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REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
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TABLED BY: LDM	
CLERK-AT THE-TABLE: Perpetual Mungu	THE AUDITOR-GENERAL

ON

UNIVERSITY OF NAIROBI PRESS

**FOR THE YEAR ENDED
30 JUNE, 2020**

2011.01.01



UNIVERSITY OF NAIROBI PRESS

REPORTS AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE, 2020**

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

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

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UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

I. INSTITUTIONAL DETAILS

The Directors have the pleasure of submitting the Annual Report and Accounts for the year ended 30 June, 2020.

INCORPORATION

University of Nairobi Press is a company incorporated in Kenya under the Companies Act. It is limited by guarantee and does not have any share capital.

PRINCIPAL ACTIVITIES

The principal activity of the University of Nairobi Press is publishing scholarly books.

RESULTS FOR THE YEAR

During the year, The University of Nairobi Press reported a net deficit of **Kshs. 321,654** from its operations.

BANKER

Barclays Bank of Kenya Limited,
Market Branch,
P.O. Box 30120-00100,
Nairobi

AUDITOR-GENERAL

The Office of Auditor - General
P. O. Box 30084-00100, GPO
Nairobi, Kenya

REGISTERED OFFICE

University of Nairobi Press
P. O. Box 30197-00100 GPO
Nairobi, Kenya
Telephone: 4910000 Ext. 28581
E-mail: *nup@uonbi.ac.ke*

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

II. DIRECTORS

NO	NAME	DESIGNATION
1.	Prof. Stephen G. Kiama	Member
2.	Prof. Isaac Meroka Mbeche	Member
3.	Mr. John K. arap Kenduiwo	Member
4.	Ms. Pamellah Asule	Member



PROF. STEPHEN GITAHI KIAMA

Prof. Stephen Gitahi Kiama, born in 1964, is currently the Vice Chancellor and a Member of Council. He is a Professor of Structural Biology from University Of Bern in Switzerland. He was the Deputy Vice-Chancellor, Human Resource and Administration and the Acting Deputy Vice Chancellor In-Charge of Finance, Planning and Development, a position he held till his appointment as the vice chancellor. previously he served as the principal, college of agriculture and veterinary sciences from 2016 to 2019, director of Wangari Maathai Institute for Peace and Environmental Studies from 2010 to 2016, Chairman Of The Department Of Veterinary Anatomy And Physiology from 2005 to 2010, Acting Dean Of The Faculty of Veterinary Medicine in 2014 and Associate Dean Of The Faculty Of Veterinary Medicine from 2003 to 2010.

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PROF. ISAAC MEROKA MBECHE

Prof. Isaac Meroka Mbeche, born in 1952, is the Deputy Vice-Chancellor, Student Affairs (DVC-SA) and Acting Deputy Vice-Chancellor, Finance, Planning and Development at the University of Nairobi. Prof. Mbeche, who is a professor in Management Sciences, joined the University of Nairobi in 1986 as tutorial fellow in the Department of Management Science, Faculty of Commerce. He has also worked as a Teaching Assistant at the Department of Management Science, School of Management, Lancaster University, UK. In 2002, Prof. Mbeche became the Principal, College of Humanities and Social Sciences (UoN), where he served until February 2011 when he was appointed as Deputy Vice-Chancellor, Student Affairs.



MR. JOHN K. ARAP KENDUIWO

Mr. John Kenduiwo, born in 1956, is the acting Managing Director of University of Nairobi Enterprise Services (UNES) where he is serving on secondment from the School of Business. He is a senior lecturer in the Department of Management Science, having previously served as Chairman, Department of Management Science and Dean, School of Business. Mr. Kenduiwo has extensive experience in teaching, research, and consultancy in the areas of strategic/operations management and performance measurement systems. He also serves as a non-executive director on the boards of a number of private and public sector entities. He is a member of the Kenya Institute of Management (KIM) and the Operations Research Society of Eastern Africa (ORSEA).

