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University of Nairobi Chairman, John Simba is conferred honorary Doctorate Degree by the Chancellor Dr. J.B. Wanjui during the 48th Graduation Ceremony

FINANCE MANAGEMENT TEAM



*Mr. M. Karue
Finance Officer*



*Mr. P. Agutu
Deputy Finance Officer*

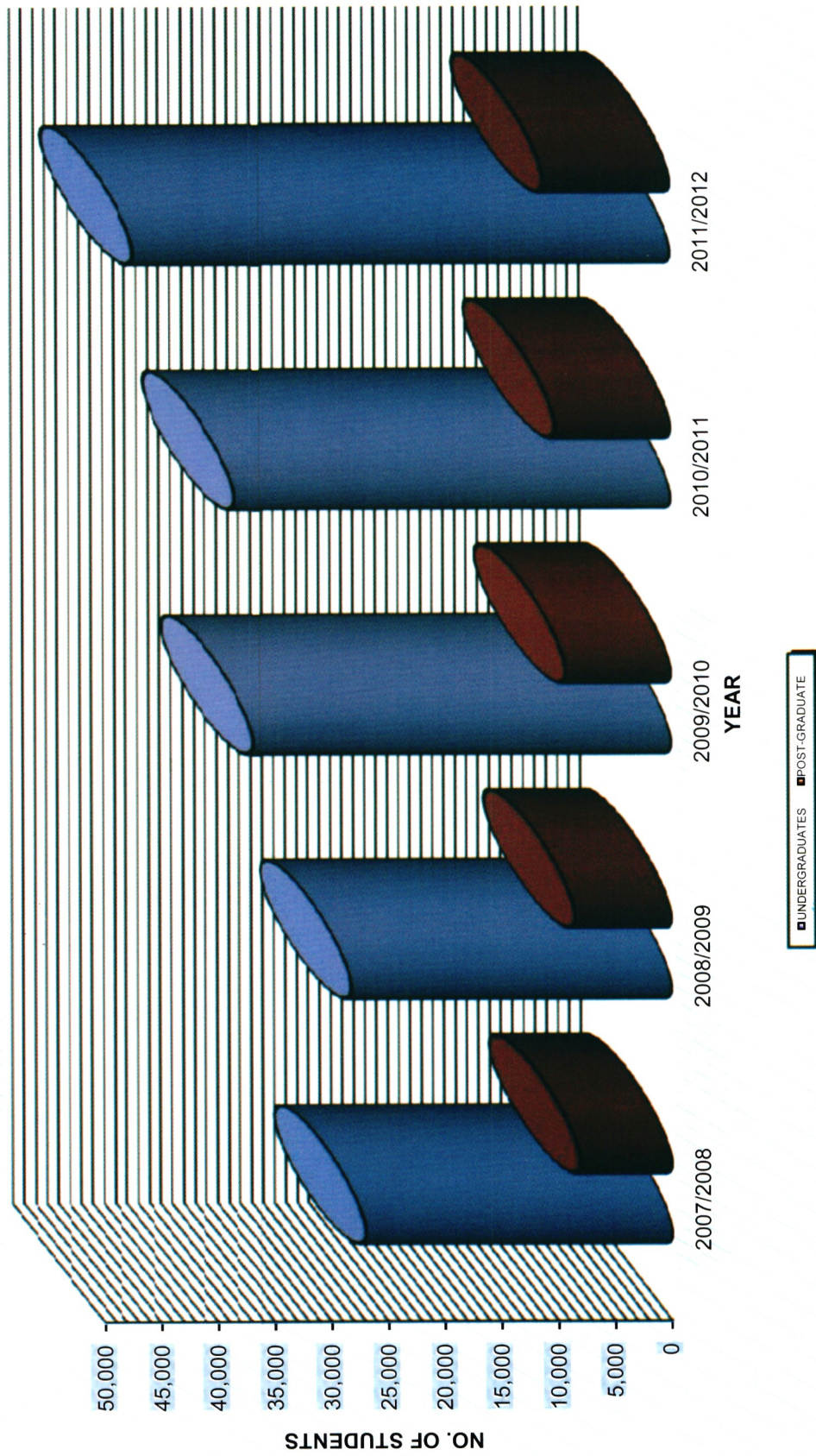


*Mr. P. Busienei
Deputy Finance Officer*



STUDENT POPULATION FROM 2007/2008 TO 2011/2012

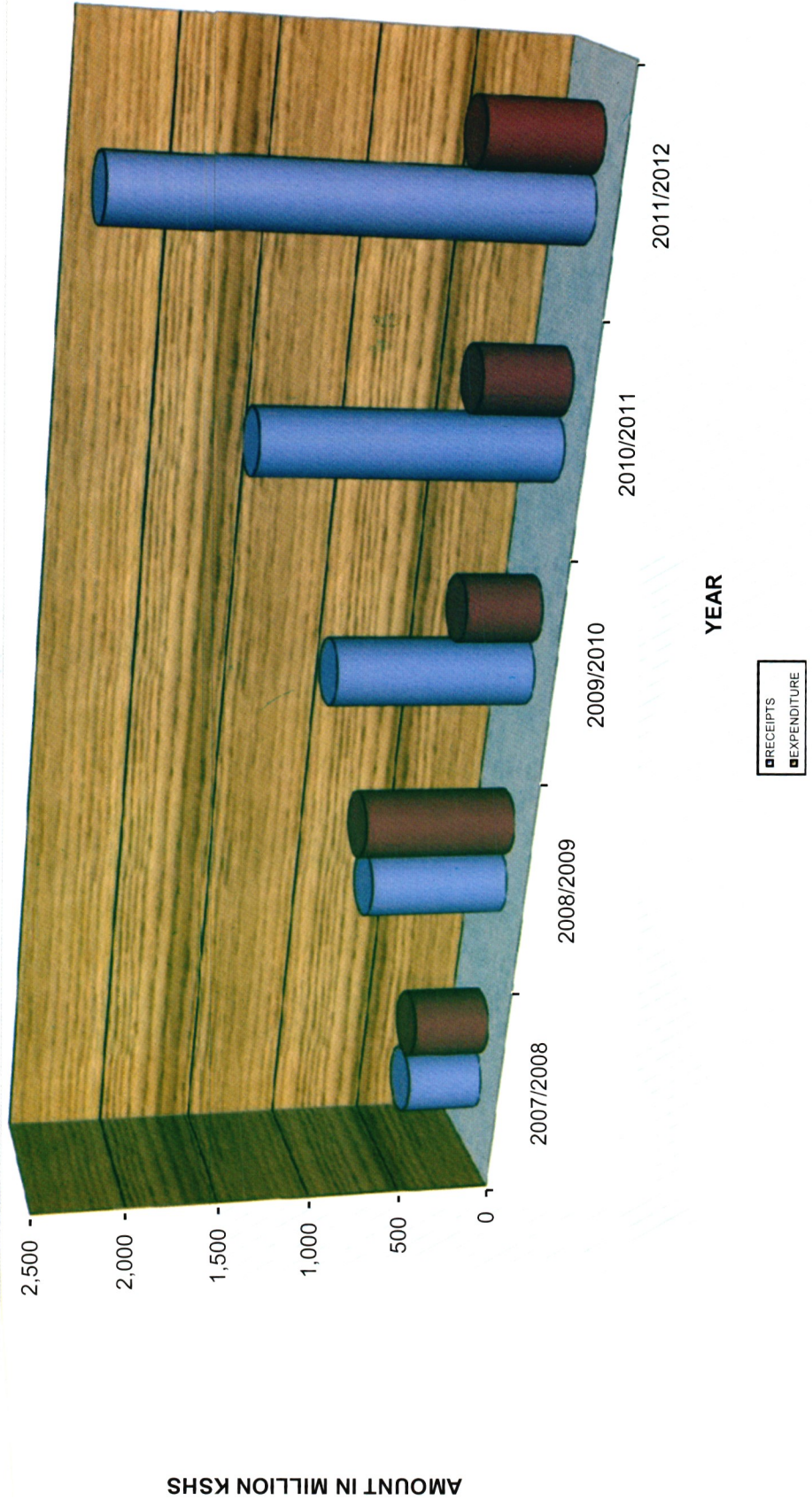
STUDENT POPULATION
FROM 2007/2008 TO 2011/2012





CAPITAL DEVELOPMENT FROM 2007/2008 TO 2011/2012

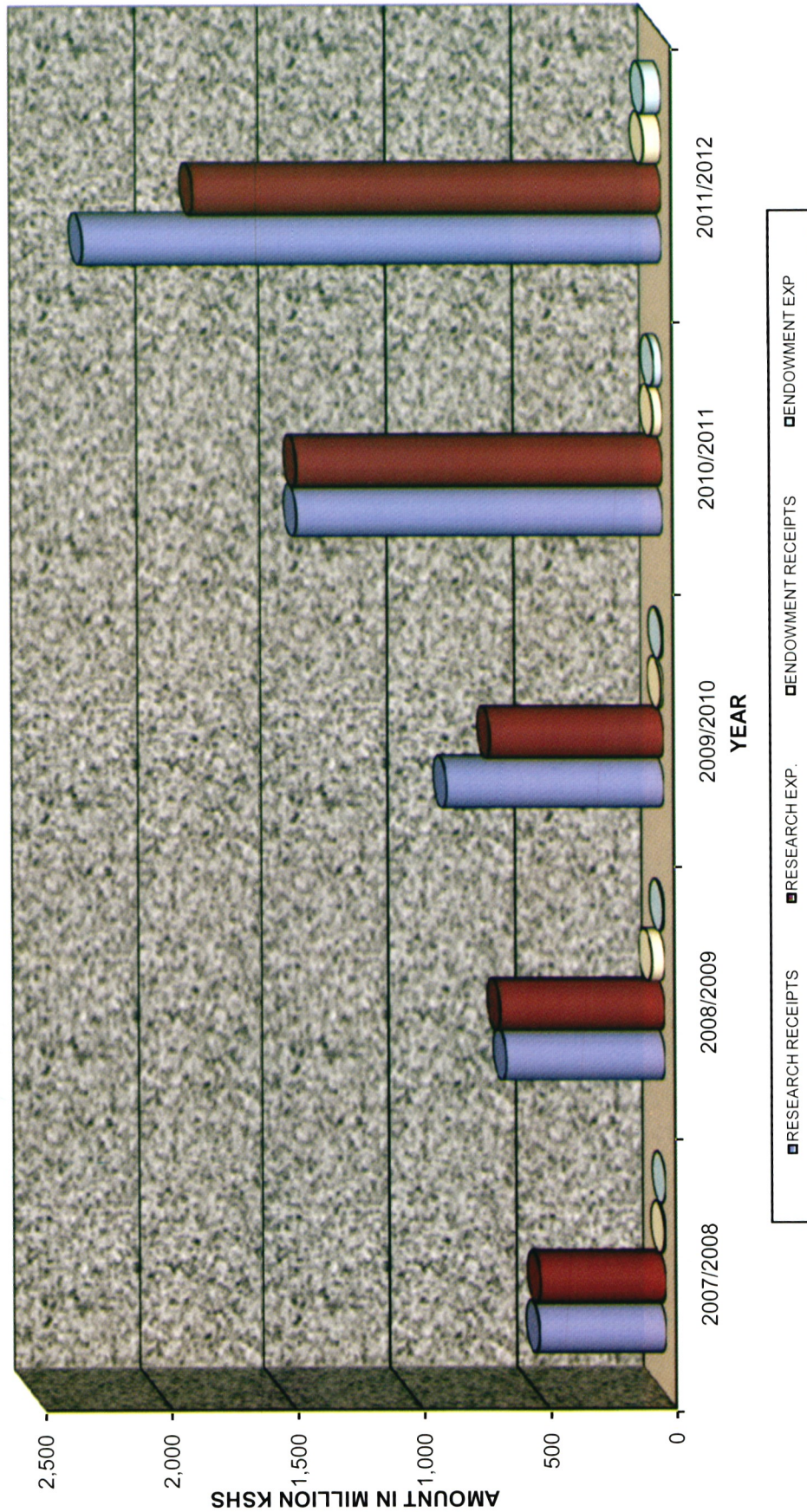
CAPITAL DEVELOPMENT
FROM 2007/2008 TO 2011/2012





