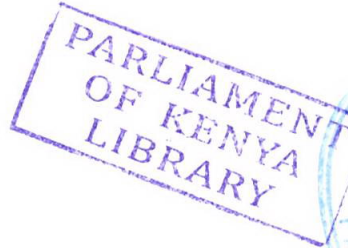


REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



REPORT

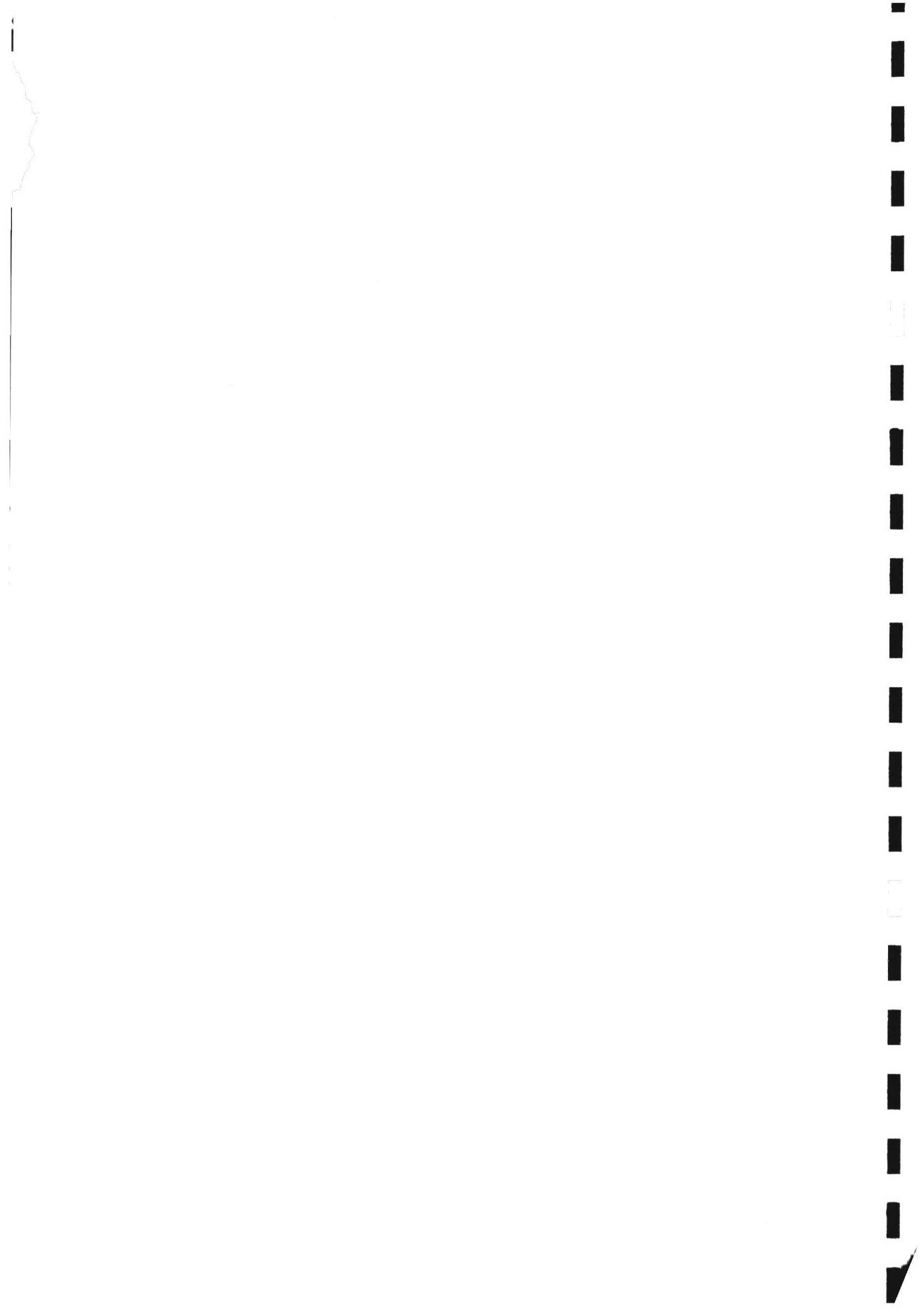
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNIVERSITY OF NAIROBI**

**FOR THE YEAR ENDED
30 JUNE 2014**





UNIVERSITY OF NAIROBI

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2014

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UNIVERSITY OF NAIROBI

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

The inception of the University of Nairobi is traced back to 1956, with the establishment of the Royal Technical College. On 20th May 1964, the Royal College Nairobi was renamed University College Nairobi as a constituent college of inter-territorial, Federal University of East Africa. In 1970, the University College Nairobi transformed into the first national university in Kenya and was renamed the University of Nairobi. Following the enactment of The Universities Act, 2012, the University of Nairobi was awarded its charter on 1st March 2013

(b) Principal Activities

The University is mandated to provide university education and training in addition to participation in discovery, transmission and preservation of Knowledge

(c) Key Management

The University day-to-day management is under the University Management Board

(d) University Management Board

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Vice-Chancellor:	Prof. G. A.O.Magoha
2	Deputy Vice-Chancellor (Administration and Finance):	Prof. P. M.F. Mbithi
3	Ag. Deputy Vice-Chancellor (Academic):	Prof. H.W. Mutoro
4	Deputy Vice-Chancellor (Student Affairs):	Prof. I.M.Mbeche
5	Deputy Vice-Chancellor (Research, Production and Extension):	Prof. L. W. Irungu
6	Principal, College of Agriculture and Veterinary Sciences:	Prof. A. W. Mwang'ombe
7	Principal, College of Architecture and Engineering:	Prof. B.N.K.Njoroge
8	Principal, College of Biological and Physical Sciences:	Prof. B. O. C. Aduda
9	Ag. Principal, College of Education and External Studies:	Prof. I.O.Jumba
10	Principal, College of Health Sciences:	Prof. I.O. Kibwage
11	Principal, College of Humanities and Social Sciences:	Prof. E. H. N. Njeru
12	Deputy Principal, College of Humanities and Social Sciences:	Prof. P.O.K'obonyo
13	Ag. Deputy Principal, Kenya Science Campus:	Prof. H.Ochanda

(e) Fiduciary oversight Arrangements

- Commission for University Education
- Audit Committee

(f) University of Nairobi Headquarters

Harry Thuku Road
P.O Box 30197-00100
Main Campus
Nairobi, Kenya

(g) University of Nairobi Contacts

Telephone: (254) 020-318262
E-mail: vc@uonbi.ac.ke, dvcaf@uonbi.ac.ke, fo@uonbi.ac.ke
Website: www.uonbi.ac.ke

