

Library

PARLIAMENT  
OF KENYA  
LIBRARY



140  
S...  
P...  
C...  
D...  
P...  
C...

**UNIVERSITY OF NAIROBI PRESS**

**ANNUAL REPORT**

**and**

**ACCOUNTS**

**for**

**THE YEAR ENDED 30TH JUNE, 2005**

# University of Nairobi Press

## Annual Report and Accounts for the year ended 30<sup>th</sup> June, 2005

© **University of Nairobi Press**  
P.O. Box 30197, Nairobi - 00100  
Kenya.

**Telephone:** 318262 Ext. 28581

**Telegrams:** Varsity

**Fax:** 245566

**E-mail:** [nup@uonbi.ac.ke](mailto:nup@uonbi.ac.ke)

**Website:** [www.uonbi.ac.ke/press](http://www.uonbi.ac.ke/press)

# Contents

Institutional Details.....	4
Directors' Report.....	5
Statement of Directors' responsibilities.....	7
Auditor-General's Report.....	8
Balance Sheet .....	9
Trading, Profits & Loss Account.....	10
Cash Flow Statement .....	11
Notes to the Accounts .....	12

## **Institutional Details**

The Directors have pleasure in submitting the Annual Report and Accounts for the year ended 30th June 2005.

### **Principal Activities**

The principal activity of the Press remains that of book publishing.

### **Results for the Year**

Trading Profit for the year: **KShs 1,512,589.95** and net loss for the year **KShs (478,014.60)**

### **Directors**

The Directors who held office during the year were:

#### **Chairman of the University of Nairobi Council**

John P.N. Simba, LL.B (Dar-es-Salaam)

#### **Vice-Chancellor**

G.A.O. Magoha, IOM, M.B.B.S (Lagos), FRCS, FWACS, FICS, FABI, MSIC, FMCS (Urol)

#### **Deputy Vice-Chancellor (Administration and Finance)**

Peter M.F. Mbithi BVM, MSc, Ph.D. (Nairobi) M.Vet Sc. (Saskatchewan, Canada)

#### **Deputy Vice-Chancellor (Academic Affairs)**

J.T. Kaimenyi, B.D.S. (Nairobi) M.D.S. (Mangalore, India) Ph.D. (Nairobi)

#### **Managing Director- University of Nairobi Enterprises and Services Ltd.**

J.K. Kimani, B.Sc., (Nairobi) Ph.D. (Nairobi)

#### **Ag. Managing Editor, University of Nairobi Press**

J.K. Kirimania, B.A., (Nairobi) P.G.D. Mass Communication (Nairobi)

### **Bankers**

Barclays Bank of Kenya Ltd.

### **Auditors**

Controller and Auditor-General

Kenya National Audit Office

P.O. Box 30084-00100, GPO

NAIROBI

### **Registered Office**

University of Nairobi, P.O.Box 30197, Nairobi Kenya.

**Telephone.** 318262.Ext.28581.

**Fax:** 245566.

**E-mail:** nup@uonbi.ac.ke.

# University of Nairobi Press Board Report

A university has three functions to perform: to advance knowledge; to conserve knowledge; and to disseminate knowledge. Having provided for the advancement and conservation of knowledge, it falls short of the full realization of its aim unless it makes provision for its dissemination as well. The third function enumerated above, that is, dissemination of knowledge, devolves principally upon a university press and hence the University of Nairobi Press (UONP).

The University of Nairobi Press has overlapping responsibilities to the University, the academic community, and the reading public. Our fundamental mission is to disseminate scholarship (through books, journals, and in the future, electronic media) both within academia and to society at large. Basically, we select for publication scholarship of the highest quality in all disciplines and levels, their commercial viability notwithstanding.

Although the mission of the University of Nairobi Press is essentially academic and scholarly in nature, we have strived to achieve this within a cost-effective environment that promotes long-term survival, growth and sound business principles.

Traditionally, the University of Nairobi Press has been publishing for the scholarly market with the university student and lecturer as its target market. However, due to various factors, like lack of book stipends for students, the sales for our publications have been low, bringing the issue of sustainability to the fore.