RESEARCH AND ENDOWMENT FROM 2007/2008 TO 2011/2012

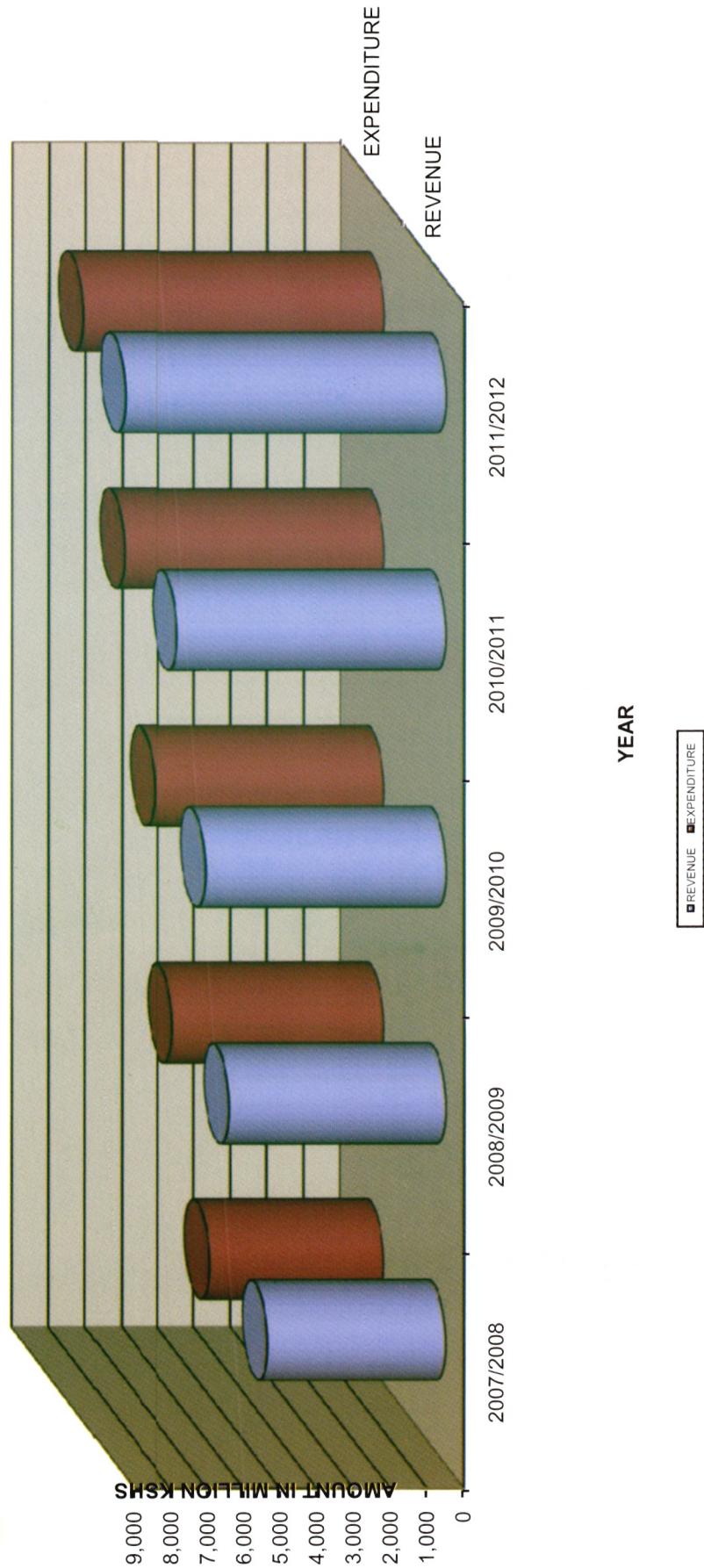
RESEARCH AND ENDOWMENT FROM 2007/2008 TO 2011/2012





REVENUE AND EXPEDITURE TREND FROM 2007/2008 TO 2011/2012

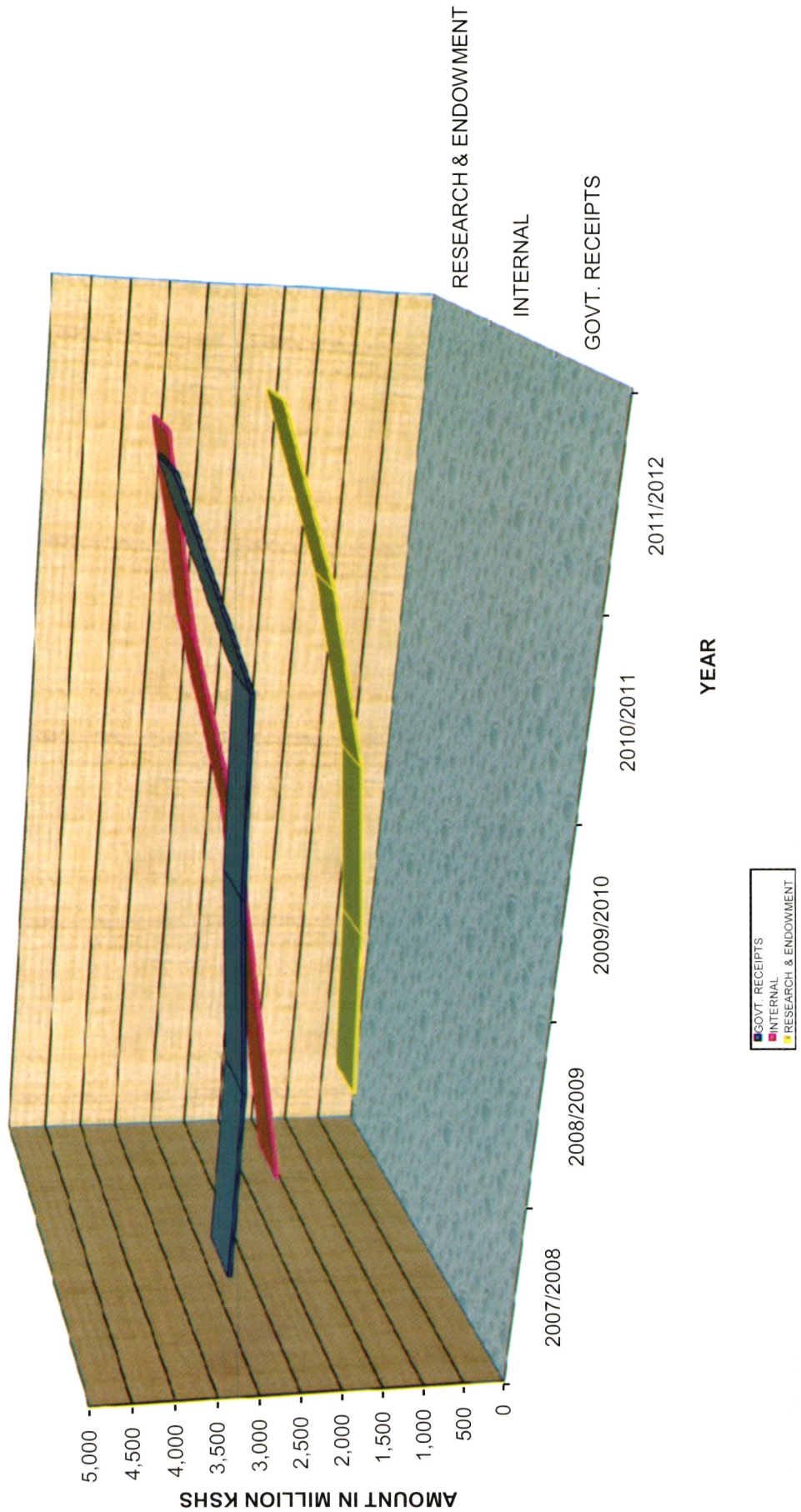
REVENUE AND EXPEDITURE TREND
FROM 2007/2008 TO 2011/2012