(h) University of Nairobi Bankers

Barclays Bank of Kenya
Market Branch
P.O Box 30018-00100
Nairobi, Kenya

Kenya Commercial Bank
University Way Branch
P.O. Box 7206 – 00300
Nairobi, Kenya

Standard Chartered Bank
Koinange Street Branch
P.O Box 30003- 00100
Nairobi, Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

UNIVERSITY OF NAIROBI

II. THE UNIVERSITY COUNCIL

NO	NAME	DESIGNATION
1.	Dr. Idle Omar Farah	Chairman
2.	Dr. Betty Gikonyo	Member
3.	Mr. Joseph Tui Hamisi	Member
4.	Mrs. Pascalia Chepkorir Chuma Koske	Member
5.	Dr. Sanjay Advani	Member
6.	Dr. (Mrs.) Lucy I. Celima Kiyiapi	Member
7.	Mr. Samuel Kiiru	Rep. PS. The National Treasury
8.	Ms. Fenny W.S. Mwakisha	Rep. PS., Ministry of Education, Science and Technology (MOEST)
9.	Prof. G. A.O. Magoha	Vice-Chancellor

III. MANAGEMENT TEAM

	NAME	DESIGNATION
1.	Prof. G. A.O.Magoha	Vice Chancellor
2.	Prof. P.M.F. Mbithi	Deputy Vice Chancellor (A&F)
3.	Prof. H.W. Mutoro	Deputy Vice Chancellor (AA)
4.	Prof. I.M.Mbeche	Deputy Vice Chancellor (SA)
5.	Prof. L.W. Irungu	Deputy Vice Chancellor (RPE)
6.	Prof. A.W. Mwang'ombe	Principal (CAVS)
7.	Prof. B. N.K.Njoroge	Principal (CAE)
8.	Prof. B. O. C. Aduda	Principal (CBPS)
9.	Prof. I.O.Jumba	Principal (CEES)
10.	Prof. I.O. Kibwage	Principal (CHS)
11.	Prof. E. H. N. Njeru	Principal (CHSS)
12.	Prof. P.O.K'obonyo	Deputy Principal (CHSS)
13.	Prof. H. Ochanda	Ag.Deputy Principal (KSC)

IV. CHAIRMAN'S STATEMENT

I am delighted to present the University of Nairobi annual report and accounts for the year ended June 30, 2014. The University was able to promote research function which is a core business of the University through realization of Kshs. 2.5 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 over 70,000 students.

FINANCIAL PERFORMANCE

During the year 2013/2014, the University raised revenue totalling Kshs 12.2 billion compared to Kshs 10.4 billion in 2012/2013. The University settled the pending obligations of the last Collective Bargaining Agreement totalling Kshs 1.5 billion which led to a deficit of KShs. 458,399,413 and hence reducing our Revenue Reserve to KShs.334,757,458

STRATEGIC DIRECTION

Our vision is to remain a world class University committed to scholarly excellence as envisioned in the reviewed Strategic Plan 2013-2018 by:(i) Managing the University efficiently(ii) Efficiently offering quality academic programmes (iii) Contributing to scientific and technological innovations (iv) Enhancing the competitiveness of the University.

To this end therefore the University has endeavoured to achieve positive international and local rankings. In the 2011/2012 Performance Contracting evaluation the University attained a mark of excellent among state agencies in Kenya and the best in 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 completing the construction of the 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 honourable opportunity to thank our research partners, UON Alumni and other stakeholders for their support to steer us through another successful year.



IDLE OMAR FARAH MSc.(Nairobi) Ph.D(Uppsala),

Chairman, The University Council

UNIVERSITY OF NAIROBI

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended June 30, 2014.

During the year under review the University incurred a deficit of KShs 458,399,413 (2012/2013 KShs.213,037,066 surplus).The cumulative Surplus for the University as at June 30, 2014 was KShs.334,757,458 (2012/2013 KShs. 793,156,871). The financial performance in the current year was mainly impacted by increased costs in academic programmes, refurbishment of teaching facilities, increase of personal emoluments based on improved terms and conditions of service. The University commenced the construction the University Towers in addition to the ongoing Kisumu complex and the School of Pharmacy projects.

As in the previous years the additional expenditure was not matched by Government funding. The total personal emolument was KShs.9.6 billion while the Government funding was KShs 6.3 billion giving a shortfall of KShs.3.3 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. 2.5 billion during the year 2013/2014 (2012/2013 KShs. 2,110,951,157). This went a long 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 in excess of 70,000.

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 (ECSA),MSIC,FMCS(Urol),MKNAS,FAAS
Vice-Chancellor**

VI. CORPORATE GOVERNANCE STATEMENT

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 Universities Act, 2012 (No. 42 of 2012) and includes among others the Chairman, the Vice-Chancellor and other members. 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 main standing committees of the Council include;

- Audit Committee
- Building Committee
- Sealing 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.

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

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

UNIVERSITY OF NAIROBI

VII. REPORT OF THE DIRECTORS

The University Council submits their report together with the Financial Statements for the year ended June 30, 2014 which show the state of the University's affairs.

1.1 Core business of the University of Nairobi

The Core business of the University is provided for in the Universities Act, 2012.

The functions and objectives the University are:

- 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.

Results

The results of the entity for the year ended June 30, 2014 are set out on pages 19 to 44

Council Members

The members of the University Council who served during the year are shown on page 5

Auditors

The Auditor General is responsible for the statutory audit of the University of Nairobi

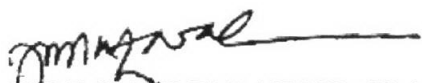
VIII. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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.

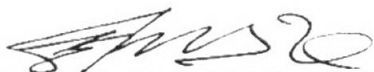
The University Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The 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, 2014 and of its surplus/deficit 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.

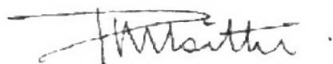
This statement is approved by the University Council and is signed on its behalf by:



MULE OMAR FARAH MSc.(Nairobi) Ph.D(Uppsala),
Chairman, The University Council



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



P.M.F. MBITHI B.V.M., M.Sc.(Nrb) M.V.Sc.(Saskatchewan) Ph.D(Nrb)
Deputy Vice-Chancellor - (Administration & Finance)

September 29, 2014

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Nairobi as set out on pages 12 to 43, which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net assets, statement of cash flows for the year then ended, statement of comparison of budget and actual amounts 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 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 International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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

The property, plant and equipment balance of Kshs.94,921,005,500 as at 30 June 2014 includes four parcels of land, L.R No.22378 and 23493 in Upper Kabete, L.R No. 7219/R in Kikuyu, and L.R No.209/4847 in Nairobi, all valued at Kshs.357,348,000 against which ownership documents have not been availed for audit verification.