About three years ago, the UONP undertook a strategy of diversification of its products (publications). This is a business strategy with the aim of broadening the market and product base.

## **Primary and Secondary Schools Textbooks**

In the year 2002, the Ministry of Education, Science and Technology initiated new syllabus for primary and secondary schools and invited publishers to submit proposals for suitable textbooks to the Kenya Institute of Education (KIE) for evaluation. As a result, the UONP diversified into developing textbooks for primary and secondary schools market.

## **Reaching the Community**

Under the strategy of diversifying our publication, the UONP is now making available to the broader public the full range and value of research and scholarships generated by the university faculty.

- ▶ Our “Cancer series booklets”, authored by the University of Nairobi, Faculty of Medicine lecturers, and targeting the man/woman on the street is well advanced and hopefully will be in the market soon.
- ▶ A second series on Psychiatry and Mental Health is under discussion with faculty members from the Department of Psychiatry.

Towards achieving this end, UONP recruited an extra editor to enhance the editorial function.

## **Marketing**

In an endeavor to attain better sales and reduce stocks, UoNP recruited a Marketing Manager who has been:

- (a) Promoting and marketing scholarly publications to various public and private universities' bookshops and libraries in the country.
- (b) Participating in annual Nairobi International Bookfair and Nairobi International Trade Fair.
- (c) Promoting and marketing academic and school textbooks through making direct contacts with schools (talking to teachers) and booksellers (bookshops) in Nairobi and environs.
- (d) Participated in organized teacher educational seminars and school science congresses e.g. Kenya Secondary Schools Head teachers Association Conference.
- (e) Initiated promotional activities for the school textbooks as carried out by use of electronic media (TV) and paid advertisements in print media, in an attempt to increase awareness of our products' existence.
- (f) Placement of catalogue on the UoN website.

## **Strategic Plan**

The UONP has completed a strategic plan for the years 2005-2010 cascading from the University of Nairobi Strategic Plan.

## **Way Forward**

The planned strategies will be a continuation of diversifying our publications, publishing research findings from the research component of the University of Nairobi, other sponsored and subsidized publications.

In order to reach a wider market and better sales UoNP shall use commission agents in sales and marketing.

## Statement of University of Nairobi Press Board Members Responsibilities for the year ended 30<sup>th</sup> June, 2005

The University of Nairobi Press (UoNP) Board is required to prepare statements that give a true and fair view of the state of affairs of the UoNP as at the end of the financial year and of its surplus or deficit for that year. The Board is required to ensure that the Press maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the UoNP. The UoNP Board is also responsible for safeguarding the assets of the Press.

The UoNP Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The UoNP Board is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the Press as at 30th June 2005. The UoNP Board further confirms the accuracy and completeness of the accounting records maintained by the Press, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the system of internal financial control.

This statement is approved by the UoNP Board and is signed on its behalf by:



---

**John Simba**

Chairman of Council and UONP Board



---

**G.A.O. Magoha**

Director UONP

# **Report of the Controller and Auditor General on the Financial Statements of University of Nairobi Press for the Year Ended 30<sup>th</sup> June 2005**

I have audited the financial statements of University of Nairobi Press for the year ended 30 June 2005 in accordance with provisions of Section 14 of Public Audit Act, 2003. 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. The financial statements are in agreement with the books of accounts.

## **Respective Responsibilities of the Directors and the Controller and Auditor General**

As set out in the statement of directors' responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

## **Basis of Opinion**

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

## **Opinion**

In my opinion, proper books of accounts have been kept and the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act (cap 486 of the Laws of Kenya)