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MS PAMELLAH ADAMBA ASULE

Ms Pamellah A. Asule, born in 1968, is the Ag. Managing Editor of the University of Nairobi Press where she has been serving as Science Editor since 2004. She previously worked as Editorial Assistant (Science) at Longhorn Publishers. Ms Asule holds a Master of Arts degree in Communication Studies from the University of Nairobi and a Master of Environmental Studies degree from Kenyatta University. She obtained her Bachelor of Science Degree (Botany and Zoology) from Kenyatta University. She has edited numerous science publications targeting readers at different levels.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

III. MANAGEMENT TEAM

NO.	NAME	DESIGNATION
1	MS. PAMELLAH A. ASULE	Ag. Managing Editor & Science Editor
2	Mr. Charles Sikulu	Humanities Editor
3	Ms. Njeri Muhoro	Social Sciences Editor
4	Mr. David Gitanga	Accountant



Ms. Pamellah A. Asule
Ag. Managing Editor



Mr. Charles Sikulu
Humanities Editor



Ms. Njeri Muhoro
Social Sciences Editor



Mr. David Gitanga
Accountant

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

IV. REPORT OF THE CHIEF EXECUTIVE

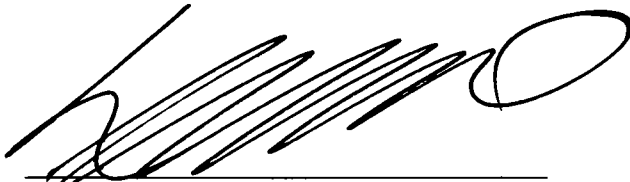
I am pleased to present the Annual Report and Accounts of the University of Nairobi Press for the year ended June 30, 2020.

During the year under review, the University of Nairobi Press recorded a deficit of Ksh. 321,654 compared to a deficit of Ksh. 5,572,330 incurred in 2018/2019.

Driven by the desire to exploit the enormous potential of the Press in the promotion of research, innovation and scholarship as core objectives of the University, we examined the actions required to achieve a vibrant publishing entity. Therefore, the year under review saw us invest our energies in reviving the governance structures and seeking viable options for financial sustainability. These efforts will continue until we achieve a revitalised publishing outfit for the University.

The scholarly community is experiencing an increase in the demand for scholarly publishing services, and products, among both faculty and postgraduate students seeking career advancement and academic qualification respectively. The Press is expected to be adequately prepared to serve this need. The prospects for expanded business opportunities are clear. Our task is to seek ways of translating this need into adequate earnings to sustain the operations of the company. I also foresee an increase in the level of research collaboration from the expected elevated visibility of University research.

I would like to express my sincere thanks to the University of Nairobi Press staff who have continued to work tirelessly in maintaining smooth operations in the company as we look forward to improved performance.



**PROF. S.G. KIAMA
VICE-CHANCELLOR**

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

V. STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is the process by which organizations are directed, controlled and held to account. The University of Nairobi Press management is responsible for the overall governance of the Press, which also includes being accountable to the stakeholders in ensuring that the company complies with the law and best practices in addition to observing business ethics. The University of Nairobi Press management is committed to the need to conduct the business and operations of the company with integrity and in accordance with generally accepted standards while also ensuring adherence to the internationally developed principles of good corporate governance.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University of Nairobi Press is committed to giving back to the society in the course of carrying out business. During the year, the Press engaged with school children in different forums to entrench the culture of critical thinking, reading, and writing as key factors in the development of a healthy and productive mental attitude.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

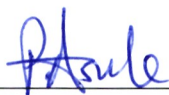
VII. BOARD REPORT

The business of the University of Nairobi Press, whose financial results are reported here, was guided by the 2019/2020 performance contract. The UoN Press similarly adhered to the procedures and quality standards of the University of Nairobi as our parent institution and to the national values espoused in the relevant government documents and circulars. However, the company faced various financial and staff constraints that had implications on its performance.

During the year under review, the issue of revamping the company remained on the agenda for consideration by the Board of Directors. Some work went into seeking approval to convene a Board of Directors' meeting with the need to file annual returns being given top priority. In addition to ensuring compliance with the law, a Board of Directors meeting will pave way for the company to address other pertinent issues effectively.