In the circumstances, the accuracy and ownership of property, plant and equipment balance of Kshs.94,921,005,500 as at 30 June 2014 could not be confirmed.

Qualified Opinion

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the University as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and comply with the Universities Act, 2012 of the Laws of Kenya.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

19 January 2015

**X. Statement of Financial Performance
for the year ended June 30th 2014**

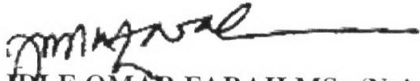
	Note	2014 Ksh	2013 Ksh
Revenue from non-exchange Transactions			
Capitation Grant	14(i)	5,209,342,584	4,626,621,644
Special Grant	14(ii)	1,442,933,395	1,146,200,000
CBA Reimbursements	14(vii)	564,098,806	0
		7,216,374,785	5,772,821,644
Revenue from exchange Transactions			
Tuition and other fees	14(iii)	636,376,671	599,183,140
Accreditation fees	14(iv)	940,000	940,000
Other services rendered:	14(v)	30,059,343	34,362,611
Accommodation , Catering and other income	14(vi)	728,665,197	696,831,429
Transfer from IGUs for specific purposes	14(viii)	3,592,336,889	3,374,549,972
		4,988,378,100	4,705,867,152
Total Revenue		12,204,752,885	10,478,688,796
Expenses			
Academic Departments	15(i)	7,536,990,558	6,048,254,427
Administration and Central Services	15(ii)	2,601,730,845	2,195,571,080
Academic services	15(iii)	304,192,268	217,959,498
General educational services	15(iv)	1,056,973,495	681,101,874
Maintenance of premises	15(v)	547,555,504	569,034,193
Staff and students facilities and welfare	15(vi)	389,183,765	351,237,147
Welfare authority (Catering services)	15(vii)	208,081,135	186,440,426
Miscellaneous expenditure	15(viii)	19,755,806	16,053,084
Total Expenses		12,664,463,376	10,265,651,730
Other gains/losses			
Gain on Disposal	14 (ix)	1,311,078	
(Deficit)/Surplus for the period		(458,399,413)	213,037,066
Accumulated Surplus brought forward		793,156,871	580,119,805
Accumulated Surplus Carried forward		334,757,458	793,156,871

UNIVERSITY OF NAIROBI

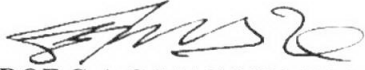
XI. Statement of Financial Position as at June 30th 2014

	Note	2014 Ksh	2013 Ksh
ASSETS			
Current Assets			
Cash and Cash Equivalents	12	1,396,430,064	2,453,912,155
Short Term Deposits	11	2,668,982,669	3,008,975,735
Trade and Other Receivables	10	5,107,526,632	4,647,673,547
Inventories	9	262,191,910	285,843,571
		9,435,131,275	10,396,405,008
Non Current Assets			
Property, Plant and Equipment	7	94,921,005,500	94,102,317,145
Investments	8	123,342,147	95,382,576
		95,044,347,647	94,197,699,721
Total Assets		104,479,478,922	104,594,104,730
Liabilities			
Current Liabilities			
Trade and Other Payables	13 (a)	1,448,834,276	1,913,335,216
Bank OverDraft	13 (b)	1,107,397,700	823,832,790
		2,556,231,976	2,922,286,767
Non-Current Liabilities			
Special Accounts and Grants	6	1,103,458,887	1,118,774,898
Trust and Endowment funds	5	270,212,329	267,658,519
Endowment for General Purposes	2 (b)	16,181,338	16,181,339
		1,389,852,554	1,402,614,755
Total Liabilities		3,946,084,530	4,324,901,522
Net assets			
General Fund	3 (a)	94,468,111,406	94,449,646,761
Net funds from IGUs and parallel programs	4	4,048,033,185	3,826,766,039
Capital Reserves	3 (b)	480,511,620	471,998,809
Special Capital Development	2 (c)	1,201,980,723	912,753,487
Revenue Reserves	3 (f)	334,757,458	793,156,871
		100,533,394,392	100,454,321,968
Total Assets and Liabilities		104,479,478,922	104,779,223,490

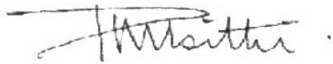
The Financial Statements set out on pages 12 to 44 were signed on behalf of the University Council by:



**IDLE OMAR FARAH MSc.(Nairobi) Ph.D(Uppsala),
Chairman, The University Council**



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



**P.M.F. MBITHI B.V.M., M.Sc.(Nrbi) M.V.Sc.(Saskatchewan) Ph.D(Nrbi)
Deputy Vice-Chancellor - (Administration & Finance)**

September 29, 2014

**XII. Statement of Changes in Net Assets
for the year ended June 30th 2014**

	NET FUNDS FROM IGU'S AND PARALLEL PROGRAMS KSHS	SPECIAL ACCOUNTS AND GRANTS KSHS	GENERAL FUND KSHS	TRUST AND ENDOWMENT FUND 0	SPECIAL CAPITAL DEVELOPMENT FUND KSHS	ENDOWMENT FOR GENERAL PURPOSES KSHS	CAPITAL RESERVE KSHS	REVENUE RESERVE KSHS	TOTAL KSHS
BALANCE AS AT 1/7/2012	3,432,240,986		94,379,409,292		771,070,420		266,525,431	580,119,805	99,429,365,934
SPECIAL RECEIPT FOR CAPITAL DEVELOPMENT	0		0		141,683,067		0	0	141,683,067
SURPLUS FOR THE YEAR	0		0		0		0	213,037,066	213,037,066
CAPITAL GRANTS FROM DONORS	0		27,571,808		0		0	0	27,571,808
CAPITAL DEVELOPMENT RECEIPT	0		71,149,057		0		0	0	71,149,057
RESEARCH GRANT RECEIPTS	0		0		0		0	0	0
RESEARCH GRANT EXPENDITURE	0		0		0		0	0	0
DEPRECIATION ON RESEARCH GRANTS ASSETS	0		(28,483,396)		0		0	0	(28,483,396)
TRUST FUND RECEIPTS	0		0		0		0	0	0
TRUST FUND EXPENSES	0		0		0		0	0	0
INCREASE IN IGU FUND	394,525,053		0		0		0	0	394,525,053
INCREASE IN CAPITAL RESERVE	0		0		0		205,473,378	0	205,473,378
BALANCE AS AT 30/6/2013	3,826,766,039		94,449,646,761		912,753,487		471,998,809.00	793,156,871	100,454,321,967