5 YEAR INCOME TREND FROM 2007/2008 TO 2011/2012

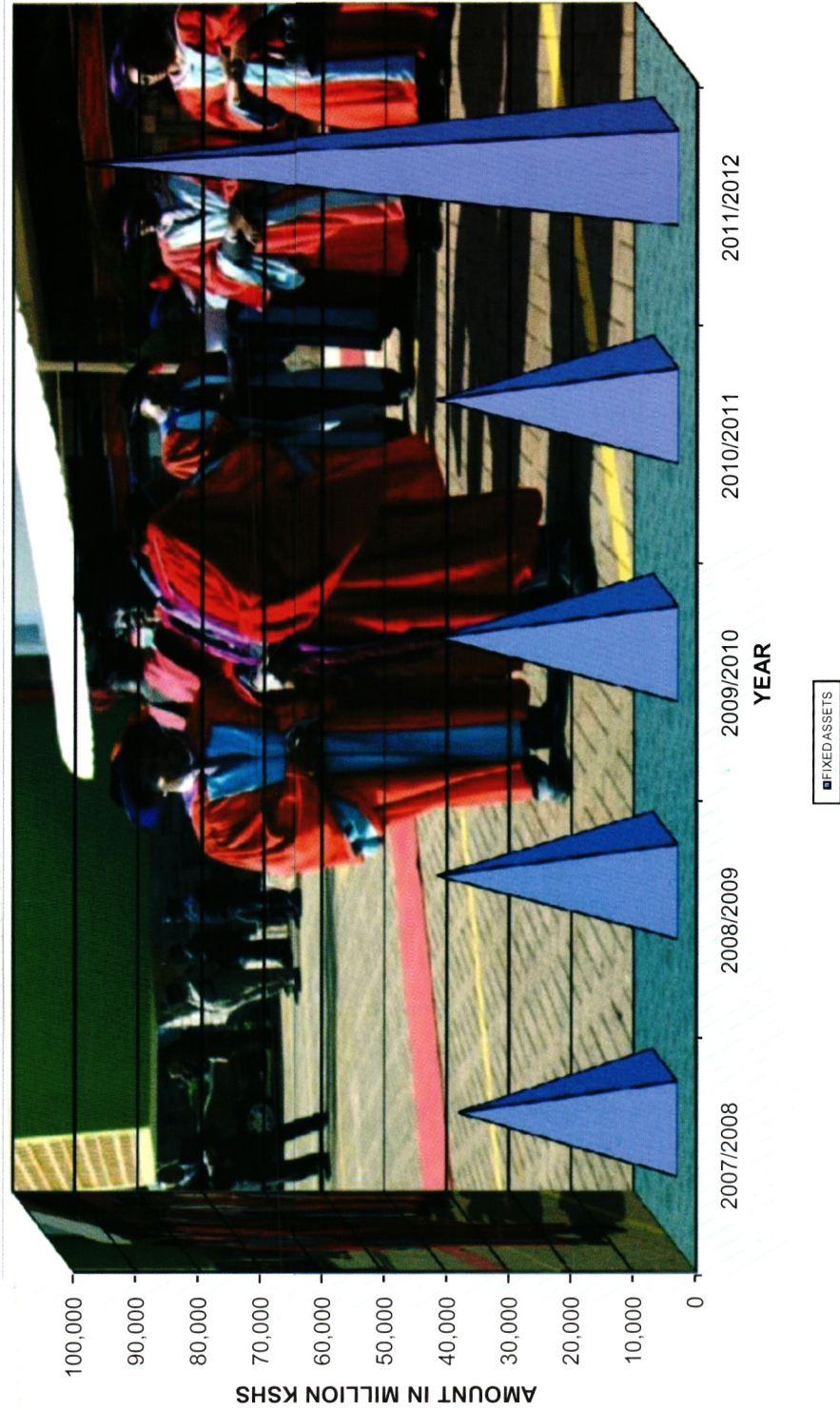
5 YEAR INCOME TREND
FROM 2007/2008 TO 2011/2012





5 YEAR GROWTH OF NON-CURRENT ASSETS FROM 2007/2008 TO 2011/2012

5 YEAR GROWTH OF NON-CURRENT ASSETS
FROM 2007/2008 TO 2011/2012





NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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21. OTHER INFORMATION (5 YEAR TREND)**i) General Revenue Statistics**

The following table show changes in the percentage distribution of income and expenditure over the last five years.

Income	2011/2012	2010/2011	2009/2010	2008/2009	2007/2008
Government Grants	52%	54%	1	1	57.00
Tuition and other fees	5%	5%	0	0	8.00
Other services rendered	0%	0%	0	0	0.00
Other income	42%	41%	0	0	34.82
Total Income (%)	100%	100%	1	1	100.00
Total Income	8,790,470,896	8,502,759,130	7,331,122,897	6,534,773,361	5,896,056,404.00
Expenditure					
Academic	57%	59%	1	1	62.00
Departments Administration and Central Services	20%	23%	0	0	23.00
Academic Services	3%	3%	0	0	3.00
General Educational Services	7%	4%	0	0	3.00
Maintenance of Premises	6%	5%	0	0	4.00
Miscellaneous expenditure	0%	0%	0	0	0.00
Staff and students facilities and Welfare	4%	3%	0	0	3.00
Students Welfare Authority	3%	2%	0	0	2.00
Total Expenditure (%)	100%	100%	1	1	100.00
Total Expenditure	8,244,164,738	8,382,754,023	7,122,401,351	6,241,443,265	5,771,381,506.00

ii) Capital Development Statistics Receipts

Government Grants - Constructions	46,273,913	46,314,888	34,410,477	19,715,292	42,185,193.00
- Fixed Assets	60,587,541	20,000,000	89,996,011	199,999,537	78,300,000.00
External Grants - Constructions	-	-	-	-	-
- Fixed Assets	2,300,313,360	1,649,546,226	1,444,905,433	868,343,317	627,190,710.00
	2,407,174,813	1,715,861,114	1,569,311,921	1,088,058,146	747,675,904.00

Expenditure

Construction	266,536,792	260,655,340	161,940,099	251,046,181	202,495,311.00
Purchase of fixed assets	332,538,743	341,056,423	308,519,751	161,676,214	3,535,997,778.00
	599,075,535	601,711,763	470,459,850	412,722,395	3,740,493,089.00

iii) Research Grants, Endowment & Donations Statistics**Receipts**

Research grants	2,300,313,360	1,649,546,226	1,444,905,433	868,343,317	627,190,710.00
Endowment and donations	71,692,953	69,652,219	39,090,179	35,497,915	50,027,867.00

Expenditure

Research grants	1,860,801,394	1,721,594,143	1,444,905,433	700,664,109	650,378,294.00
Endowment and donations	68,327,353	32,908,468	34,487,409	18,473,566	6,382,379.00



20. SUMMARY OF ACTUAL EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2012 STUDENTS WELFARE AUTHORITY (SWA)

	Actual 2011/2012 Ksh	Actual 2010/2011 Ksh
Transport Operating Expenses	2,085,661	1,830,378
Travelling and Accommodation expenses	3,802,786	3,192,840
Telephones	1,959,487	1,877,735
Official Entertainment	74,988	121,195
Publishing and Printing Expenses	990,243	719,200
Purchase of Uniforms and Clothing	7,584,406	8,469,135
Purchase of Stationery & Office expenses	9,958,243	9,316,467
Miscellaneous Other Charges	5,078,302	5,953,372
Bank Charges	2,068,139	1,625,744
Staff Development	2,425,394	980,930
Conferences and Seminars	3,353,888	1,861,864
University Medical Scheme	5,117,899	4,486,279
Maintenance of plant, Machinery and Equipment	1,125,545	842,322
Maintenance of Buildings and Station	59,308,375	52,696,618
Halls Expenses	2,655,959	2,780,362
Gas and Fuel	16,391,617	17,392,251
Cleaning Materials	4,506,863	5,383,366
Purchase of Food	87,751,365	87,621,459
	216,239,159	207,151,515



Presentation of the Mitsubishi Scholarship at the University



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

**19. SUMMARY OF APPROVED ESTIMATES
FOR THE YEAR ENDED 30TH JUNE 2012**

	Approved Estimates 2011/2012 Ksh	Actual 2011/2012 Ksh	Actual 2010/2011 Ksh
Personal Emoluments	3,344,629,000	2,914,548,415	3,163,423,472
UNES Management & Support Allowances*	1,273,352,590	139,872,961	121,575,831
Gratuity and Pension contribution	544,447,000	516,740,317	645,683,121
House Allowance	1,610,740,000	1,639,140,505	1,706,244,365
Other Personal Allowances	186,629,900	199,574,835	142,820,496
House to Office Transport allowance	420,745,200	449,677,294	175,578,448
Passage and Leave Expenses	58,222,000	34,578,194	19,863,015
Clinical Allowance	259,844,000	253,931,864	235,796,603
Transport Operating Expenses	49,135,000	48,588,106	40,346,219
Travelling and Accommodation Expenses	108,353,800	75,855,747	64,227,024
External Travelling and Accommodation	15,666,000	15,643,763	7,175,922
Teaching Practice	26,459,000	18,427,824	24,829,451
Postal and Telegram Expenses	1,140,000	1,071,091	1,067,225
Telephone Expenses	28,607,000	28,560,888	22,458,352
Official Entertainment	684,000	383,230	664,400
Electricity, Water and Conservancy	407,578,000	406,568,812	351,054,433
Purchase of Supplies for Teaching & Production Materials	128,328,000	113,284,937	133,474,096
Publishing and Printing Expenses	8,104,000	7,783,889	9,035,271
Purchase of Uniforms and Clothing	4,788,000	3,952,964	6,497,981
Library Expenses	97,072,000	85,089,993	96,256,845
Purchase of Stationery	54,720,000	53,522,243	66,260,632
Advertising and Publicity (Recruitment)	30,913,000	27,463,285	27,266,114
Sports and Equipment (Inter-University)	2,250,000	2,351,404	3,023,558
Audit Fees	4,500,000	3,500,000	3,500,000
Payments of Rent and Rates Residential	11,500,000	5,077,432	10,111,633
Computer Charges	58,410,000	46,750,415	46,440,895
Hire of Transport Plant and Machinery	296,000	0	0
Miscellaneous Other Charges	267,407,000	223,583,550	158,672,281
Fees, Commission and Honoraria	2,700,000	1,148,658	289,802
Staff Development	16,910,000	3,468,878	1,292,022
Senate, Committee Members Resp. & Council Expenses	16,439,000	10,970,498	9,906,604
Graduation Expenses	9,483,000	7,562,056	12,308,393
Conference and Seminars	29,801,000	29,006,679	23,820,434
University Medical Scheme	209,888,200	208,537,600	215,890,813
Postgraduate Programmes	46,172,000	31,270,827	32,691,396
University Research Programme	83,500,000	22,718,094	18,688,628
Compensation and Ex-Gratia payments	121,000	0	0
Maintenance of Plant, Machinery and Equipment	20,608,000	16,732,690	16,874,001
Maintenance of Buildings and Stations	71,582,000	69,145,043	68,282,334
Students Welfare Authority	242,410,000	216,239,159	207,151,515
Staff Education Support Fund	27,631,000	12,068,075	
Other Service Units	6,560,000	6,288,739	5,926,182
Perf. contracting, Change mgt. & Result based mgt. activities training/Inte	27,121,000	25,661,316	24,632,012
Depreciation	460,720,000	202,532,108	408,171,354
Students amenities/Activities, Associations	33,301,000	31,812,762	22,739,783
Needy Students	6,536,000	5,517,680	3,884,766
Provision for Bad Debts	0	27,959,916	26,856,303
	10,316,003,690	8,244,164,738	8,382,754,023
Capital Expenditure			
Purchase of Motor Vehicles	45,000,000	10,975,853	9,232,031
Purchase of Plant and Equipment	140,000,000	91,957,360	103,345,308
Capital Development-WIP	746,600,000	266,536,792	269,117,153
Purchase of Computers	213,730,000	162,598,353	150,110,788
	1,145,330,000	532,068,358	531,805,280



16. CONTINGENT LIABILITIES

- (i) There is a pending law suit against the University filed in the High Court of Kenya by former employees who were retrenched by the University in March 2001. The claim is for damages amounting to about Ksh 279 million. The University has entered its defence.
- (ii) The University has accumulated pending bills due to contractors and consultants amounting to KShs. 532,436,805.00 as at 30-6-2006. One contractor N. K. Brothers has sued the University to recover the outstanding amount.