The UoN Press will continue to exploit the opportunities offered by the demand for scholarly publishing services and products. During the year, we reviewed our service delivery charter to entrench customer satisfaction as a crucial driving force behind our operations. I believe that our renewed impetus to enhance customer satisfaction will enable the provision of well-targeted services. We shall also take advantage of the digital distribution platforms and partnerships which offer crucial cost-effective solutions to doing business.

I believe that this financial report will offer the basis for even further improvement as the company reflects on the options for progress in a challenging scholarly publishing business environment.



PAMELLAH A. ASULE
AG. MANAGING EDITOR

UNIVERSITY OF NAIROBI PRESS

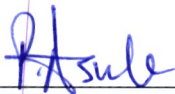
Annual Reports and Financial Statements for the year ended 30 June 2020

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

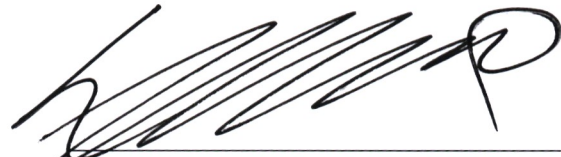
The University of Nairobi Press Board is required to prepare statements, which give a true and fair view of the state of affairs of the company as at the end of the financial year including its surplus or deficit for that year. The Board is required to ensure that the company maintains proper accounting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

The 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 Board is of the opinion that the financial statements presented offer a true and fair view of the state of the financial affairs of the University of Nairobi Press as at 30 June 2020. The Board further confirms the accuracy and completeness of the accounting records maintained by the company, which have been relied upon in the preparation of the financial statements, as well as the adequacy of the system of internal financial control.

This statement is not approved by the Board, but is signed on its behalf by:



PAMELLAH A. ASULE
AG. MANAGING EDITOR
DIRECTOR



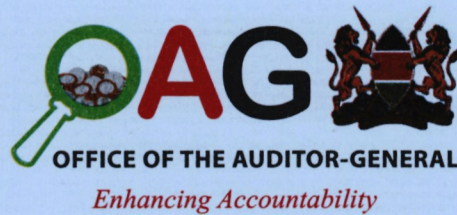
PROF. S.G. KIAMA
VICE-CHANCELLOR
DIRECTOR

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI PRESS FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Nairobi Press set out on pages 1 to 16, which comprise the statement of the financial position as at 30 June, 2020, statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts 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 of Kenya 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of University of Nairobi Press as at 30 June, 2020, 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 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1. Going Concern Uncertainty

During the year under review, the Press incurred a net loss of Kshs.321,654 compared to a net loss of Kshs.5,572,330 reported in the previous year. The trading income declined by an amount of Kshs.215,476 or 46% from income of Kshs.465,649 reported in the financial year 2018/2019 to an income of Kshs.250,173 in the financial year 2019/2020. Further, the Press received over 97% of income support from the University to finance its key operations such as staff salaries and allowances. If the support is withdrawn or materially reduced, the Press may not be able to support its expenditure and settle its financial obligations as and when they fall due.

The Press is therefore technically insolvent and may not meet its obligations as and when they fall due. Its continued existence as a going concern is dependent upon financial support from its creditors and the University of Nairobi.

2. Trade and Other Receivables

As disclosed in Note 14 to the financial statements, the statement of financial position reflects a balance of Kshs.239,587 under trade and other receivables which was arrived at after a provision for bad and doubtful debts of Kshs.1,323,897. The provision comprised of Kshs.1,302,997 being 100% of the debts outstanding for over six (6) years and Kshs.20,900 being 10% of the debts outstanding for a period of less than six (6) years. However, it is not clear how the provision for bad and doubtful debts was determined and applied as policy documents on debt management were not provided for audit review.

Under the circumstances, the accuracy and full recoverability of trade and other receivables balance of Kshs.239,587 as at 30 June, 2020 could not be confirmed.