**E. N. MWAI**  
**Controller And Auditor General**

Nairobi

02 December 2005



## Balance Sheet as at 30<sup>th</sup> June 2005

ASSETS	NOTES	2005 Kshs.	2004 Kshs.
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5	<u>1,556,442.00</u>	<u>1,548,487.00</u>
<b>Current Assets</b>			
Inventories	6	7,987,958.00	8,860,244.00
Trade and Other Receivables	7	1,354,299.00	1,359,972.00
Short Term Deposit	11(b)	2,000,559.00	-
Cash and Cash Equivalents	8	1,007,491.00	2,733,421.00
		<u>12,350,307.00</u>	<u>12,953,637.00</u>
<b>TOTAL ASSETS</b>		<u>13,906,749.00</u>	<u>14,502,124.00</u>
 <b>FUNDS AND LIABILITIES</b>			
Capital Fund	9	3,809,495.00	3,809,495.00
Accumulated (Loss)/Profit		<u>(329,076.00)</u>	<u>238,938.00</u>
		<u>3,480,419.00</u>	<u>4,048,433.00</u>
<b>Non-Current Liabilities</b>			
		-	-
<b>Current Liabilities</b>			
Trade and Other Payables	10	<u>10,426,330.00</u>	<u>10,453,691.00</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u>13,906,749.00</u>	<u>14,502,124.00</u>



.....  
John P.N. Simba, LL.B (Dar-es-Salaam)  
Chairman



.....  
G.A.O. Magoha, IOM, M.B.B.S. (Lagos), FRCS, FWACS, FICS, FABI, MSIC, FMCS (Urol.)  
Director



.....  
Josphat K. Kirimania, B.A. (Nairobi) P.G.D Mass Comm. (Nairobi)  
Ag. Managing Editor

## Profit and Loss Account for year ended 30<sup>th</sup> June, 2005

		2005	2004
INCOME	NOTES	<u>KSHS</u>	<u>KSHS</u>
Trading Profit	11(a)	1,512,589.95	1,093,531.10
<b>Other Funding</b>			
Income from Deposits	11(b)	558.95	—
Salary and Other Benefits (UoN)	11(c)	9,376,255.25	4,686,580.00
Rent and Utilities (UoN)	11(d)	1,615,200.00	1,615,200.00
Other Income	11(e)	50,936.00	20,567.00
<b>TOTAL INCOME</b>		<b><u>12,555,540.15</u></b>	<b><u>7,415,878.10</u></b>
<b>OPERATING EXPENSES:</b>			
Salaries and Other Benefits	11(c)	9,376,255.25	4,686,580.00
Rent and Utilities	11(d)	1,615,200.00	1,615,200.00
Sitting Allowance- Editorial		232,000.00	52,000.00
Royalties	10(b)	319,205.30	216,018.60
Stationery and Office Expenses		380,362.55	472,684.75
Mileage and Traveling Expenses		72,802.00	101,400.00
Annual Subscription Fees (KPA)		20,000.00	20,000.00
Promotion & Marketing		405,425.00	373,289.00
Audit Fees (provision)	10(d)	80,000.00	80,000.00
Bank Charges		17,904.05	23,799.25
Computer Maintenance		29,867.60	65,520.00
Photocopier Maintenance Charges		51,595.00	69,457.35
Depreciation	5	172,938.00	172,054.00
Directors' Allowances		260,000.00	510,000.00
<b>TOTAL OPERATING EXPENSES</b>		<b><u>13,033,554.75</u></b>	<b><u>8,458,003.00</u></b>
<b>LOSS FOR THE YEAR</b>		<b>(478,014.60)</b>	<b>(1,042,124.90)</b>
Accumulated Surplus Brought Forward		238,938.20	1,281,063.10
Additional Provision for Audit Fees 10(d)		(90,000.00)	—
Accumulated Loss Carried Forward		<b><u>(329,076.40)</u></b>	<b><u>238,938.20</u></b>

