cashbook balances

UON Accounts

UNES Caution Deposits Account	0	11
UNES Application Fees Account	0	398
UNES/UON collection account	0	10,613
UON CESSP DSP account	0	147
UON CESSP Dollar account	0	6,764
	<u>0</u>	<u>17,933</u>

IGU Accounts

Transition Account NBK	10,938	1,741
CAVS Vet Farm BBK Account	2,631	1,426
Chiromo Funeral Parlour SCB Account	1,254	13,924
Faculty of Medicine BBK Account	11,832	11,134
CAVS Clinical Studies BBK Account	1,117	2,695
	<u>27,772</u>	<u>30,920</u>

UNES Accounts

UNES Consultancy Account	8,224	0
UNES Arziki Restaurant BBK	0	2,629
UNES US-Dollar Account BBK		0
UNES Euro Account BBK	3,103	11,528
UNES University Bookstore Account	2,065	2,105
	<u>13,392</u>	<u>16,262</u>

Total cash at bank	41,164	65,115
Cash in hand	1,700	1,278
	<u>42,864</u>	<u>66,393</u>

Total Cash at bank and in hand

The bulk of the cash at bank was held at Barclays Bank of Kenya, the company's main bankers.

21 ORDINARY SHARE CAPITAL

Authorised:

5,000 ordinary shares of Kshs.20 par value each	100	100
	<u>100</u>	<u>100</u>

Issued and fully paid:

5,000 ordinary shares of Kshs.20 par value each	100	100
	<u>100</u>	<u>100</u>

The University of Nairobi holds 4,998 shares while 2 shares are held by nominees of the University.

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

22 NOTES TO THE FINANCIAL STATEMENTS (Continued)

22	RETAINED EARNINGS	2015/2016	2014/2015
		Kshs'000'	Kshs'000'
	The retained earnings represent amounts available for distribution to the company's shareholders. Undistributed retained earnings are utilised to finance the company's business activities.		
	Balance at beginning of the year	83,192	128,953
	Add: Total comprehensive income for the year	(55,984)	14,518
	Less: Dividends declared during the year	<u>0</u>	<u>(60,279)</u>
		<u>27,208</u>	<u>83,192</u>
		=====	=====

23 CAPITAL RESERVE

The capital reserve includes funds set aside for improvement of certain items of property, plant and equipment netted off with the capital expenditures.

	Balance at beginning of the year	11,107	12,479
	Less: Capital renovations during the year		
	Arziki restaurant & conference centre	0	(122)
	Head office	0	(1,250)
		<u>0</u>	<u>(1,372)</u>
	Balance at end of the year	<u>11,107</u>	<u>11,107</u>
		=====	=====

24 LONG TERM LIABILITY

	Bookstore amount due to UON		
	Balance at beginning of the year	38,650	22,500
	Add:		
	Provision for bad debt (Reversal)	0	4,378
	Provision for dead stock reversal	0	10,272
	(Reversed payment) Amount paid	0	1,500
	Write off	<u>(15,178)</u>	<u>0</u>
	Balance at end of the year	<u>23,472</u>	<u>38,650</u>
		=====	=====

The write off during the year relates to bad debts and dead stocks which were part of the long term liability at the time of taking up the management of the Boostore.

25 TRADE AND OTHER PAYABLES

	Trade payables	27,191	22,362
	Provision for direct service providers	442	374,481
	Remittance for consultancies	120,675	119,392
	Provision for audit fees	870	870
	Provision for expenses	7,865	7,009
	Provision for rent	3,724	3,229
	Provision for directors' expenses	6,000	4,500
	Provision for output VAT	9,519	6,334
	Amount held for the University of Nairobi	183,769	0
	Student deposits	7,440	407
	IGU creditors	1,453	1,850
	Receipts in advance	0	15,962
	Provision for staff and directors' bonuses	<u>6,520</u>	<u>9,348</u>
		<u>375,468</u>	<u>565,744</u>
		=====	=====