UNIVERSITY OF NAIROBI

**Statement of Changes in Net Assets
for the year ended June 30th 2014**

	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
BALANCE AS AT 1/7/2013	3,826,766.039	0	94,449,646.761		912,753,487	0	471,998,809	793,156,871	100,454,321,967
SPECIAL RECEIPT FOR CAPITAL DEVELOPMENT	0	0	0		289,227,236	0	0	0	289,227,236
SURPLUS FOR THE YEAR	0	0	0		0	0	0	(458,399,413)	(458,399,413)
CAPITAL GRANTS FROM DONORS	0	0	25,236,751		0	0	0	0	25,236,751
CAPITAL DEVELOPMENT RECEIPT	0	0	22,423,224		0	0	0	0	22,423,224
RESEARCH GRANT RECEIPTS	0	0	0		0	0	0	0	0
RESEARCH GRANT EXPENDITURE	0	0	0		0	0	0	0	0
DEPRECIATION ON RESEARCH GRANTS ASSETS	0	0	(29,195,329)		0	0	0	0	(29,195,329)
TRUST FUND RECEIPTS	0	0	0		0	0	0	0	0
TRUST FUND EXPENSES	0	0	0		0	0	0	0	0
INCREASE IN IGU FUND	221,267,145	0	0		0	0	0	0	221,267,145
INCREASE IN CAPITAL RESERVE	0	0	0		0	0	8,512,811	0	8,512,811
BALANCE AS AT 30/6/2014	4,048,033,184	0	94,468,111,407		1,201,980,723	0	480,511,619.58	334,757,458	100,533,394,391

UNIVERSITY OF NAIROBI

XIII. Statement of Cash Flows for the year ended June 30th, 2014

		2014	2013
		Ksh	Ksh
Cash flows from operating activities			
Receipts	Note		
Capitation Grant		5,209,342,584	5,012,173,448
Special Grant		1,442,933,395	1,146,200,000
Accreditation fees		0	940,000
Tuition and other fees		636,376,671	599,183,140
Other services rendered:		30,059,343	34,362,611
Accommodation , Catering and other income		728,665,197	696,831,429
Transfer from IGUs for specific purposes		3,540,656,689	3,342,559,529
		11,588,033,879	10,832,250,157
Payments			
Academic Departments		6,888,042,990	5,527,616,803
Administration and Central Services		2,006,970,140	1,660,312,192
Academic services		258,825,595	286,127,403
General educational services		1,056,973,495	681,101,874
Maintenance of premises		543,739,057	569,034,193
Staff and students facilities and welfare		389,183,765	351,237,147
Welfare authority (Catering services)		208,081,135	186,440,426
Miscellaneous expenditure		19,755,806	16,053,084
		11,371,571,983	9,277,923,123
Net cash flows from operating activities		216,461,896	1,554,327,034
Cash flows from investing activities			
Cost of property, plant, equipment		(1,386,849,888)	(745,309,509)
Proceeds from sale of property, plant and equipment		2,060,028	-
Decrease in non-current receivables		(201,187,623)	578,483,701
Increase in investments		(27,959,571)	12,429,432
Net cash flows used in investing activities		(1,613,937,054)	(154,396,376)
Net increase/(decrease) in cash and cash equivalents		(1,397,475,158)	1,399,930,658
Analysis of Balances of Cash and Cash Equivalents			
Cash and cash equivalent at start of the year		5,462,887,890	3,916,723,258
Increase(Decrease) in cash and cash equivalents		(1,397,475,158)	1,546,164,632
Cash and cash equivalents at end of year	3 (c)	4,065,412,732	5,462,887,890

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue					
Internally Generated Revenue	4,747,911	331,770	5,079,681	4,125,156	-954,525
Government Grants - Recurrent	7,118,645	-1,176,990	5,941,655	6,652,276	710,621
Government Grants - Development	642,000	-588,000	54,000	22,423	-31,577
Grants, Dev't Partner - Dev't	40,000	-	40,000	40,000	-
Funds from Reserves		1,141,000	1,141,000	-	-1,141,000
Grants, Dev't Partner - Recurrent	2,421,700	40,000	2,461,700	2,497,897	36,197
Other Incomes Recurrent (IGUs, Agency fees, Press, Rentals)	502,120	68,802	570,922	588,069	17,147
Total Revenue	15,472,376	-183,418	15,288,958	13,925,821	-1,363,137
Expenses					
Personnel Emoluments	8,312,545	-	8,312,545	9,842,779	-1,530,234
Boards Expenses	12,490	-	12,490	5,659	6,831
Operating/ Administrative Expenses	4,728,011	-784,715	3,943,296	3,096,537	846,759
Repairs and Maintenance	172,450	-	172,450	74,486	97,964
Depreciation	710,573	-	710,573	567,363	143,210
Finance charges	20,637	-	20,637	22,240	-1,603
Purchase of Motor Vehicles	60,000	-6,000	54,000	44,561	9,439
Purchase of Plant and Equipment	184,256	-18,426	165,830	114,980	50,850
Capital Development-WIP	1,623,500	-	1,623,500	855,286	768,214
Purchase of Computers	293,000	-40,000	253,000	113,482	139,518
Total Expenses	16,117,462	-849,141	15,268,321	14,737,373	530,949

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

XV. NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation

The entity's Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest Kenya shilling (Kshs). The accounting policies have been consistently applied to all the years presented.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

1. Summary of significant accounting policies

1.1.Changes in accounting policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information. These accounting policies have been applied consistently to all periods presented in these financial statements.

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

1.2 Income Recognition

1.2.1 Revenue from non exchange transactions are mainly Government of Kenya grants for the both recurrent and development expenditure

1.2.1 Income from 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.

1.2.4 Other revenue consists of gains/losses on disposal of property, plant and equipment. Any gain or loss on disposal is recognized at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the net book value of the asset at that time.

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.

Revaluation is carried out for land and buildings to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset, with changes reported by class of asset. Accumulated

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

- 1.3.2 Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of item of property, plant, and equipment over its estimated useful life. Typically, the estimated useful lives of different classes of property, plant, and equipment are as follows:

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

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.