17. LEGAL STATUS

The University is a body corporate established in Kenya under the University of Nairobi Act (Cap 210). The University of Nairobi Act No. 11 which is successor to the University of Nairobi Act, 1970, became effective on 6th September, 1985.

18. SUPPLEMENTARY ACCOUNTS

- (i) Summary of service units income and expenditure for the year ended 30th June 2012

	Income	Expenditure	Surplus/ (Deficit 2011/2012
	Ksh	Ksh	Ksh
Printing and Photocopying	4,660,000	3,410,699	1,249,301
Nairobi University Press	4,468,187	2,878,040	1,590,147
	9,128,187	6,288,739	2,839,448
Surplus/(Deficit) for the year			2,839,448



Newly completed Lower Kabete administration block



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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	2012 Ksh	2011 Ksh
(iii) Academic Services		
Library: Personal Emoluments	99,380,760	117,352,101
Books and Periodicals	77,942,711	91,638,552
Sundry Charges	7,147,282	4,618,293
Computer Services:		
Personal Emoluments	42,319,429	49,104,904
Consumables	844,817	892,088
	227,634,999	263,605,938
(iv) General Educational expenditure		
Examinations stationery	17,108,033	28,010,470
External Examiners	25,872,585	20,770,174
Postgraduate Programmes	31,270,827	32,691,396
Research and Publications	22,718,094	18,688,628
Staff Development	3,468,878	1,292,022
House to Office Transport Allowance	449,677,294	175,578,448
Passages and Leave Travelling Expenses	34,578,194	19,863,015
	584,693,905	296,894,153
(v) Maintenance of Premises		
Rents and Rates	5,077,432	10,111,633
Electricity, Water and Conservancy	406,568,812	351,054,433
Maintenance of Buildings	69,145,043	68,282,334
	480,791,287	429,448,400
(vi) Staff and Students facilities and welfare		
University Medical Scheme	208,537,600	215,890,813
Recruitment Expenses	27,463,285	27,266,114
Travelling outside Kenya	15,643,763	7,175,922
Staff Education Support	12,068,075	0
Sports and Games (Inter-University)	2,351,404	3,023,558
Needy Students	5,517,680	3,884,766
Students Associations	31,812,762	22,739,783
	303,394,569	279,980,956
(vii) S.W.A (Catering & Accommodation Services)		
Purchase of Foodstuff	87,751,365	87,621,459
Gas and Fuel	16,391,617	17,392,251
Maintenance of plants, Machinery Equipment	1,125,545	835,927
Maintenance of Buildings & Stations	14,084,806	13,396,459
Other Expenses	96,885,826	87,905,419
	216,239,159	207,151,515
(viii) Miscellaneous Expenditure		
Maintenance of Equipment	16,732,690	16,874,001
Nairobi A.S.K. Show	4,796,823	1,759,753
	21,529,513	18,633,754



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

15. EXPENDITURE

	2012	2011
	Ksh	Ksh
(i) Academic Departments		
Personal Emoluments	2,943,673,342	3,158,051,711
Clinical Allowance	253,931,864	235,796,603
House allowance	1,328,910,910	1,363,488,702
Teaching Practice C.E.E.S. Kikuyu	18,427,824	24,829,451
Teaching and Office Expenses	112,477,141	132,643,889
Travelling and Transport	58,414,736	47,277,986
Expenditure from service units	6,288,739	5,926,182
	4,722,124,556	4,968,014,524
(ii) Central Administration and Central Services		
Personal Emoluments	589,563,346	677,614,153
Management and support services	139,872,961	121,575,831
House Allowance	266,156,286	292,559,884
Travelling and Transport	17,403,991	16,749,084
Publishing and Printing	7,783,889	9,035,271
Purchase of Uniforms	3,952,964	6,497,981
Purchase of Stationery	36,063,531	37,836,492
Postal and Telegram Expenses	1,071,091	1,067,225
Telephones	28,560,888	22,458,352
Computer Charges	46,750,415	46,440,895
Insurances	58,180,149	33,789,491
Council Meetings and Ceremonial Expenses	10,970,498	9,906,604
Conference and Seminars	29,006,679	23,820,434
Membership Subscriptions	3,549,402	3,885,667
Bank Charges	10,209,999	9,707,927
Audit Fees	3,500,000	3,500,000
Fees, Commission & Honoraria	1,148,658	289,802
Official Entertainment	383,230	664,400
Transport Operating Expenses	48,588,106	40,346,219
Graduation Expenses	7,562,056	12,308,393
University Choir Expenses	2,153,782	2,558,081
Funeral Expenses	2,856,438	2,431,450
Legal Fees	3,270,393	9,052,343
Contracted Security Services	85,824,451	64,180,366
Perf. Contracting, Change mgt., Result based mgt. & Integrity Programs activities	23,136,716	16,989,000
ISO Expenses	2,524,600	7,643,012
Depreciation	202,532,108	408,171,354
Alumini	350,680	551,803
Provision for Bad Debts	27,959,916	26,856,303
Other Expenses	26,869,529	10,536,969
	1,687,756,750	1,919,024,783



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

14. INCOME	2012 Ksh	2011 Ksh
(i) Capitation Grant		
Jul - 2011		
Aug - 2011	382,218,470	339,165,047
Sep - 2011	382,218,470	339,165,047
Oct - 2011	382,218,470	339,165,047
Nov - 2011	382,218,470	339,165,047
Dec - 2011	382,218,470	339,165,047
Jan - 2012	382,218,470	339,165,047
Feb - 2012	382,218,470	339,165,047
Mar - 2012	382,218,470	339,165,047
Apr - 2012	382,218,470	339,165,047
May - 2012	382,218,470	339,165,047
Jun - 2012	382,218,470	339,165,047
	<u>382,218,470</u>	<u>339,165,047</u>
	4,586,621,643	4,069,980,570
(ii) Special Grant		
No special capitation received during the year 2011/2012.	0	516,501,989
(iii) Tuition and other fees		
Tuition fees and other charges collected from regular students	479,996,449	451,303,234
(iv) Accreditation Fees		
Amount received from accredited Institutions	900,000	926,000
(v) Other Services Rendered		
Other Fee	41,632,933	69,323,262
Services Units	9,128,187	9,691,585
	<u>50,761,120</u>	<u>79,014,847</u>
(vi) Accomodation, Catering and other income		
House Rents	109,129,641	86,123,557
Income from telephone, telex and fax	1,330	41,011
Library services	20,742	8,487
Sale of Tender Documents	4,848,771	2,740,221
Income from endowment fund	191,341,089	24,656,760
Agency fees (Insurance & Hire purchase)	3,580,311	3,110,977
Staff Education Support Fund	284,780	239,500
Certificate Storage	2,809,020	3,454,300
Reimbursement (Emoluments)	50,234,890	33,906,940
Miscellaneous	23,552,113	8,067,942
Accomodation and Catering	221,690,281	220,870,507
	<u>607,492,967</u>	<u>383,220,203</u>
(vii) Transfer from IGUs for specific purposes		
Income from Grants Overheads		
Charges Transfer of funds from Projects	80,331,466	52,799,888
	<u>80,331,466</u>	<u>52,799,888</u>
Other IGUs		
Management & Support Services	129,000,000	121,600,000
Payroll Supplementation	1,280,000,000	1,201,300,000
Rates and Ground Rents	6,000,000	10,000,000
Funds to Pay Creditors	110,000,000	42,000,000
Library	57,000,000	58,000,000
Physical Space and Development	276,000,000	255,000,000
Pension - Current	70,000,000	80,000,000
Debt Reduction - General	150,000,000	200,000,000
Debt Reduction - Pension	10,000,000	50,000,000
Grants to pay KRA - Current	580,000,000	621,542,000
KPLC	285,000,000	260,000,000
ICT Revolving Fund	31,367,250	49,570,400
	<u>2,984,367,250</u>	<u>2,949,012,400</u>
	3,064,698,716	3,001,812,288



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

9. INVENTORIES

	2012 Ksh	2011 Ksh
General Stocks	131,490,028	123,449,635
Dental Materials	34,536,554	35,044,227
Pharmacy, Cafeterias	3,499,800	3,596,295
UNES Bookstore	101,197,920	65,920,751
SWA stocks	14,339,654	12,629,485
	285,063,957	240,640,393

10. TRADE, RECEIVABLES AND DEBIT BALANCES

Sundry Debtors	559,198,315	537,126,053
Deans Committee Research Grants	22,995,285	23,464,334
Program and Projects Balance	3,378,075,482	3,090,529,326
IGU Program Balances	101,753,905	71,355,174
Specific Purposes Revenue Grants	-	2,130,948
Capital fund	90,432,114	249,104,265
Students Welfare Authority (SWA)	14,893,545	12,847,019
	4,167,348,647	3,986,557,119
Less: Provision for bad & doubtful debts	(27,959,916)	(26,856,303)
	4,139,388,731	3,959,700,816

11. SHORT TERM DEPOSITS

Recurrent Grants	17,832,363	22,500,666
Nairobi University Press	2,730,024	2,502,775
CHSS	4,557,821	4,511,689
CHS	4,882,362	4,916,061
Specific purposes revenue grants	2,122,132,495	1,019,275,289
Trust and Endowment funds	263,390	250,676
IGU Accounts	29,400,000	21,000,000
Students Welfare Authority	2,408,289	2,408,289
	2,184,206,744	1,077,365,446

12. CASH AND CASH EQUIVALENTS

Central Cash Balances	1,035,776,007	880,629,874
Cash in hand	110,055	856,930
Nairobi University Press	7,358,519	5,883,177
SWA Balances	12,926,375	21,663,578
Colleges	357,809,079	335,531,499
IGU Accounts	318,536,479	307,542,134
	1,732,516,514	1,552,107,192