## Cash Flow Statement for the year ended 30<sup>th</sup> June, 2005

	Notes	2005 Kshs.	2004 Kshs.
<b><u>Cash Flow from Operating Activities</u></b>			
Net Loss for the Year		(478,015.00)	(1,042,125.00)
<b>Adjustments for:</b>			
Depreciation	5	172,938.00	172,054.00
Increase in Provision for Audit Fees	10	—	<u>20,000.00</u>
<b>Operating (Deficit)/ Surplus Before working Capital Changes</b>		<b><u>(305,077.00)</u></b>	<b><u>(850,071.00)</u></b>
(Increase)/Decrease in Inventories	6	872,286.00	(2,186,328.00)
(Increase)/Decrease in Trade and Other Receivables	7	5,674.00	78,397.00
Increase/(Decrease) in Trade and Other Payables	10	(27,361.00)	2,961,189.00
Audit Fee Provision For 2002/2003 and 2003/2004 Audit	10	<u>(90,000.00)</u>	—
Net Cash Flow from Operating Activities		<u>455,522.00</u>	<u>3,187.00</u>
<b><u>Cash Flow from Investing Activities</u></b>			
Purchase of Equipment	5	(180,893.00)	(9,500.00)
Net Cash Flow from Financing Activities		<u>(180,893.00)</u>	<u>(9,500.00)</u>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalent</b>		<b>274,630.00</b>	<b>(6,313.00)</b>
<b><u>Movement in Cash and Cash Equivalent</u></b>			
Cash and Cash Equivalent at Beginning of Period		<u>2,733,420.00</u>	<u>2,739,733.00</u>
<b>Cash and Cash Equivalent at End of Year</b>		<b><u>3,008,050.00</u></b>	<b><u>2,733,420.00</u></b>

# Notes to the Accounts for the year ended 30<sup>th</sup> June, 2005

## 1. Significant Accounting Policies

- 1.1 The Accounts are prepared under the historical cost convention.
- 1.2 Fixed assets are stated at cost.  
Depreciation on fixed assets is provided for at annual rates estimated to write off the assets over the expected useful life.  
The annual rate is: Furniture and Equipment - 10% on reducing balance method.
- 1.3 Stocks are valued at the lower of cost and net realizable value.

## 2. Taxation

The Company is exempted from Income Tax under paragraph 10 of the First Schedule of the Income Tax Act.

## 3. Incorporation

University of Nairobi Press is a Company incorporated in Kenya under the Company's Act. It is limited by guarantee and does not have any Share Capital.

## 4. Currency

The accounts are expressed in Kenya shillings (Kshs).

## 5. Property, Plant & Equipment

	Furniture	Equipment	Total
Cost or Valuation	Kshs.	Kshs.	Kshs.
As 1st July	470,770.00	3,346,207.00	3,816,977.00
Additions	—	<u>180,893.00</u>	<u>180,893.00</u>
At 30th June	<u>470,770.00</u>	<u>3,527,100.00</u>	<u>3,997,870.00</u>
<b>Depreciation</b>			
As 1st July	350,152.00	1,918,338.00	2,268,490.00
<b>Charge for the Year</b>	<u>12,062.00</u>	<u>160,876.00</u>	<u>172,938.00</u>
At 30th June	<u>362,214.00</u>	<u>2,079,214.00</u>	<u>2,441,428.00</u>
<b>Net Book Value</b>			
At 30th June 2005	<u>108,556.00</u>	<u>1,447,886.00</u>	<u>1,556,442.00</u>
At 30 <sup>th</sup> June 2004	<u>120,618.00</u>	<u>1,427,869.00</u>	<u>1,548,487.00</u>

<b>6. Inventories</b>	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Scholarly Books	6,262,184.00	6,427,835.00
Secondary School Text Books	<u>1,722,774.00</u>	<u>2,432,409.40</u>
	<b><u>7,987,958.00</u></b>	<b><u>8,860,244.40</u></b>

### 7. Trade and Other Receivables

	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Trade Debtors	1,173,423.60	1,034,131.60
Debt due from UoN	21,200.00	25,840.00
Advance Royalties	<u>159,675.00</u>	<u>300,000.00</u>
<b>Total</b>	<b><u>1,354,298.60</u></b>	<b><u>1,359,971.60</u></b>

**Debt due from UoN** – This refers to Press Receipts for the year, deposited in UoN bank account instead of UoN-Press bank account. The transfer of the same not done by 30th June.

**Advance Royalties** – This is money advanced to authors by UoN-Press to facilitate manuscript development and is recoverable from their annual royalties.