The responsibility for accepting, preserving, and managing the funds entrusted to the University rests, with the Council; however, the Council has delegated authority for investment decisions to the Investment Committee of the University. The Committee determines investment objectives, and guidelines, including allocation of assets between classes of investments.

The University's investment objective for its endowment assets is to maximize total return within reasonable risk parameters. The achievement of favourable investment returns enables the University to distribute increasing amounts from the endowment over time so that present and future needs can be treated equitably. Diversification is a key component of the University's standard for managing and investing endowment funds, and asset allocation targets are subject to ongoing reviews by the Investment Committee.

- 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.

1.5 Inventory Valuation

- 1.5.1 Inventories

Inventories are measured at the lower of cost and net realizable value.

- 1.5.2 The cost of Library books is written off to expenditure as incurred. Cost of work in progress and finished goods includes raw materials and direct labour costs.

1.6 Research Grants

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

1.6.1 These are donor funds received for research purposes. The funds are accounted for in a separate special fund account

1.6.2 The Deans 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 contributed to NSSF Kshs. 200 per employee per month for the period under review. The University contributions to the above schemes are charged to the Statement of comprehensive Income in the year to which they relate.

1.8 Foreign Currency Conversion

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 Provisions

1.9.1 Bad Debt Provision

Provision for bad debt has been made at 5% on sundry debtors.

1.9.2 Other liabilities and provisions

Other liabilities and provisions are recognised for future expenditure of uncertain amount or timing when there is a present obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.9.3 Contingent liabilities

Contingent liabilities are recorded in the Financial Statements at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote.

1.9.4 Employee benefits

Current employee obligations

Employee benefits expected to be settled within 12 months are measured at nominal values based on accrued entitlements at current rates of pay.

These are accrued gratuities earned but not yet paid for staff on contractual terms of employment.

Non-Current employee obligations

Employee benefits expected to be settled beyond 12 months are measured at nominal values based on accrued entitlements at current rates of pay.

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

These are accrued gratuities earned but not yet paid for staff on contractual terms of employment

Employee benefits that are calculated at thirty one percent of the basic pay for staff on contract and twenty seven days basic pay per year worked for members of staff on auxiliary grades.

1.9.5. The Statement of Comparison of Budget

The University budget was prepared on the basis of the prescribed National Treasury format given for the year under review. The budget was approved by the Ministry

The Financial Statements are prepared on an accruals basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a commitment basis.

1.9.6 Trade and other Receivables

The University trade and other receivables are carried at cost less an allowance of 5 percent for doubtful accounts.

1.9.7 Short term deposits

Short term deposits are made for varying periods depending on the immediate cash requirements of the University.

Interest rates are negotiated with the financial institutions to fetch the University the best available returns in the market.

1.9.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

1.9.9 Income

Substantially all the University's revenue is derived from student's tuition and fees, private contributions, auxiliary enterprises related to the University and Government Capitation.

UNIVERSITY OF NAIROBI

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

		2014 Ksh	2013 Ksh
Capital Fund Debtors	Note 10	0	113,048,084
		0	113,048,084

2. (b) Endowment for General Purposes 16,181,338 **16,181,339**

Designated Funds set aside for applications as determined by the University e.g. Students' prices, Students' Scholarships

2. (c) Special Capital Development Fund 1,201,980,723 **912,753,487**

Funds Designated for a Special Capital Development in the University

**3. (a)
GENERAL
FUND**

		2014 Ksh	2013 Ksh
Balance as at July 1st 2013		94,449,646,761	94,379,409,292
Capital Receipts:			
(i) Grants		25,236,751	27,571,808
(ii) GOK & Other Sources		22,423,224	71,149,057
TOTAL FUND		94,497,306,736	94,478,130,157
Less:			
Depreciation		29,195,329	28,483,396
Balance as at June 30th 2014		94,468,111,406	94,449,646,761

3. (b) CAPITAL RESERVES

Funds sets aside to cater for Capital Work in Progress 480,511,620 **471,998,809**

3. (c) Cash and Cash Equivalent

i) Short Term Deposits	11	2,668,982,669	3,008,975,735
ii) Cash and Cash Equivalent	12	1,396,430,064	2,453,912,155
		4,065,412,732	5,462,887,890

UNIVERSITY OF NAIROBI

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. 4,048,033,185 (2013: KShs. 3,826,766,039)

	2014	2013
	Ksh	Ksh
3 (e) Provision for Gratuity		
These are finds set aside for payment of Gratuities	313,929,646	185,118,760

3 (f) Revenue Reserves (Movement in the year)	2014	2013
	Ksh	Ksh
Accumulated Surplus brought forward	793,156,871	580,119,805
Deficit for the period	(458,399,413)	213,037,066
Accumulated Surplus Reserves	334,757,458	793,156,871

3(g) Refundable deposit to Customers	2,953,800	0
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These are fund held on behalf of customers, mainly rent deposits and Students' caution money,

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

4. INCOME GENERATING UNITS (IGUs) AND PARALLEL PROGRAMS

Income and Expenditure Account for the Year Ended: June 30th 2014

Income Generating Activities - College Based

	Surplus(Deficit) /2013	Income 2014	Expenditure 2014	Surplus(Deficit) /2014
	Ksh	Ksh	Ksh	Ksh
College of Agriculture and Veterinary Sciences	6,753,046	10,361,310	27,599,237	(17,237,927)
College of Architecture and Engineering	12,120,746	69,103,829	49,444,104	19,659,725
College of Biological and Physical Sciences	(8,594,893)	73,557,825	72,402,083	1,155,742
College of Education and External Studies	164,949,613	413,085,930	336,400,719	76,685,211
College of Health Sciences	(15,097,835)	161,308,718	267,600,213	(106,291,495)
College of Humanities and Social Sciences	(78,912,270)	540,308,709	385,650,336	154,658,373
Health Services - Students Medical & Others	2,452,103	287,912,704	254,570,764	33,341,940
Sub- Total	<u>83,670,511</u>	1,555,639,025	1,393,667,456	161,971,569