13. (a) Creditors and other Payables

Sundry Creditors	839,188,642	757,010,066
Deans Committee Research Grants	15,830,380	13,612,125
Statutory Deductions - Payroll	170,213,472	154,598,321
Provision for Staff Gratuities	76,413,015	64,196,807
IGU Program Balances	120,146,423	69,903,092
Investment and banking services (UNES)	17,050,026	11,064,683
SWA Balances	38,430,428	31,418,365
	1,277,272,385	1,101,803,459

13. (b) Bank Overdraft

SWA Overdraft	6,720,065	10,892,439
UNES Overdraft	187,871,064	84,217,126
BBK-QUEENSWAY BRANCH KCB UNIVERSITY WAY	11,722,258	0
KCB. UNIVERSITY WAY	0	25,294,271
CENTRAL - GRANTS ACCOUNTS & OTHERS	4,708,543	0
	211,021,929	120,403,837
	1,488,294,314	1,222,207,296



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

8. TRUST AND ENDOWMENT FUNDS INVESTMENTS

	2012 Ksh	2011 Ksh
TRUST FUND - SPECIAL ACCOUNTS		
Gandhi Memorial Academy Society		
East Africa Breweries Limited 33,380 Ordinary shares of Shs.2/- each	7,577,260	6,475,720
Car and General (Kenya) Limited 15,222 Ordinary shares of Shs.5/- each	418,605	426,216
C.M.C. Holdings Limited 125,920 Ordinary shares of Shs.0.5/- each	1,699,920	1,309,568
Unga Limited 28,782 Ordinary shares of Shs.5/- each	362,653	280,625
Kenya Power and Lighting Co. Limited 8944 Ordinary shares of Shs.2.50 - each	135,054	183,352
	10,193,493	8,675,481
Kamala Gold Memorial Fund		
Kenya Power & Lighting Co. Limited 7904 Ordinary shares of Shs.2.50 - each	119,350	162,032
Tom Mboya Memorial Fund		
East Africa Breweries Limited 42,635 Ordinary shares of Shs.2/- each	9,678,145	8,271,190
Total of Trust Fund Investments	19,990,988	17,108,703
INVESTMENT NOT ATTRIBUTABLE TO ANY PARTICULAR FUND		
Investment in University of Nairobi Enterprises and Services Limited (UNES) Endowment Fund	100,000	100,000
Stg.£667,080 Sasakawa Fellowship Fund	87,721,020	94,568,400
Total of Endowment Fund Investments	87,821,020	94,668,400
Total Trust and Endowment Fund Investments	107,812,008	111,777,103

Note

Long term Investments in securities are stated at fair value as provided by University stock brokers. The resultant Gain/loss are recognised in the appropriate fund accounts



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Motor Vehicles	Academic Gowns	Totals
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost Valuation								
1st July 2011	24,187,933,642	11,189,346,437	2,065,096,841	1,533,256,812	570,582,893	483,926,622	36,174,250	40,066,317,497
Additions			266,536,792	116,749,525	176,106,544	35,795,034	3,887,640	599,075,535
Revaluation (excess over book value)	52,344,440,658	2,883,185,563						55,227,626,221
30th June 2012	76,532,374,300	14,072,532,000	2,331,633,632	1,650,006,337	746,689,437	519,721,656	40,061,890	95,893,019,252
Depreciation								
1st July 2011	-	1,600,389,304	-	1,024,488,774	332,942,118	405,884,289	13,717,322	3,377,421,806
Acc. Dep. Write-Back	-	(1,600,389,304)	-					(1,600,389,304)
Charge for the year	-	-	-	72,555,339	111,082,529	40,910,524	2,003,095	226,551,487
30th June 2012	-	0	-	1,097,044,112	444,024,647	446,794,813	15,720,416	2,003,583,989
Net Book Value								
30th June 2012	76,532,374,300	14,072,532,000	2,331,633,632	552,962,225	302,664,790	72,926,843	24,341,474	93,889,435,264
30th June 2011	24,187,933,642	9,588,957,133	2,065,096,841	508,768,039	237,640,775	78,042,333	22,456,929	36,688,895,691
Cost Valuation								
1st July 2010	24,388,821,000	11,189,346,437	1,804,441,500	1,403,989,159	409,699,897	440,847,098	28,348,000	39,665,493,092
Additions	-	-	260,655,340	129,267,653	160,882,996	43,079,524	7,826,250	601,711,763
Revaluation (excess over cost)	410,183,062							
Less: Completed Projects								
Compulsory Acquisition	(611,070,420)							(611,070,420)
30th June 2011	24,187,933,642	11,189,346,437	2,065,096,841	1,533,256,812	570,582,893	483,926,622	36,174,250	40,066,317,497
Depreciation								
1st July 2010	-	1,376,602,375	-	960,736,302	236,786,924	360,164,567	11,908,609	2,946,198,778
Acc. Dep. on Disposal	-							
Charge for the year		223,786,929		63,752,472	96,155,193	45,719,722	1,808,713	431,223,028
30th June 2011	-	1,600,389,304	-	1,024,488,774	332,942,118	405,884,289	13,717,322	3,377,421,806
Net Book Value								
30th June 2011	24,187,933,642	9,588,957,133	2,065,096,841	508,768,039	237,640,775	78,042,333	22,456,929	36,688,895,691
30th June 2010	24,388,821,000	9,812,744,062	1,804,441,500	443,252,857	172,912,973	80,682,531	16,439,391	36,719,294,314



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

5. TRUST AND ENDOWMENT FUNDS

	Balance As at 30 Jun-11 Ksh	Receipts during the year Ksh	Increase/ (Decrease) in market Value of investment Ksh	Expenditure Ksh	Balance As at 30 Jun-12 Ksh
Trust funds					
Joint Admission Board	71,026,243	52,408,030	-	59,333,848	64,100,425
Gandhi Academic Society	21,060,168	48,735	1,518,012	104,980	22,521,934
Kenya Railways	662,903	-	-	-	662,903
A.C.I. De Souza Memorial	36,441	-	-	-	36,441
R.G. Amin Bursary	393,240	-	-	-	393,240
Kamala Gold Memorial	230,282	-	(42,682)	-	187,600
Tom Mboya Memorial	11,417,653	520,246	1,406,955	-	13,344,854
M.M. Bhatt Trust	103,866	-	-	-	103,866
UoN Allumni	29,716,286	18,594,104	150,647	8,888,525	39,572,512
Eng.Carry Oregge - Civil Engineering Prizes	600,000	-	-	-	600,000
TOTAL TRUST FUNDS	135,247,081	71,571,115	3,032,932	68,327,353	141,523,775
Endowment Funds:					
Sasakawa Fellowship	105,068,877	-	(8,567,400)	-	96,501,477
Others	9,016,636	-	-	-	9,016,636
Non attributable Funds	3,493,080	121,838	-	-	3,614,918
TOTAL ENDOWMENT FUND	117,578,593	121,838	8,567,400	-	109,133,030
University of Nairobi Enterprises and Services Limited (UNES)	100,000	-	-	-	100,000
TOTAL FUNDS	252,925,674	71,692,953	5,534,468	68,327,353	250,756,806

6. SPECIAL ACCOUNTS AND GRANTS

	Balance As at 30 Jun-11 Ksh	Received During the Year Ksh	Expenditure During the Year Ksh	Balance As at 30 Jun-12 KSh
Ford Foundation	1,177,127	-	-	1,177,127
Rockefeller Foundation	31,304,033	32,713,621	16,773,466	47,244,187
International Development Research Center	53,056,606	91,051,669	61,848,515	82,259,760
National Council for Science and Technology	24,431,260	33,775,391	33,041,350	25,165,301
DAAD	3,337,652	363,919	1,885,674	1,815,897
World Health Organisation	6,760,232	-	1,852,961	4,907,272
VLIR	(2,130,948)	10,224,221	4,971,074	3,122,199
International Aids Vaccine	26,943,788	130,948,047	157,104,753	787,082
World Trade Organization	8,518,805	4,336,250	5,326,807	7,528,248
CIAT	2,024,278	740,919	1,493,866	1,271,330
Centre for Disease Control (CDC)	47,920,589	726,889,304	666,328,636	108,481,257
Commission for Higher Education	712,177	-	575,379	136,798
African Economic Research Consortium (AERC)	117,460	33,239,108	31,206,817	2,149,751
Other Grants	510,139,800	1,236,030,912	878,392,095	867,778,617
Balance Net of Overspent Amounts	714,312,860	2,300,313,360	1,860,801,394	1,153,824,826
Amount overspent and claimable from donor	<u>2,130,948</u>			
	716,443,807			1,153,824,826



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

4. INCOME GENERATING UNITS (IGUS) AND PARALLEL PROGRAMS**Income and Expenditure Account for the Year Ended: 30th June 2012****Income Generating Activities - College Based**

	Surplus (Deficit)/ 2011 Ksh	Income 2012 Ksh	Expenditure 2012 Ksh	Surplus (Deficit)/2012 Ksh
College of Agriculture and Veterinary Sciences	4,186,019	58,545,856	59,255,846	(709,990)
College of Architecture and Engineering	31,399,110	21,220,147	35,229,311	(14,009,164)
College of Biological and Physical Sciences	9,299,802	80,244,500	75,861,169	4,383,331
College of Education and External Studies	81,334,026	386,496,796	314,999,760	71,497,036
College of Health Sciences	60,440,141	273,764,097	267,091,674	6,672,424
College of Humanities and Social Sciences	-	287,006,590	267,151,272	19,855,318
Health Services - Students Medical & Others	-	54,518,400	30,668,566	23,849,834
Sub- Total	186,659,098	1,161,796,387	1,050,257,599	111,538,788

Other Income Generating Units	Surplus (Deficit) /2011 Ksh	Income 2012 Ksh	Expenditure 2012 Ksh	Surplus (Deficit) / 2012 Ksh
Chiromo Funeral Parlour	3,729,629	18,637,500	17,237,697	1,399,803
UNES Consultancy	6,306,122	78,125,746	76,076,944	2,048,803
Chiromo Conference Center & Arziki Restaurants	5,702,366	46,802,161	39,450,349	7,351,811
Diagnostic Radiology	8,237,847	25,116,061	31,391,094	(6,275,033)
UNES Bookstore-Nairobi	1,725,810	110,312,554	107,267,736	3,044,818
UNES Bookstore-Kisumu	-	12,202,954	19,917,023	(7,714,070)
Other Projects	28,439,275	73,062,762	46,215,183	26,847,579
Sub- Total	54,141,050	364,259,737	337,556,026	26,703,711