3. Unsupported Rent Expenses

The statement of profit or loss and other comprehensive income reflects an expenditure of Kshs.4,322,577 under operating expenses which, as disclosed in Note 6 to the financial statements, includes an amount of Kshs.3,470,400 in respect of rent and utilities for the Office space occupied by the Press. Although the Press Management has explained that the space occupied was valued by the University of Nairobi Estate Department, the valuation report approved by the Press Board of Directors and the University Council was not provided for audit review.

Under the circumstances, the accuracy and propriety of the expenditure of Kshs.3,470,400 on rent and utilities could not be confirmed.

4. Obsolete Inventories

The statement of financial position reflects inventories of Kshs.19,094,478 as at 30 June, 2020. As previously reported, and as disclosed in Note 13 to the financial statements, the balance includes an amount of Kshs.3,523,000 in respect of secondary school text books. Although, the books are obsolete due to change in curriculum, they were valued at cost in spite of the fact that the realizable value could be lower, contrary to the provisions of Paragraph 9 of IAS 2 which requires inventories to be stated at the lower of cost or net realizable value.

Further, the inventories balance of Kshs.19,094,478 includes an amount of Kshs.144,000 being work in progress relating to publication of books carried forward from previous financial year. No explanation was provided on why the production of the books remained outstanding for a long period of time.

Under the circumstances, it has not been possible to confirm that the inventories balance of Kshs.19,094,478 is fairly stated as at 30 June, 2020.

5. Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.644,832 under property, plant and equipment which, as disclosed in Note 12 to the financial statements, is the net book value of assets with estimated cost of Kshs.6,516,097. However, the assets register with the supporting individual balances for the assets were not provided for audit review.

Under the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.644,832 as at 30 June, 2020 could not be confirmed.

6. Unauthorized Expenditure

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.14,825,000 and Kshs.16,487,377 respectively resulting to an over-collection of Kshs.1,662,377. The over-collection is attributed to grants totalling to Kshs.15,901,488 received from the University of Nairobi during the year under review but were not budgeted for. The statement also reflects an actual expenditure of Kshs.16,915,723 against an approved total budget of Kshs.2,000,000 resulting in an over-expenditure of Kshs.14,915,723. The over-expenditure mainly occurred under salaries and wages where an amount of Kshs.12,431,088 was spent against a nil budget. However, the over-expenditure constitutes an unauthorized expenditure as defined under Section 2 of the Public Finance Management (National Government) Regulations, 2015.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the University of Nairobi Press Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters, in my professional judgment, are of most significance in the audit of the financial statements. There are no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, I confirm that, nothing else has

come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission Financial Statements

The financial statements of the University of Nairobi Press were submitted for audit on 16 October, 2020, a delay of sixteen (16) days after the statutory deadline 30 September, 2020. This contravened Section 81(4) of the Public Finance Management Act, 2012 and Section 47(1) of the Public Audit Act, 2015 which states that the financial statements shall be submitted to the Auditor-General within three (3) months after the end of the financial year to which accounts relate.

The Management was therefore in breach of the law.

2. Annual General Meeting and Annual Returns

As previously reported, the University of Nairobi Press is incorporated under the Companies Act which requires Annual General meetings to be conducted every year. However, the Company has not held Annual General Meetings since 2006. This is contrary to Section 131(1) of the Companies Act which requires every Company to hold a general meeting each year. The Act also states that not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next. Further, and as previously reported, the Company did not file annual returns with the Registrar of Companies as required under Section 705(1) of the Companies Act, 2015. Review of the Board minutes revealed that the last returns were filled in the year 2001.

In addition, the Registrar of Companies records indicates that the Company has nine (9) Directors whose names corresponds to the ones in the Board of Directors minutes of 1984 when the Company was registered. However, the financial statements for the year ended 30 June, 2020 indicates that the Company has four (4) Directors whose names differs from the ones under the Registrar of Companies records.

The Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Board Meetings and Audit Committee

The Board of Directors did not hold any meeting during the year under review. This is contrary to Section 1.8 of the Mwongozo Code of Governance State Corporations which requires the Board Members to (a) dedicate adequate time and effort for meetings and (b) meet as regularly as required and at least quarterly in order to effectively lead the organization. Further, the Company did not have an Audit Committee which is contrary to Section 9 of the State Corporations Act and Section 1.7 of the Mwongozo Code that requires the Board to establish at least four Committees including an Audit Committee.

2. Lack of Segregation of Duties

The Company had four (4) staff among them an Accountant managing the finance unit and performing all the duties including vote book control, voucher preparation, examination and authorization, cashbook maintenance and bank reconciliations. This posed a risk of errors and misstatements in the accounting records and was contrary Regulation 23(1)(c) of the Public Finance Management (National Government) Regulation, 2015 which requires an Accounting Officer to maintain effective systems of internal controls and put measures to ensure that they are effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on the 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, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and the Board of Directors

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue to as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Company monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit.

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or

conditions may cause the Company to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 November, 2021

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

X. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2020

	NOTES	2019/2020 KSHS	2018/2019 KSHS
INCOME			
Trading Profit/(Loss)	1	250,173	465,649
UoN Grants	2	15,901,488	13,045,325
Other grants	3	161,916	311,147
Publishing Books Income	4	173,800	954,720
TOTAL INCOME		16,487,377	14,776,841
OPERATING AND ADMINISTRATIVE EXPENSES:			
Salaries and Wages	5	12,431,088	15,574,925
Operating Expenses	6	4,322,577	4,750,541
Depreciation	7	115,270	124,010
Donated books	8	1,224	5,687
TOTAL OPERATING EXPENSES		16,870,159	20,455,163
OPERATING PROFIT FOR THE YEAR		(382,782)	(5,678,322)
Income from Short Term Deposits	9	-	34,124
Income from Sweeping Account	10	61,128	164,406
Loss on sale of Treasury Bills	11	-	(92,538)
PROFIT/ (LOSS) FOR THE YEAR		(321,654)	(5,572,330)

The notes set out on page 6 to 16 form an integral part of the Financial Statements


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Annual Reports and Financial Statements for the year ended 30 June 2020

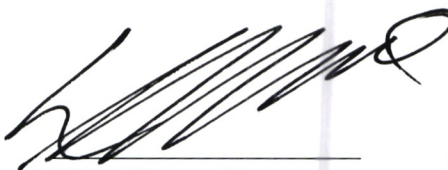
XI. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

ASSETS	NOTE	2019/2020	2018/2019
Non-Current Assets		Kshs.	Kshs.
Property, Plant and Equipment	12	644,832	760,101
Current Assets			
Inventories	13	19,094,478	19,422,685
Trade and Other Receivables	14	239,587	558,475
Short Term Deposit	15	0	-
Cash and Cash Equivalents	16	6,267,850	5,756,119
Current Assets		25,601,915	25,737,279
TOTAL ASSETS		26,246,747	26,497,380
FUNDS AND LIABILITIES			
Capital Fund	17	3,809,495	3,809,495
Accumulated Profit(Loss)	18	17,654,136	17,975,790
		21,463,631	21,785,285
Non-Current Liabilities			
Current Liabilities			
Trade and Other Payables	19	4,783,116	4,712,095
TOTAL FUNDS AND LIABILITIES		26,246,747	26,497,380

The financial statements set out on pages 1 to 16 were signed on behalf of the Board of Directors by:


Ag. Managing Editor
 Pamellah A. Asule


Accountant
 David Gitanga
 ICPAK M. No 3789


Vice-Chancellor
 Prof. S. G. Kiama

Date 8/1/2021

Date 8/1/2021

Date 8/1/2021

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XIII. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 20

	Accumulated profit (Loss)	Capital Fund	Total
2019/2020	Ksh	Ksh	Ksh
Balance As at 01.07.2019	17,975,790	3,809,495	21,785,285
Surplus/ (Deficit)	(321,654)	-	(321,654)
Balance As at 30 June 2020	17,654,136	3,809,495	21,463,631