Other Income Generating Units

	Surplus(Deficit) /2013	Income2014	Expenditure2014	Surplus(Deficit) /2014
	Ksh	Ksh	Ksh	Ksh
Chiromo Funeral Parlour	9,133,837	35,769,300	29,508,232	6,261,068
UNES Consultancy	4,799,338	232,639,277	223,579,611	9,059,666
Chiromo Conference Center & Arziki Restaurants	(203,774)	54,941,903	51,138,885	3,803,018
Diagnostic Radiology	10,409,881	22,379,636	13,096,923	9,282,713
UNES Bookstore-Nairobi	6,096,619	130,581,434	133,475,738	(2,894,304)
UNES Bookstore-Kisumu	(4,477,389)	24,229,412	24,115,338	114,073
UNES Bookstore-Mombasa	20,636,207	15,486,855	15,277,300	209,555
Other Projects	20,636,207	66,344,848	39,881,530	26,463,318
Sub- Total	<u>46,394,718</u>	582,372,665	530,073,557	52,299,107

Parallel Programmes

School of Business	1,131,399,073	1,760,255,497	632,232,884	1,128,022,613
School of Law	247,058,713	409,326,858	132,112,190	277,214,668
School of Economics	118,383,849	209,164,780	71,599,854	137,564,927
School of Medicine	525,715,753	831,881,044	291,234,103	540,646,941

UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS

	Surplus(Deficit) /2013	Income 2014	Expenditure 2014	Surplus(Deficit) /2014
Faculty of Pharmacy	63,356,759	102,415,450	32,945,616	69,469,833
Faculty of Dental Sciences	22,175,766	44,219,958	15,433,742	28,786,215
School of Nursing	43,908,445	109,785,865	33,106,742	76,679,123
Department of Immunology	793,799	248,025	156,947	91,078
Institute of Tropical & Infectious Diseases	4,147,321	8,070,610	5,326,533	2,744,078
Faculty of Arts	334,647,974	568,259,860	182,741,427	385,518,433
School of Education	161,392,189	212,904,385	100,121,121	112,783,264
School of Continuing & Distance Education	289,656,381	697,067,087	352,686,627	344,380,460
School of Engineering	169,260,325	261,099,468	84,651,335	176,448,133
School of Computing and Informatics	59,794,048	104,226,915	39,962,155	64,264,761
School of Mathematics	52,202,983	76,132,942	22,808,512	53,324,429
School of physical Sciences	52,571,937	65,259,656	36,387,962	28,871,695
School of Biological Sciences	24,164,297	32,673,498	10,184,401	22,489,098
School of Built Environment	73,682,720	186,742,926	108,413,375	78,329,551
School of the Arts & Design	8,674,156	21,033,728	11,390,083	9,643,645
Faculty of Vet. Medicine	33,748,340	40,504,145	11,434,490	29,069,655
Faculty of Agriculture	46,332,364	63,877,349	20,062,689	43,814,661
Institute of Diplomacy & International Studies	87,583,264	147,364,311	53,556,871	93,807,441
School of Journalism	127,126,733	169,350,512	54,846,920	114,503,592
Institute of African Studies	18,923,622	23,305,728	8,011,514	15,294,214
Institute For Climate Change and Adaptation	-	25,949,089	9,314,473	16,634,616
Sub- Total	3,696,700,810	6,171,119,688	2,320,722,563	3,833,762,508
GRAND TOTAL	3,826,766,039			4,048,033,185

UNIVERSITY OF NAIROBI NOTES TO THE ACCOUNTS

5. TRUST AND ENDOWMENT FUNDS

	Balance As at 30 Jun-13	Increase/(Decrease)			Balance As at 30 Jun-14
	KShs	Receipts during the year KShs	in market Value of investment KShs	Expenditure KShs	KShs
Trust funds					
Joint Admission Board	70,551,423	56,429,663	0	49,978,665	77,002,422
Gandhi Academic Society	26,194,435	697,827	(964,891)	460,000	25,467,371
Kenya Railways	662,903	0	0	0	662,903
A.C.I. De Souza Memorial	36,441	0	0	0	36,441
R.G. Amin Bursary	393,240	0	0	0	393,240
Kamala Gold Memorial	182,858	0	1,581	0	184,439
Tom Mboya Memorial	18,265,009	285,587	(2,131,750)	0	16,418,846
M.M. Bhatt Trust	103,866	0	0	0	103,866
UoN Alumni	43,524,406	19,629,143	0	21,045,592	42,107,957
UON Alumni Centre Project Funds	0	2,300,000	0	0	2,300,000
Eng. Carry Oregge - Civil Engineering Prizes	600,000	0	0	120,000	480,000
TOTAL TRUST FUNDS	<u>160,514,582</u>	79,342,220	(3,095,060)	71,604,257	165,157,486
Endowment Funds:					
Sasakawa Fellowship	94,412,383	2,426,396	84,510	4,600,000	92,323,289
Others	9,016,636				9,016,636
Non attributable Funds	3,614,918				3,614,918
TOTAL ENDOWMENT FUNDS	107,043,937	2,426,396	84,510	4,600,000	104,954,843
University of Nairobi Enterprises and Services Limited (UNES)	100,000	0	0	0	100,000
TOTAL FUNDS	267,658,519	81,768,616	(3,010,550)	76,204,257	270,212,329

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

6. SPECIAL ACCOUNTS AND GRANTS

	Balance as at 30th June 2013	Received During Year	Expenditure During Year	Balance as at 30th June 2014
	Kshs.	Kshs	Kshs	Kshs.
Ford Foundation	42,870,722	33,126,229	15,500,943	60,496,008.29
Rockefeller Foundation	18,548,419	31,956,455	18,650,729	31,854,145.81
International Development Research Center	59,436,857	92,053,766	86,151,210	65,339,412.87
National Council for Science and Technology	30,202,871	17,199,539	21,911,426	25,490,983.89
DAAD	1,639,080	0	793,932	845,147.76
World Health Organisation	4,676,716	0	70,000	4,606,716.00
VLIR	756,956	3,593,946	1,356,226	2,994,675.27
International Aids Vaccine	6,768,912	109,730,340	86,140,972	30,358,280.36
World Trade Organization	9,709,668	1,014,007	2,329,953	8,393,721.40
CIAT	915,363	0	27,306	888,057.06
Centre for Disease Control (CDC)	124,355,230	1,146,655,916	1,130,149,370	140,861,776.81
Commission for Higher Education	136,798	8,308	0	145,106.00
African Economic Research Consortium (AERC)	4,230,931	17,302,229	19,796,177	1,736,982.80
Other Grants	832,037,895	1,045,256,554	1,147,846,576	729,447,872.69
Balance Net of Overspent Amounts	1,136,286,418	2,497,897,288	2,530,724,819	1,103,458,887.00
 Amount overspent and claimable from donors	 (17,511,520)			 0
	1,118,774,898			1,103,458,887