Parallel Programmes

School of Business	924,810,457	1,656,403,955	619,087,190	1,037,316,764
School of Law	152,464,766	284,152,882	104,249,932	179,902,950
School of Economics	71,850,431	162,559,194	52,220,147	110,339,047
School of Medicine	367,974,860	639,442,110	225,233,120	414,208,990
Faculty of Pharmacy	34,246,621	76,915,649	29,649,393	47,266,256
Faculty of Dental Sciences	21,859,666	30,294,709	10,010,770	20,283,939
School of Nursing	35,393,559	54,157,709	17,324,595	36,833,114
Department of Immunology	7,161,832	2,440,190	3,745,206	(1,305,016)
Institute of Tropical & Infectious Diseases	3,010,543	9,083,468	5,464,115	3,619,353
Faculty of Arts	344,413,971	659,945,937	285,254,411	374,691,526
School of Education	148,221,427	259,085,152	92,823,635	166,261,517
School of Continuing & Distance Education	342,149,558	639,387,912	331,182,570	308,205,342
School of Engineering	121,246,194	206,305,326	68,932,943	137,372,382
School of Computing and Informatics	51,313,656	82,547,506	27,200,640	55,346,867
School of Mathematics	62,736,352	74,028,488	22,373,831	51,654,657
School of physical Sciences	27,545,120	67,344,171	21,378,146	45,966,025
School of Biological Sciences	16,275,658	23,613,479	13,338,156	10,275,323
School of Built Environment	40,748,697	119,751,475	70,120,816	49,630,659
School of the Arts & Design	3,503,621	16,051,900	9,005,126	7,046,774
Faculty of Vet. Medicine	25,138,514	30,607,105	8,285,769	22,321,337
Faculty of Agriculture	30,744,890	50,819,576	16,465,782	34,353,794
Institute of Diplomacy & International Studies	48,862,480	89,160,171	31,083,989	58,076,182
School of Journalism	98,220,886	206,121,352	81,790,647	124,330,705
Sub- Total	2,979,893,758	5,440,219,416	2,146,220,929	3,293,998,487
GRAND TOTAL	3,220,693,906			3,432,240,986



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

2. (a) Other Capital Fund Assets

Funds spent by the University and reimbursable by the Ministry of Education as provided for in the previous Estimates (Kshs 77,047,784) and outstanding amount from Ministry of Higher Education Science & Technology (Kshs 13,384,030).

	Note 10	2012 Ksh	2011 Ksh
Capital Fund Debtors		90,432,114	249,104,265
		90,432,114	249,104,265

2. (b) Endowment for General Purposes

Designated Funds set aside for applications as determined by the University e.g. Students' prizes, Students' Scholarships		16,181,339	16,181,339
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2. (c) Special Capital Development Fund

Funds Designated for a Special Capital Development in the University		771,070,420	439,013,939
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3. (a) General Fund

Balance as at 1st July 2011		37,468,551,692	37,425,288,478
Capital Receipts:			
(i) Grants		46,273,913	46,314,888
(ii) GOK & Other Sources		60,587,541	20,000,000
(iii) Revaluation Reserve		55,227,626,221	0
Acc. Dep. Write-Back (On Revaluation)		1,600,389,304	
	TOTAL FUND	94,403,428,670	37,491,603,366
Less:			
Depreciation		24,019,379	23,051,674
Balance as at 30th June 2012		94,379,409,292	37,468,551,692

3. (b) Capital Reserves

Funds sets aside to cater for Capital Work in Progress		266,525,431	260,655,340
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3. (c) Cash and Cash Equivalent

i) Short Term Deposits	11	2,184,206,744	1,077,365,446
ii) Cash and Cash Equivalence	12	1,732,516,514	1,552,107,192
		3,916,723,258	2,629,472,638

3. (d) Related parties

University of Nairobi Enterprises (UNES) is a related company by virtue of it being wholly owned by University of Nairobi. During the year the University received income of Kshs. 3,432,240,986 (2011: KShs. 3,220,693,906)



1.5 Inventory Valuation.

- 1.5.1 Inventories are valued at the lower of cost and net realisable value.
- 1.5.2 The cost of Library books is written off to expenditure as incurred.

1.6 Research Grants

- 1.6.1 Research funds received from external donors for research purposes. The funds are accounted for in a separate special fund account
- 1.6.2 The Dean Committee Research Grants are funds set aside from University revenue. The uncommitted balance on each research is carried forward until the related research project is completed.

1.7 Employee Retirement Benefits

- 1.7.1 The University currently operates a defined contribution scheme for its employees. The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 10% of their basic Salary. The University also contributes to NSSF currently at the rate of Ksh. 200 per employee per month. The University contribution to the above schemes are charged to the Statement of comprehensive Income in the year to which they relate. The university has no further obligation once the contributions have been remitted to the pension fund.

1.8 Foreign Currency Conversion

- 1.8.1 Assets and Liabilities in foreign currencies are converted into Kenya shillings at the rates of exchange ruling at the balance sheet date. Conversion differences are accounted for in the appropriate fund accounts.

1.9 Bad Debt Provision

- 1.9.1 Provision for bad debt has been made at 5%



Chief Justice Dr. Willy Mutunga when he Visited University of Nairobi



1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

1.1.1 Statement of Compliance

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS).

1.1.2 Basis of Measurement

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of certain Non-Current assets.

1.1.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Kenya shillings (Kshs) which is the functional and presentation currency.

1.2 Income Recognition

1.2.1 Income from grants and fees includes only amounts receivable in relation to the current financial year.

1.2.2 Income from Endowments and Donations, Research Grants and other services rendered is included only to the extent of the expenditure incurred during the year.

1.2.3 Income on short-term deposits is credited to the Statement of comprehensive Income.

1.3 Valuation of Property, Plant and Equipment

1.3.1 Property, Plant and Equipment are stated at cost or professional valuation. The valuation is carried out after every five years. The last valuation was done in June 2012.

1.3.2 Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The annual rates are:

Furniture and Equipment	-	10% on straight line basis
Motor Vehicles	-	20% on straight line basis
Academic gowns	-	5% on straight line basis
Buildings	-	2% on straight line basis
Computers and software development	-	20% on straight line basis

With effect from Financial Year 2004/2005, Depreciation is charged to the Capital Fund in relation to Non-Current assets acquired through external grants.

For assets acquired through internally generated revenue, depreciation is charged to the Statement of Comprehensive Income

1.3.3 Values for equipment donated are estimated by the University or as advised by donors.

1.4 Endowment and Trust Fund

1.4.1 Endowment and Trust Fund are funds setup through special donations, the principal amount being invested and the income accruing being applied to scholarships, academic research, academic chairs and related administrative costs

1.4.2 Endowment and Trust Fund investments are stated at market value in accordance with performance of securities in market and advice from relevant professionals.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2012

		2012	2011
		Ksh	Ksh
CASH INFLOWS FROM OPERATING ACTIVITIES			
	Note		
General Revenue Surplus/ (Deficit) for the year		546,306,158	120,005,106
Adjustment for Depreciation	7	226,551,487	431,223,028
Operating surplus/(deficit) before working Capital		772,857,644	551,228,135
Net funds for Income Generating Units		211,547,081	657,963,004
Trust and Endowment Funds	5	(2,168,868)	36,743,750
Overspent and claimable from Donors	6	2,130,948	(2,901,338)
Proceeds from sale of Property and Equipment		0	439,013,939
Increase in Special Capital Development Fund	2(c)	332,056,481	
(Increase)/Decrease in Stocks and Stores	9	(44,423,564)	(29,138,609)
(Increase)/Decrease in Debtors	10	(180,784,880)	(637,010,909)
Increase/(Decrease) in Creditors	13	266,087,018	186,799,455
Changes in Working Capital		584,444,216	651,469,292
Net Cash Flow from Operating Activities		1,357,301,860	1,202,697,427
CASH OUTFLOW FROM INVESTMENT ACTIVITIES			
Expenditure from Special Accounts and Grants	6	1,860,801,394	1,721,594,143
Purchase of Non current Assets	7	599,075,535	549,617,672
Increase/(Decrease)in Investments	8	3,965,095	14,149,337
		2,463,842,023	2,285,361,152
CASHFLOW FROM FINANCING ACTIVITIES			
Grants and other income allocated for Capital Fund	3	46,273,913	98,715,241
Adjustment for Capital Reserves		47,203,511	20,000,000
Receipts for the year from Special Accounts and Grants	6	2,300,313,360	1,649,546,226
		2,393,790,783	1,768,261,467
Net Increase/(Decrease) in Cash & Cash Equivalents		1,287,250,620	685,597,742
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalent at start of the year		2,629,472,638	1,943,874,896
Increase(Decrease) in cash and cash equivalents		1,287,250,620	685,597,742
Cash and cash equivalents at end of year	3 (c)	3,916,723,258	2,629,472,638



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2012

	NET FUNDS FROM IGU'S AND PARALLEL PROGRAMS	SPECIAL ACCOUNTS AND GRANTS	GENERAL FUND	TRUST AND ENDOWMENT FUND	SPECIAL CAPITAL DEVELOPMENT FUND	ENDOWMENT FOR GENERAL PURPOSES	CAPITAL RESERVE	REVENUE RESERVE	TOTAL
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Balance as at 1/7/2010	2,562,730,901	791,393,062	37,425,288,478	216,181,924	0	16,181,339	161,940,099	(86,191,459)	41,087,524,344
Special Receipt For Capital Development					439,013,939				439,013,939
Surplus for the Year Capital Grants from Donors			46,314,888				120,005,106		120,005,106
Capital Development Receipt			20,000,000						20,000,000
Research Grant Receipts		1,646,644,888							1,646,644,888
Research Grant Expenditure		-1,721,594,143							-1,721,594,143
Depreciation on Research Grants Assets			-23,051,674						-23,051,674
Trust Fund Receipts				69,652,219					69,652,219
Trust Fund Expenses				-32,908,468					-32,908,468
Increase in IGU Fund	657,963,004								657,963,004
Increase in Capital Reserve							98,715,241		98,715,241
Balance as at 30/6/2011	3,220,693,905	716,443,807	37,468,551,692	252,925,674	439,013,939	16,181,339	260,655,340	33,813,647	42,408,279,344
Balance as at 1/7/2011	3,220,693,905	716,443,807	37,468,551,692	252,925,674	439,013,939	16,181,339	260,655,340	33,813,647	42,408,279,344
Special Receipt for Capital Development					332,056,481				332,056,481
Surplus for the Year			56,828,015,525				546,306,158		57,374,321,683
Capital Grants from Donors			46,273,913						46,273,913
Capital Development Receipt			60,587,541						60,587,541
Research Grant Receipts		2,298,182,412							2,298,182,412
Research Grant Expenditure		-1,860,801,394							-1,860,801,394
Depreciation on Research Grants Assets			-24,019,379						-24,019,379
Trust Fund Receipts				71,692,953					71,692,953
Trust Fund Expenses				-73,861,821					-73,861,821
Increase in IGU Fund	211,547,081								211,547,081
Increase in Capital Reserve							5,870,091		5,870,091
Balance as at 30/6/2012	3,432,240,986	1,153,824,826	94,379,409,292	250,756,806	771,070,420	16,181,339	266,525,431	580,119,805	100,850,128,904