### 8. Cash and Cash Equivalents

	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Cash at Bank (BBK – Queensway Hse. A/C No. 8245353)	1,004,581.00.	2,700,716.00
Cash at Hand	<u>2,910.00</u>	<u>32,705.00</u>
<b>Total</b>	<b><u>1,007,491.00</u></b>	<b><u>2,733,421.00</u></b>

**9. Capital Fund** – This is the initial contribution by the University of Nairobi for the set up of the University of Nairobi Press. The amount has remained the same over years.

### 10. Trade and Other Payables

	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Trade Creditors	2,060,801.20	1,693,698.90
Royalties Payable	263,116.55	210,732.30
Current Account – UoN	7,862,412.00	7,535,984.00
Provision for Audit Fees	240,000.00	150,000.00
Advances	<u>—</u>	<u>863,275.00</u>
<b>Total</b>	<b><u>10,426,329.75</u></b>	<b><u>10,453,690.00</u></b>

**Royalties Payable** – Royalties are money paid to our authors in proportion to number of units of particular title sold during the year. The rate of 20% on net sales is applied by the UON-Press in computing the amount of royalties payable to the authors.

**Current Account (UoN)** – This represents payments made by the University of Nairobi on behalf of University of Nairobi Press.

**Provision for Audit Fees** – During the year, we had additional provision for audit fees for Kshs. 90,000.00 for the audit of financial years 2002/2003 and 2003/2004. The under provision had been caused as a result of previous year's actual audit fees paid being more than the provision amount. The outstanding audit fees are for the years 2002/2003, 2003/2004 and 2004/2005 at the rate of Kshs. 80,000.00 per year.

**Advances** – These are funds received by UoN-Press from sponsors for publication of particular titles. During the year, the publication of books titled Improving Health Policy in Africa and East Africa in Transition was completed. All advances that had been received from sponsors towards their publication were charged against production costs as at 30/6/2005. There were no other funds received during the year.

## 11. Sales and Other Income

### (a) Trading account

	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Gross Sales for the year	2,507,209.80	1,718,701.60
Less: Discount allowed	<u>(552,254.50)</u>	<u>(328,869.50)</u>
<b>Net sales</b>	<b>1,954,955.30</b>	<b>1,389,832.10</b>
Less: Cost of Sales	(442,365.35)	(296,301.00)
<b>Trading Profit for the year</b>	<b><u>1,512,589.95</u></b>	<b><u>1,093,531.10</u></b>

### (b) Income from Deposits

Short-term deposits refer to Kshs. 2,000,000.00 placed on Call Deposit with Barclays Bank of Kenya- Queens way branch w.e.f 1 November 2004. The interest earned to 30/6/2005 totaled to Kshs. 558.95, which was re-invested.

### (c) Salary and Other Benefits from UoN – (Paid to UONP Staff) Kshs. 9,376,292.25

	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Total Gross Salary (Including Leave Allowance)	8,371,393.85	4,099,092.00
Pension Contribution (20% of basic)	748,148.40	350,488.00
Medical Benefits	<u>256,750.00</u>	<u>237,000.00</u>
<b>Total Salary and Other Benefits</b>	<b><u>9,376,292.25</u></b>	<b><u>4,686,580.00</u></b>

Medical benefits are estimated at the rate of Kshs. 1,000.00 per month per person for outpatient and 50% of Kshs. 15,500.00 per person per annum for in-patient.

**(d) Rent and Utilities from UoN – Kshs. 1,615,200.00**

UoN – Estates Department, did the valuation of space occupied by Press offices.

The estimated rates are monthly rent of Kshs.125, 000.00 and Utilities of Kshs. 9,600.00 P.M.

<b>(e) Income from Other Sources</b>	<b>2005</b>	<b>2004</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Photocopying	28,956.00	20,067.00
Typesetting and printing services	<u>21,980.00</u>	<u>500.00</u>
<b>Total income from Other Sources</b>	<b><u>50,936.00</u></b>	<b><u>20,567.00</u></b>