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2015/2016 Kshs'000'	2014/2015 Kshs'000'
26	STAFF GRATUITY AND OBLIGATIONS		
	Staff gratuity	26,240	43,608
		<u>26,240</u>	<u>43,608</u>
		=====	=====
	The staff gratuity is accrued for the year at the entitlement rate which is currently 31% of Basic Pay.		
27	PROVISION FOR LEAVE PAY		
	Additional provision at end of year	808	1,802
	Balance at end of the year	<u>2,610</u>	<u>1,802</u>
		=====	=====
	Provision for annual leave pay is based on services rendered by full-time employees up to the end of the year.		
28	DIVIDENDS PAYABLE		
	The balance of dividends payable relates to unpaid dividends as at the end of the year. The balances are analysed in annual amount below.		
	Balance brought forward	60,349	69
	Dividends declared	0	60,280
		<u>60,349</u>	<u>60,349</u>
	Less: Dividend paid	(39,000)	0
	Balance at end of the year	<u>21,349</u>	<u>60,349</u>
		=====	=====
29	BANK ACCOUNTS WITH OVERDRAWN CASHBOOK		
	UNES Arziki account	1,569	0
	UNES DSP account		5,115
	UNES Corporate Account	2,530	5,628
	UNES US-Dollar Account BBK	26	3,158
	UNES Consultancy Account	0	625
	UON CESSP Application account	0	2,254
	UON CESSP Operations account	0	1,577
	UON CESSP COLLECTION account	0	28,329
	Balance at end of the year	<u>4,125</u>	<u>46,686</u>
		=====	=====

Note: The bank accounts in note 29 above have positive bank balances and the negative amounts are the cashbook balances.

UNES LIMITED

Annual Report and Financial Statements for the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from/(used in) operations	2015/2016	2014/2015
	Kshs'000'	Kshs'000'
Operating profit	(63,869)	6,493
Depreciation	7,410	9,330
Loss on disposal of property, plant and equipment	79	
Operating profit/ (loss) before working capital changes	(56,379)	15,823
Decrease/ (Increase) in inventories	23,784	(557)
Decrease/ (Increase) in trade and other receivables	286,896	487,826
(Decrease)/ Increase in trade and other payables	(190,276)	(323,664)
(Decrease)/Increase in provision for staff gratuity	(17,368)	(2,832)
(Decrease)/Increase in provision for staff leave pay	808	(760)
Cash (used in) / generated from operations	47,465	175,836
	=====	=====
(b) Analysis of dividend paid		
Balance at beginning of the year	60,348	69
2012/2013 dividends declared	0	60,279
Balance at end of the year	21,348	(60,348)
Dividend paid	39,000	0
	=====	=====
(c) Analysis of changes in long term liability		
Balance at beginning of the year	38,650	22,500
Reversal/ (Repayment) during the year	0	1,500
Provision for bad debt (Reversal)	0	4,378
Provision for dead stock reversal	0	10,272
Write off	(15,178)	
Balance at end of the year	23,472	38,650
	=====	=====
(d) Analysis of cash and cash equivalents		
Short term deposits	121,500	136,500
Cash at bank (See note 20)	41,164	65,115
Cash in hand	1,700	1,278
Bank Overdraft (See note 29)	(4,125)	(46,686)
Balance at end of the year	160,239	156,207
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

During the year, UNES Limited provided services to the University of Nairobi, which is the parent company having 100% control over UNES. These services were provided through UNES University Bookstore and Arziki Restaurant and Conference Centre. The University of Nairobi being the 100% shareholder for UNES receives dividends from UNES against the surplus realized and as declared at the Annual General Meeting on recommendation by the directors.

The balances between UNES and UON as at the balance sheet date were as follows:

	2015/2016	2014/2015
	Ksh (000)	Ksh (000)
<u>Due from UON</u>		
Owings to Bookstore and Arziki	58,333	65,324
<u>Due to UON</u>		
Long-term liability- Bookstore amount on takeover by UNES	23,638	38,650
Dividends payable	21,349	60,359

The key management personnel of the company enjoy only short-term benefits based on the contractual agreements. The company does not have share-based payments, post-employment and other long-term benefits. The compensation to key management personnel of the company and the directors during the year amounted to KSh 23.60 Million.

32 CONTINGENT LIABILITIES

During the financial year the company did not have any contingent liabilities.

33 FINANICAL PERFORMANCE

The company registered an overall loss of KSh 56Million during the year, which is attributable to ceasing the management of academic revenue in the Financial Year 2014/2015. This was a deliberate move by the management of the company and the University of Nairobi to allow UNES to shift focus on other income generating activities and opportunities which had remained under exploited. However, the performance of the company is expected to turnaround as the company implements the reviewed Strategic Plan 2014-2018, which provides for initiatives to up-scale commercial activities with Consultancy services being the main business line.