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2012

		2012	2011
		Ksh	Ksh
INCOME			
	Note		
Capitation Grant	14(i)	4,586,621,643	4,069,980,570
Special Grant	14(ii)	0	516,501,989
Tuition and other fees	14(iii)	479,996,449	451,303,234
Accreditation fees	14(iv)	900,000	926,000
Other services rendered:	14(v)	50,761,120	79,014,847
Accommodation , Catering and other income	14(vi)	607,492,967	383,220,203
Transfer from IGUs for specific purposes	14(vii)	3,064,698,716	3,001,812,288
		<u>8,790,470,896</u>	<u>8,502,759,130</u>
EXPENDITURE			
Academic Departments	15(i)	4,722,124,556	4,968,014,524
Administration and Central Services	15(ii)	1,687,756,750	1,919,024,783
Academic services	15(iii)	227,634,999	263,605,938
General educational services	15(iv)	584,693,905	296,894,153
Maintenance of premises	15(v)	480,791,287	429,448,400
Staff and students facilities and welfare	15(vi)	303,394,569	279,980,956
Welfare authority (Catering services)	15(vii)	216,239,159	207,151,515
Miscellaneous expenditure	15(viii)	21,529,513	18,633,754
		<u>8,244,164,738</u>	<u>8,382,754,023</u>
		<u>546,306,158</u>	<u>120,005,106</u>
SURPLUS FOR THE YEAR			
Accumulated Surplus brought forward		33,813,647	(86,191,459)
Accumulated Surplus Carried forward		<u>580,119,805</u>	<u>33,813,647</u>

Capital Revaluation Surplus

During the year under review the University carried out a revaluation of its Land and Buildings and realised Revaluation Surplus of Kenya Shillings 55,227,626,221



STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2012

		2012 Ksh	2011 Ksh
ASSETS			
Non Current Assets			
Property, Plant and Equipment	7	93,889,435,264	36,688,895,691
Investments	8	107,812,008	111,777,103
		<u>93,997,247,272</u>	<u>36,800,672,793</u>
Current Assets			
Inventories	9	285,063,957	240,640,393
Trade, Receivables and Debit Balances	10	4,139,388,731	3,959,700,816
Short Term Deposits	11	2,184,206,744	1,077,365,446
Cash and Cash Equivalents	12	1,732,516,514	1,552,107,192
		<u>8,341,175,946</u>	<u>6,829,813,847</u>
TOTAL ASSETS		<u>102,338,423,218</u>	<u>43,630,486,640</u>
FUNDS AND LIABILITIES			
Net funds from IGUs and parallel programs	4	3,432,240,986	3,220,693,906
Special Accounts and Grants	6	1,153,824,826	716,443,807
General Fund	3 (a)	94,379,409,292	37,468,551,692
Capital Reserves	3 (b)	266,525,431	260,655,340
Trust and Endowment funds	5	250,756,806	252,925,674
Endowment for General Purposes	2 (b)	16,181,339	16,181,339
Special Capital Development	2 (c)	771,070,420	439,013,939
Revenue Reserves		580,119,805	33,813,647
		<u>100,850,128,904</u>	<u>42,408,279,344</u>
Current Liabilities			
Trade and Other Payables	13 (a)	1,277,272,385	1,101,803,459
Bank OverDraft	13 (b)	211,021,929	120,403,837
		<u>1,488,294,314</u>	<u>1,222,207,296</u>
TOTAL FUNDS AND LIABILITIES		<u>102,338,423,218</u>	<u>43,630,486,640</u>

G. A. O. MAGOHA, EBS, IOM, MBS, MBBS (Lagos), FRCS, FWACS, FICS, FABI, FIBA, FCS, (ECSA), MSIC, FMCS, (Urol.), MKNAS, FAAS.
Vice-Chancellor

P. M. F. MBITHI, EBS, IOM, BVM, MSc (Nairobi), MVSc (Saskatchewan), PhD (Nairobi)
Deputy Vice-Chancellor - (Administration & Finance)

M. KARUE, BCOM, CPA(K)
Finance Officer
August 30, 2012

expressing an opinion on the effectiveness of the university'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 qualified audit opinion

Basis for Qualified Opinion

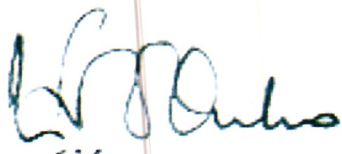
Property, Plant and Equipment

As previously reported, the property, plant and equipment balance of Kshs 93,889,435,264 as at 30 June, 2012 includes six parcels of land valued at Kshs 427,351,000 against which ownership documents have not been availed for audit verification.

In the circumstance, and in absence of the title documents, it has not been possible to ascertain that the property, plant and equipment balance of Kshs 93,889,435,264 is fairly stated as at 30 June, 2012.

Qualified Opinion

In my opinion, except for the matter described in Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects, the financial position of the university as at 30 June, 2012 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 university of Nairobi Act, Cap 210 of the Law of Kenya



Edward R.O Ouko, CBS
AUDITOR-GENERAL

Nairobi

6 March 2013



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30, JUNE 2012

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Univesity of Nairobi set out on pages 15 to 39, which comprise the statement of financial position as at 30 june 2012, 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 infomation in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the informaton and explanation 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 statement to the Auditor-General in accordance with the provisions Section 13 of the Public Audit Act, 2003.

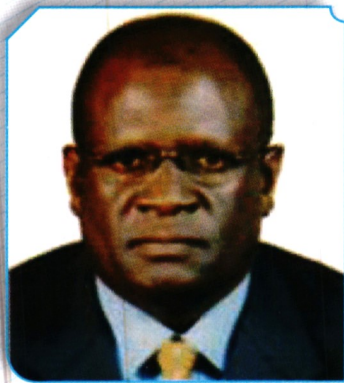
Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliace with ethical requirements and that the audit be planned and perfomed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedure to obatin audit evidence about the amounts and disclosure in financial statements. The procedure selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of financial statements , 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 statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of



STATEMENT OF UNIVERSITY OF NAIROBI COUNCIL MEMBERS RESPONSIBILITY



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

The University Council 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 University Council is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the University as at June 30, 2012 and of its surplus for the year then ended. The University Council further confirms the accuracy and completeness of the accounting records maintained by the University, 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

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

This statement is approved by the University Council and is signed on its behalf by:

George A. O. Magoha, EBS, MBS
Vice Chancellor
and
Professor of Surgery

Peter M. F. Mbithi EBS
Deputy Vice-Chancellor
(Administration & Finance)
and
Professor of Veterinary Medicine



CORE BUSINESS OF THE UNIVERSITY OF NAIROBI

The Core business of the University is provided for in the University of Nairobi Act, 1985. The Act provides in Section 7(l) the functions and objects of the University which include:

- a. To provide directly or in collaboration with other institutions of higher learning, facilities for University education, including technological and professional education and for research;
- b. To participate in the discovery, transmission and preservation of knowledge and to stimulate the intellectual life and cultural development of Kenya;
- c. To conduct examinations for and to grant such academic awards as may be provided for in statutes.
- d. Subject to the Universities Act, to cooperate with the Government in planned development of university education and, in particular, to examine and approve proposals for new faculties, new departments, new degree courses, or new subjects of study submitted to it by any constituent college or other post-secondary institution;
- e. To determine who may teach and what may be taught and how it may be taught in the University.



Ensuring continuity in Research



VICE-CHANCELLOR'S REPORT

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended June 30, 2012.



During the year under review the University realized a surplus of KShs. 546,306,158 (2010/2011 KShs.120,005,106).The cumulative Surplus for the University as at June 30, 2012, was KShs 580,119,805 (2010/2011 KShs. 33,813,647). The financial performance in the current year was mainly impacted by expansion of academic programmes, refurbishment of teaching facilities, increase of personal emoluments based on improved terms and conditions of service. During the same period the University received the award for excellence in performance contracting.

As in the previous years the additional expenditure was not matched by Government funding. The total personal emolument was KShs 6.01 billion while the funding was KShs 4.57 billion giving a shortfall of KShs 1.44 billion. Despite these challenges, the University continued with prudent financial management of the available resources. The university enhanced income-generating activities through its various campuses as well as the subsidiary company, the University of Nairobi Enterprises and Services Limited (UNES).

The research partners supported the University to the extent of KShs. 2,300,313,360 during the year 2011/2012 (2010/2011 KShs. 1,649,546,226). This went along way in pursuit of the University's mission of teaching and research.

The students' total population in this period for both undergraduate and postgraduate was 63,038. Finally, I would like to express my special thanks to the University community who worked tirelessly to ensure smooth operation of this institution, especially continued commitment of the University performance in accordance with ISO 9001: 2008 Quality Management System.

Prof. G.A.O. Magoha, EBS, IOM, MBS, M.B.B.S (Lagos) FRCS, FWACS, FICS, FABI, FIBA, FCS (ICSA), MSIC, FMCS (Urol), MKNAS, FAAS

Vice-Chancellor



THE CHAIRMAN'S STATEMENT

I am delighted to present the annual report and accounts of the University of Nairobi for the year ended June 30, 2012. The University was able to promote research function which is a core business of the university through realization of Kshs.2.3 billion from the university research partners. The University also continued with its main teaching functions where the student enrolment recorded an all time high of 63,038 both undergraduates and post-graduates.



Financial Performance

During the year 2011/2012, the University continued with its good financial performance and registered a surplus of KShs 546,306,158 and hence increasing our Revenue Reserve to KShs 580,119,805. This positive performance has been realized through the dedication of the Council, University Management Board and the Staff who offered valuable contribution.

Strategic Direction

Our vision is remain a world class University committed to scholarly excellence as envisioned in the reviewed Strategic Plan 2008-2013 by managing the University efficiently, efficiently offering quality academic programmes, contributing to scientific and technological innovations and enhancing the competitiveness of the University.