	Accumulated Profit	Capital Fund	Total
2018/2019	Ksh	Ksh	Ksh
Balance As at 01.07.2018	23,548,120	3,809,495	27,357,615
Surplus/(Deficit)	(5,572,330)	-	(5,572,330)
Balance As at 30 June 2019	17,975,790	3,809,495	21,785,285

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XII. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Kshs.	Kshs.
Cash Flows from Operating Activities			
Net Profit (Loss) for the Year		(321,654)	(5,572,330)
Adjustments for:		-	
Depreciation	12	115,270	124,010
Cash Flows from Operating Activities Before working Capital Changes		(206,384)	(5,448,320)
(Increase)/Decrease in Inventories	13	328,207	(165,441)
(Increase)/Decrease in Trade and other receivables	14	318,888	210,220
Increase/ (Decrease) in Trade and other payables	19	71,021	(106,255)
Net Cash Flow from Operating Activities		511,731	(5,509,796)
Net Increase/ (Decrease) in Cash and Cash Equivalent			
		511,731	(5,509,796)
Movement in Cash and Cash Equivalent			
Cash and Cash Equivalent at Beginning of Year		5,756,119	11,265,915
Net Increase in Cash and Cash Equivalents		511,731	(5,509,796)
Cash and Cash Equivalent at End of Year		6,267,850	5,756,119
Analysis of Cash and Cash Equivalent			
Cash and Cash Equivalents	16	6,267,850	5,756,119
Cash and Cash Equivalent at End of Year		6,267,850	5,756,119

The statement of cash flows is presented using the indirect method as per IFRS 7

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XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original Budget	Adjustments	Final Budget	Actual Amounts	Variance
Revenue					
Trading Profit	3,641,131	-	3,641,131	250,173	(3,390,958)
UoN Grants	-	-	-	15,901,488	15,901,488
Published Books	9,006,740	-	9,006,740	173,800	(8,832,940)
Other Incomes	2,177,129	-	2,177,129	161,916	(2,015,213)
Total Revenue	14,825,000	-	14,825,000	16,487,377	1,662,377
Expenses					
Salaries & Wages	-	-	-	12,431,088	(12,431,088)
Operating/Administrative Expenses	1,900,000	-	1,900,000	4,321,565	(2,421,565)
Depreciation	-	-	-	115,270	(115,270)
Capital Expenditure	100,000	-	100,000	47,800	52,200
Total Expenses	2,000,000	-	2,000,000	16,915,723	(14,915,723)

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Annual Reports and Financial Statements for the year ended 30 June 2020

XV. NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 judgment 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 2018.*

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 UoN Press financial statements because UoN Press 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 UoN Press 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.

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NOTES TO THE FINANCIAL STATEMENTS continued...

The amendment to IAS 41 did not affect UoN Press current Financial Statements because the effective for accounting periods beginning on or after 1st January, 2016 and also UoN Press 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 UoN Press Financial Statement since UoN Press 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.

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 Significant Accounting Policies

1.1 The Accounts are prepared under the historical cost convention.

1.1 a Accounts comply with the requirements of the IFRS

1.2 Property, plant and equipment 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 are:

- Furniture and Equipment 10% on reducing balance method
- Computers and accessories 30% on reducing balance method.

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NOTES TO THE FINANCIAL STATEMENTS continued...

1.3 Stocks are valued at the lower of cost and net realisable value.

Note: The stocks in this case are books produced by the UoN Press. It will be noted that usually the valuation is at cost since the net realizable value cannot be accurately determined.

1.4 The accounting figures are rounded to the nearest whole number.

D Taxation

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

E Currency

In the Financial year 2006/2007, the format of presentation of the statements in the accounts was changed to include all possible expenses incurred directly or indirectly, paid or not paid by the UoN Press, as long as they are for financial year, have been charged against the income generated by the UoN Press for the purpose of showing the financial position.

The Staff emoluments and rent has been accrued to reflect the true position of the company

(i) **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.

(iii) **Provision for Audit Fees** - Kshs. 92,800 was provided as audit fees for current year ended 30th June 2020.