NOTES TO THE ACCOUNTS

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Motor Vehicles	Academic Gowns	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Valuation								
1st July 2013	76,532,374,300	14,072,532,000	2,814,002,915	1,741,733,697	853,261,854	577,458,770	46,965,226	96,638,328,762
Additions		284,689,764	819,285,912	103,073,774	118,842,612	52,346,576	8,611,250	1,386,849,888
Completed Projects		-	-	-	-	(3,995,000)	-	-3,995,000
30th June 2014	76,532,374,300	14,357,221,764	3,633,288,827	1,844,807,471	972,104,466	625,810,346	55,576,476	98,021,183,650
Depreciation								
1st July 2013	-	281,450,640	-	1,178,893,600	565,124,971	492,473,728	18,068,677	2,536,011,616
Acc. Depreciation on disposal						(3,196,000)		-3,196,000
Charge for the year		287,144,435	-	90,205,065	138,714,954	48,519,257	2,778,824	567,362,535
30th June 2014		568,595,075	-	1,269,098,665	703,839,925	537,796,984	20,847,501	3,100,178,151
Net Book Value								
30th June 2014	76,532,374,300	13,788,626,689	3,633,288,827	575,708,807	268,264,541	88,013,362	34,728,975	94,921,005,500
30th June 2013	76,532,374,300	13,791,081,360	2,814,002,915	562,840,097	288,136,883	84,985,043	28,896,549	94,102,317,146

NOTES TO THE ACCOUNTS

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Motor Vehicles	Academic Gowns	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Valuation								
1st July 2011	76,532,374,300	14,072,532,000	2,331,633,633	1,650,006,337	746,689,437	519,721,656	40,061,890	95,893,019,253
Additions			482,369,282	91,727,360	106,572,417	57,737,114	6,903,336	745,309,509
Revaluation (excess over cost)								-
Less: Completed Projects								-
Compulsory Acquisition								-
30th June 2012	76,532,374,300	14,072,532,000	2,814,002,915	1,741,733,697	853,261,854	577,458,770	46,965,226	96,638,328,762
Depreciation								
1st July 2011		-	-	1,097,044,113	444,024,647	446,794,813	15,720,416	2,003,583,988
Acc. Dep. on Disposal								-
Charge for the year		281,450,640		81,849,487	121,100,324	45,678,915	2,348,261	532,427,627
30th June 2012		281,450,640	-	1,178,893,600	565,124,971	492,473,728	18,068,677	2,536,011,616
Net Book Value								
30th June 2012	76,532,374,300	13,791,081,360	2,814,002,915	562,840,097	288,136,883	84,985,043	28,896,549	94,102,317,146
30th June 2011	76,532,374,300	14,072,532,000	2,331,633,633	552,962,225	302,664,790	72,926,843	24,341,474	93,889,435,265

UNIVERSITY OF NAIROBI NOTES TO THE ACCOUNTS

8. TRUST AND ENDOWMENT FUNDS INVESTMENTS

	2014	2013
	KSh.	KSh.
TRUST FUND - SPECIAL ACCOUNTS		
Gandhi Memorial Academy Society		
East Africa Breweries Limited		
33,380 Ordinary shares of Shs.2/- each	9,446,540	11,115,540
Car and General (Kenya) Limited		
15,222 Ordinary shares of Shs.5/- each	578,436	361,523
C.M.C. Holdings Limited*		
125,920 Ordinary shares of Shs.0.5/- each	1,699,920	1,699,920
Unga Limited		
28,782 Ordinary shares of Shs.5/- each	935,415	437,486
Kenya Power and Lighting Co. Limited		
8944 Ordinary shares of Shs.2.50 - each	118,956	129,688
	12,779,267	13,744,157
Kamala Gold Memorial Fund		
Kenya Power & Lighting Co. Limited		
7904 Ordinary shares of Shs.2.50 - each	105,123	114,608
Tom Mboya Memorial Fund		
East Africa Breweries Limited		
42,635 Ordinary shares of Shs.2/- each	12,065,705	14,197,455
Total of Trust Fund Investments	24,950,095	28,056,220
INVESTMENT NOT ATTRIBUTABLE TO ANY PARTICULAR FUND		
Investment in University of Nairobi Enterprises and Services Limited (UNES)	100,000	100,000
Endowment Fund		
Stg.£516800 Sasakawa Fellowship Fund *	98,292,052	67,226,356
Total of Endowment Fund Investments	98,392,052	67,326,356
Total Trust and Endowment Fund Investments	123,342,147	95,382,576

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

* An amount of Kshs 22,836,551 (Sasakawa) matured in June and invested in July 2013 is reflected in note 12, Cash and Bank.

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

	2014	2013
	KSh.	KSh.
9. Inventories		
General Stocks	128,479,358	129,912,303
Dental Materials	22,277,592	27,660,480
Pharmacy, Cafeterias	6,307,000	6,211,673
UNES Bookstore	91,603,000	109,419,909
SWA stocks	13,524,960	12,639,206
	262,191,910	285,843,571
10. Trade and other Receivables		
Sundry Debtors	1,041,440,363	510,693,150
Deans Committee Research Grants	23,998,079	23,517,418
Program and Projects Balance	3,915,524,202	3,829,497,322
IGU Program Balances	139,086,372	144,124,256
Specific Purposes Revenue Grants	-	17,511,520
Capital fund	-	113,048,084
Students Welfare Authority (SWA)	39,549,634	34,816,455
	5,159,598,650	4,673,208,205
Less: Provision for bad & doubtful debts	(52,072,018)	(25,534,657)
	5,107,526,632	4,647,673,547
11. SHORT TERM DEPOSITS		
Recurrent Grants	619,462,247	41,175,505
Nairobi University Press	3,016,970	2,868,044
CHS	4,919,545	4,875,400
Specific purposes revenue grants	1,902,388,327	2,835,861,207
Trust and Endowment funds	287,291	287,291
IGU Accounts	136,500,000	121,500,000
Students Welfare Authority	2,408,289	2,408,289
	2,668,982,669	3,008,975,735

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

12. CASH AND CASH EQUIVALENTS

Central Cash Balances	759,718,730	1,710,204,941
Cash in hand	240,461	287,711
Nairobi University Press	7,723,580	7,919,399
SWA Balances	22,132,372	22,694,837
Colleges	487,994,921	350,595,917
IGU Accounts	118,620,000	362,209,350
	1,396,430,064	2,453,912,155