To this end therefore the University has endeavored to achieve positive international and local rankings. In the Performance Contracting period 2009-2010 the University was ranked the best performing university in Kenya. The University was also ranked among the best in the East and Central Africa by Webometrics.

Future Outlook

The University will continue with its expansion strategy to cover most parts of the country and beyond. We envisage building University of Nairobi Tower in the main campus to house lecture theatres and offices. This will ease the current shortage of physical facilities. An e-learning programme has been developed in the University to cater for distance learning and thereby improving national literacy level.

Finally, I would like to thank the government for guidance and support in the realization of the university's objectives. Allow me to take this honorable opportunity to thank our research partners, UON Alumni and other stakeholders for their support to steer us through another successful year.

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

Chairman Of The University Council



Communication with Council

The University is committed to ensuring that stakeholders and the general public are provided with full and timely information about its performance.

This is achieved by the distribution of the University's annual report and the release of notices in the press.

Periodically there are press releases announcing other major University developments which could be considered important.

The Annual Reports and Accounts is published each year and distributed to the National Assembly.

Council Members Emoluments And Loans

The Council Members are paid sitting allowance which is included in the Council expenses in the Annual Reports and Accounts.



The Vice Chancellor Prof. George Magoha leads the University of Nairobi in donating to Sinai fire victims



STATEMENT OF CORPORATE GOVERNANCE

7

Corporate governance is the process by which organizations are directed, controlled and held to account. University of Nairobi Council is responsible for the overall management of the governance of the Institution and is accountable to the stake-holders for ensuring that the Institution complies with the law and the best practices in educational institute governance and business ethics. The Council members are committed to the need to conduct the business and operations of the University with integrity and in accordance with generally accepted standards and endorse the internationally developed principles of good institute governance.

Council Members

The Council is appointed in accordance with the University of Nairobi Act, 1985 and includes among others the Chairman, Vice Chairman, Honorary Treasurer, the Vice-Chancellor and the Deputy Vice-Chancellors.

The full Council meets at least four times a year. The members receive all information relevant to the discharge of their obligations in accurate, timely and in a clear manner so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Council has delegated authority for conduct of day-to-day business to the Vice Chancellor and the University Management Board (UMB). The Council nonetheless retains responsibility for establishing and maintaining the institution's overall control of financial, operational and compliance issues as well as implementing strategies for the long term success of the institution.

Committees of The Council

The Council has the following committees, which meet regularly under the terms of reference set by the Council:

- ◆ Finance and General Purpose Committee
- ◆ Audit Committee
- ◆ Building Committee
- ◆ Tender Committee
- ◆ Staff Appointment Committee
- ◆ Sealing Committee
- ◆ Honorary Degrees Committee
- ◆ Statutes Committee

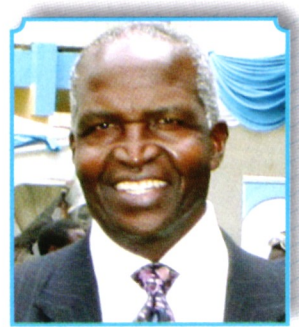
Internal Controls

The University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications.

Procedures are also in place to ensure that assets are subject to proper physical controls and that the institution remains structured to ensure appropriate segregation of duties.



MEMBERS OF THE COUNCIL



Mr. John P. N. Simba

No	Name	Designation	Appointed / Retired
1.	Mr. John Simba	Chairman	Reappointed May 18, 2011
2.	Mr. Nicholas Ng'ang'a	Vice-Chairman	Retired April 18, 2011
3.	Dr. Betty Gikonyo	Vice-Chairman	Reappointed May 18, 2011
4.	Mr. Philip Kinisu	Honorary Treasurer	Reappointed May 18, 2011
5.	Dr. Susan Mboya	Member	Appointed July 8, 2011
6.	Mr. Kitili Mbathi	Member	Appointed July 8, 2011
7.	Ms. Sheila M'mbijjewe	Member	Appointed July 8, 2011
8.	Mrs. Eunice N. Mathu	Member	Appointed July 8, 2011
9.	Mr. Sammy Langat	Member	Appointed July 8, 2011
10.	Dr. Ekuru Aukot	Member	Appointed July 8, 2011
11.	Dr. Philip Toroitich Parklea	Member	Appointed July 8, 2011
12.	Dr. Idle Omar Farah	Member	Reappointed July 8, 2011
13.	Mr. Terry Davidson	Member	Retired July 8, 2011
14.	Mr. Tom Mshindi	Member	Retired July 8, 2011
15.	Mrs. Jane Karuku	Member	Retired July 8, 2011
16.	Mr. Isaac Awuondo	Member	Retired July 8, 2011
17.	Mrs. Bella Ochola-Wilson	Member	Retired July 8, 2011
18.	Mr. Samuel Kamau Macharia	Member	Retired July 8, 2011
19.	Dr. Frank Njenga	Member	Retired July 8, 2011



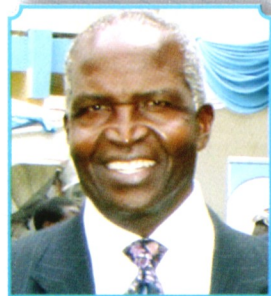
Capital Markets Authority, CEO, Ms. Stela Kilonzo during a past University Open Day



CHANCELLOR AND PRINCIPAL OFFICERS OF THE UNIVERSITY



Prof. G. A. O. Magoha



Mr. John P. N. Simba



Dr. J. B. Wanjui



Prof. P. M. F. Mbithi



Prof. J. T. Kaimenyi



Prof. L. W. Irungu



Prof. I. M. Mbeche



Prof. A. W. Mwangombe



Prof. H. W. Mutoro



Prof. I. O. Kibwage



Prof. B. N. K. Njoroge



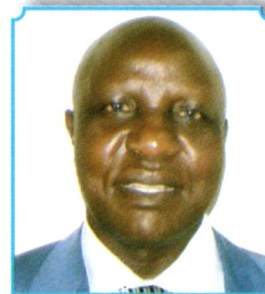
Prof. E. H. N. Njeru



Prof. B. O. Aduda



Prof. P. O. K'Obonyo



Prof. I. O. Jumba



Mr. M. Karue



Mrs. E. G. Ongwae



Mr. B. M. Waweru



Mrs. S. Munavu



Mr. W. J. Asilla



CHANCELLOR AND PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor:

Dr. JOSEPH B. WANJUI, CBS, B.A. (Ohio Wesleyan University), M.Sc. (Columbia), FKIM, Hon. D.S.C. (Nairobi)

Chairman Of the University Council:

JOHN P.N. SIMBA, MBS, OGW, LL.B (Dar-es-Salaam)

Vice-Chancellor:

G.A.O.MAGOHA, EBS, MBS, MBBS(Lagos), FRCS, FWACS, FICS, FABI, FIBA, FCS, (ECSA), MSIC, FMCS, (Urol.), MKNAS, FAAS.

Deputy Vice-Chancellor (Administration and Finance):

P.M.F. MBITHI, EBS, IOM, B.V.M., M.Sc.(Nairobi), M.V.Sc.(Saskatchewan), Ph.D(Nairobi)

Deputy Vice-Chancellor (Academic):

J. T. KAIMENYI, BDS (Nairobi) MDS (Mysore) Ph.D (Nairobi)

Deputy Vice-Chancellor (Student Affairs):

I.M.MBECHE, B.Ed., M.A.(Nairobi), Ph.D. (Lancaster)

Deputy Vice-Chancellor (Research, Production and Extension):

L. W. IRUNGU, B.Sc. (Nairobi), M.Sc. Ph.D. (Liverpool)

Principal, College of Agriculture and Veterinary Sciences:

A. W. MWANGOMBE, B.Sc(Makerere), M.Sc. (Nairobi), Ph.D. (London)

Principal, College of Architecture and Engineering:

B.N.K.NJOROGE. B.Sc.(Nairobi); M.Sc. (Newcastle Upon Tyne); Ph.D(Duke), MIEK, R.Eng

Principal, College of Biological and Physical Sciences:

B. O. C. ADUDA, BEd., MSc Nairobi, Ph.D, DIC (London)

Principal, College of Education and External Studies:

H. W. MUTORO, B.Ed. M. A. (Nairobi) C,Phil., Ph.D. (UCLA)

Principal, College of Health Sciences:

I.O. KIBWAGE, B.Pharm., (Nairobi), M.Pharm, Ph.D (K.U. Leuven), C.Sci, C.Chem, MRSC, MPSK

Principal, College of Humanities and Social Sciences:

E. H. N. NJERU, BA, MA (Nairobi), PhD (California)

Deputy Principal, College of Humanities and Social Sciences:

P.O.K'OBONYO, B.A.,(Makerere), MBA (Nairobi), P.G.Dip.(ESAMI), Ph.D.,(South Carolina)

Deputy Principal, Kenya Science Campus:

I.O.JUMBA, B.Sc., M.Sc., Ph.D. (Nairobi).

Finance Officer:

M.KARUE, B.Com(Nairobi), C.P.A.(K)

Ag. Administration Registrar:

ELIZABETH G. ONGWAE, Bed (Nairobi)

Ag. Academic Registrar:

B. M. WAWERU, B.A.(Nairobi)

University Librarian:

S. N. MUNAVU (Mrs), B.A (Mary Manse College), M.L.S (Wayne State).

Ag. Planning Registrar:

W.J.ASILLA, B.Ed.,(Nairobi), P.G.Dip.-M.C.(Nairobi).



Registered Office and Place of Business:

University of Nairobi
Harry Thuku Road
P.O. Box 30197 - 00100
NAIROBI, Kenya
Telephone: +254-020-318262
Fax: +254-020-2243660
Website: www.uonbi.ac.ke

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Paper laid to the
Table of the House
on the 14/10/2013
[Signature]

Auditors:

Auditor General
Kenya National Audit Office
P.O Box 30084-00100
Nairobi, Kenya
Tel +254-20-342330
Website: www.kenao.go.ke

Bankers:

Barclays Bank of Kenya Ltd.
Kenya Commercial Bank Ltd.

Legal Advisors:

Chief Legal Officer, University of Nairobi



Past University Graduation: From right, Prof. Peter Mbithi, DVC (A&F), Prof. Jacob Kaimenyi, DVC (AA), Prof. Isaac Mbeche, DVC (SA) and Prof. Lucy Irungu, DVC (RPE)



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University of Nairobi



German Chancellor, Angela Merkel when she visited the University

**Annual Report and
Financial Statements**
for the Year Ended June 30, 2012