The audit fees for year ended 30th June 2018 was paid during the year.

(iv) **Advances for publication**—These are funds received by UoN Press from sponsors for publication of particular titles. During the year, a total of Kshs. 0.00 was spent for publication of such titles.

- Out of a total of 7 sponsored titles, nil were published during the year.
- Kshs 3,797,828 has been accrued for publication of the 7 titles.

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Annual Reports and Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS continued...

(v) Staff Emoluments

These include salaries, allowances and other benefits paid directly to members of staff by University of Nairobi on our behalf.

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Annual Reports and Financial Statements for the year ended 30 June 2020

XVI. NOTES TO THE FINANCIAL STATEMENTS

1	Trading Profit		
	Trading account	2019/2020	2018/2019
		Kshs.	Kshs.
	Gross Sales for the year	791,923	718,564
	Less: Discount allowed	(214,767)	(215,061)
	Net sales	577,156	503,503
	Less: Cost of Sales	(326,983)	(37,854)
	Trading Profit (Loss) for the year	250,173	465,649
	Cost of Sales		
	Production cost	-	203,294
	ADD:		
	Opening Stock as at 1.7.2019	19,278,684	19,003,244
	W.I.P - (Opening)	144,000	254,000
		19,422,684	19,460,538
	Less:		
	Donations	(1,224)	
	Closing W.I.P - (Ending)	(144,000)	144,000
	Cl. Stock as at 30.6.2020	(18,950,478)	(19,278,684)
	Cost of Sales for the year	326,982	37,854
2	Grant from UON	15,901,488	19,045,325
	Less transfer to UoN	-	6,000,000
		15,901,488	13,045,325

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NOTES TO FINANCIAL STATEMENTS continued...

3	Other Grants Analysis	2019/2020	2018/2019
		Kshs.	Kshs.
	U.o.N grant - Fuel related costs	61,433	152,500
	U.o.N grant - Petty Cash Grant	45,533	118,597
	U.o.N grant - Promotional expense by UON	54,950	40,050
	TOTAL	161,916	311,147
4	Publishing Books Income		
	Akurinu Churches-Flogin E.A		534,000
	Bahemuka Judith Mbula-elimika manus	173,800	
	Instuctional Supervision-StarBright		200,000
	Conference Proceeding-Imagemate		220,720
		173,800	954,720
5	Salary and Wages	12,431,088	15,574,925
6	Operating Expenses		
	i. Royalties	84,020	84,393
	ii. Rent and Utilities	3,470,400	3,470,400
	iii. Stationery and Office Expenses	115,711	311,560
	iv. Fuel related Expenses	61,433	152,500
	v. Annual Subscription Fees (KPA)	55,000	55,000
	vi. Audit Fees (provision)	92,800	92,800
	vii. Bank Charges	12,627	17,242
	vii. Training and workshop	-	-
	ix. Promotion Expenses	119,450	149,119
	x. Provision for doubtful debts	311,136	417,527
		4,322,577	4,750,541
7	Depreciation		
	1st July 2019	5,708,196	5,584,186
	Charge for the Year	115,270	124,010
	30th June 2020	5,823,466	5,708,196

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NOTES TO THE FINANCIAL STATEMENTS Continued...

	2019/2020	2018/2019	
8	Books Donated	1,224	5,687
	These were books issued to authors and various heads of departments for reference or promotion free of charge		
9	Investment income (T/Bill) as at 30 June 2020		
	Description		
	July - Sep 2019	-	34,124
	Oct - Dec 2019	-	-
	Jan - Mar 2020	-	-
	April - June 2020	-	-
			34,124
10	Income from Sweeping Account	61,128	164,406
11	Loss on Sale of Treasury Bills		
	Value of Treasury Bills	-	3,600,000
	Less Proceeds from Sale	-	3,507,462
	Gain/(Loss) realised		(92,538)

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2020

NOTES TO THE FINANCIAL STATEMENTS Continued...

12. Property, Plant & Equipment

2019/2020	Furniture & Equipment	Computers & Accessories	Total
Cost	Kshs.	Kshs.	Kshs.
1 July 2019	4,629,654	1,838,643	6,468,297
Additions	-	47,800	47,800
30 June 2020	4,629,654	1,886,443	6,516,097
Acc. Depreciation	3,994,152	1,714,044	5,708,196
Charge for the Year	63,550	51,720	115,270
30 June 2020	4,057,702	1,765,764	5,823,567
Net Book Value			
At 30 June 2020	571,952	72,880	644,832
At 30 June 2019	635,502	124,599	760,101
2018/2019			
Cost	Kshs.	Kshs.	Kshs.
1 July 2018	4,629,654	1,838,643	6,468,297
Additions	-	-	-
30 June 2019	4,629,654	1,838,643	6,468,297
Depreciation			
1 July 2018	3,923,541	1,660,645	5,584,186
Charge for the Year	70,611	53,399	124,010
30 June 2019	3,994,152	1,714,044	5,708,196
Net Book Value			
At 30 June 2019	635,502	124,599	760,101
At 30 June 2018	706,113	177,998	884,111

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NOTES TO THE FINANCIAL STATEMENTS Continued...

13 Inventories	2019/2020	2018/2019
Scholarly Books	15,427,478	15,759,026
Secondary School Text Books	3,523,000	3,519,659
Work - in - Progress	144,000	144,000
	19,094,478	19,422,685

Work -in-progress - represents part payments made towards publication of books that were not completed as at the year-end.

- 14 Trade and Other Receivables
Trade Receivables -UON Press provided 100% for debts that are 6 years old and above, while 10% is provided for debts that are below 6 years and below.

The provision for Bad and doubtful Debts as follows:

Trade Receivables (Net)	188,105	506,741	
Advance Royalties	51,482	51,734	
Total	239,587	558,475	
Trade Debtors (Gross)	1,512,002	1,519,502	Charge for the year
Provision for bad & doubtful debts	(1,323,897)	(1,012,761)	310,124
Trade receivables (Net)	188,105	506,741	

Period of Debt	Rate	Provision for bad Debts
Above 6 years	100%	1,302,997
Below 6 years	10%	20,900
Total	1,512,002	1,323,897

- 15 Short Term Deposits

The investment in Treasury bills was withdrawn as per GoK directive.

Short term deposit re-invested	-	-
Interest re-invested for the year	-	-
	-	-

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NOTES TO THE FINANCIAL STATEMENTS Continued...

16	Cash and Cash Equivalents		
	Cash at Bank:		
	A/C0948245353	2,586,381	2,074,650
	A/C0777001914	3,681,469	3,681,469
	Total	6,267,850	5,756,119
17	Capital Fund		
	This is the initial contribution by the University of Nairobi for the setup of the University of Nairobi Press		
	The amount has remained the same over the years.-		
	Capital Fund	3,809,495	3,809,495
		3,809,495	3,809,495
18	Accumulated Profit (Loss)	2019/2020	2018/2019
	Net accumulated profit (Loss)- 01.07.2019	17,975,790	23,548,120
	Profit (Loss) for the year	(321,654)	(5,572,330)
	Accumulated profit/(Loss)	17,654,136	17,975,790
19	Trade and Other Payables		
	Trade Creditors	80,008	59,978
	Royalties	812,480	842,489
	Provision for Audit Fees	92,800	185,600
	Advances for Publication	3,797,828	3,624,028
	Total	4,783,116	4,712,095

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XVI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated timeframe within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe
1	Not possible to confirm the accuracy and full recoverability of trade receivables balance of Ksh 768, 695	Provision of 100% for debts above six years and provision of 10% for debts less 6yrs because of the certainty in debt collection	David Gitanga (Accountant)	Not Resolved	2018/ 2019
2	Unsupported grants from UoN	The valuation report of the space occupied by UoN Press was approved and is available	David Gitanga (Accountant)	Not Resolved	2018/ 2019
4	Financial performance	We reviewed our service charter for efficient service delivery in order to attract more customers	Pamellah Asule (Managing Editor)	Not resolved	