13. (a) TRADE AND OTHER PAYABLES

Sundry Creditors	510,807,156	1,223,992,799
Deans Committee Research Grants	19,587,398	18,265,637
Statutory Deductions - Payroll	317,552,770	205,236,143
Provision for Staff Gratuities	3 (e) 313,929,646	185,118,760
IGU Program Balances	205,093,786	211,802,886
Refundable deposit to Customers	3 (g) 2,953,800	0
Investment and banking services (UNES)	13,377,270	12,705,369
SWA Balances	65,532,450	56,213,622
	1,448,834,276	1,913,335,216

13. (b) BANK OVERDRAFT

SWA Overdraft	-	6,538,750
UNES Overdraft	290,306,000	341,510,928
BBK-QUEENSWAY BRANCH	792,722,867	465,633,242
BBK - CENTRAL STORES	220,829	3,111,121
CENTRAL - GRANTS ACCOUNTS & OTHERS	16,020,832	0
BBK - CHSS	8,127,172	7,038,750
	1,107,397,700	823,832,790
	2,556,231,976	1,647,665,581

UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS

14. INCOME	2014	2013
(i) Capitation Grant	KSh.	KSh.
Jul-2013	495,140,000	385,551,804
Aug-2013	385,551,804	385,551,804
Sep-2013	430,030,000	385,551,804
Oct-2013	461,380,515	385,551,804
Nov-2013	461,380,517	385,551,804
Dec-2013	431,669,092	385,551,804
Jan-2014	431,669,092	385,551,804
Feb-2014	431,669,092	385,551,804
Mar-2014	431,669,092	385,551,804
Apr-2014	431,669,092	385,551,804
May-2014	431,380,517	385,551,804
Jun-2014	386,133,771	385,551,804
	5,209,342,584	4,626,621,644
(ii) Special Grant		
In the year 2013/2014 the University received Special capitation of Kshs. 1,046,872,470 to settle CBAs payments and Ksh 22,423,224 for capital development. During the year 2013/2014 the University also received Ksh. 373,637,701 from other public universities to settle part CBA payments.	1,442,933,395	1,146,200,000
(iii) Tuition and other fees		
Tuition fees and other charges collected from regular students	636,376,671	599,183,140
(iv) Accreditation Fees		
Amount received from accredited Institutions	940,000	940,000
(v) Other Services Rendered		
Other Fee	22,216,487	26,785,928
Services Units	7,842,856	7,576,683
	30,059,343	34,362,611
(vi) Accommodation , Catering and other income		
House Rents	124,623,677	115,323,598
Sale of Tender Documents	2,282,554	3,531,614
Income from endowment fund	226,824,294	198,159,689
Agency fees (Insurance & Hire purchase)	6,967,758	8,162,659
Staff Education Support Fund	218,600	183,900
Certificate Storage	1,615,089	3,213,806
Reimbursement (Emoluments)	124,209,850	143,259,839
Miscellaneous	23,087,465	7,962,859
Accommodation and Catering	218,835,910	217,033,465
	728,665,197	696,831,429

UNIVERSITY OF NAIROBI

NOTES TO THE ACCOUNTS

15. EXPENDITURE	2014	2013
	KSh.	KSh.
(i) Academic Departments		
Personal Emoluments	5,010,631,877	3,711,753,709
Clinical Allowance	554,274,733	618,394,269
House allowance	1,711,067,301	1,467,785,861
Teaching Practice C.E.E.S. Kikuyu	39,835,450	41,103,063
Teaching and Office Expenses	146,976,343	131,212,432
Travelling and Transport	66,691,976	72,262,353
Expenditure from service units	7,512,878	5,742,739
	7,536,990,558	6,048,254,427
(ii) Central Administration and Central Services		
Personal Emoluments	959,092,834	712,442,871
Management and support services	148,669,932	146,585,106
House Allowance	327,518,051	281,730,323
Travelling and Transport	17,515,549	19,648,861
Publishing and Printing	10,049,640	6,191,357
Purchase of Uniforms	1,582,184	5,649,100
Purchase of Stationery	57,598,053	64,792,502
Postal and Telegram Expenses	945,493	1,116,350
Telephones	25,551,051	26,397,962
Computer Charges	47,135,992	78,293,990
Insurances	64,064,510	58,148,927
Council Meetings and Ceremonial Expenses	13,314,985	8,656,831
Conference and Seminars	21,899,853	24,726,028
Membership Subscriptions	4,909,121	1,583,587
Bank Charges	22,240,274	21,312,543
Audit Fees	4,500,000	5,780,000
Fees, Commission & Honoraria	2,462,000	351,850
Official Entertainment	723,913	668,840
Transport Operating Expenses	48,470,344	38,495,813
Graduation Expenses	12,971,455	8,377,347
University Choir Expenses	2,344,651	3,629,025
Funeral Expenses	5,100,984	3,798,878
Legal Fees	27,644,371	10,234,226
Contracted Security Services	120,982,037	93,640,436
Perf. Contracting, Change mgt., Result based mgt. & Integrity Programs activities	30,714,156	24,045,046
ISO Expenses	4,771,424	533,674
Depreciation	538,167,206	503,944,231
Alumini	493,633	478,611
Provision for Bad Debts	52,072,018	25,534,657
Public relations expenses	11,724,732	10,295,289
Other Expenses	16,500,399	8,486,820
	2,601,730,845	2,195,571,080

UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS

(vii) Transfer for specific purpose

CBA Reimbursements

The University expects to receive Ksh. 325,000,000 and Ksh. 239,098,806 from the GOK and Other Public Universities.

564,098,806

0
0

(viii) Transfer from IGUs for specific purposes

Income from Grants Overheads Charges

Transfer of funds from Projects

103,556,689

62,559,529

103,556,689

62,559,529

Other IGUs

Management & Support Services

150,000,000

150,000,000

Payroll Supplementation

1,502,100,000

1,513,000,000

Rates and Ground Rents

8,000,000

7,000,000

Funds to Pay Creditors

194,000,000

120,000,000

Library

60,000,000

50,000,000

Physical Space and Development

300,000,000

280,000,000

Pension - Current

93,000,000

90,000,000

Debt Reduction - General

180,000,000

170,000,000

Grants to pay KRA - Current

700,000,000

600,000,000

KPLC

250,000,000

300,000,000

ICT Revolving Fund

51,680,200

31,990,443

3,488,780,200

3,311,990,443

3,592,336,889

3,374,549,972

(ix) Gain on Disposal

1,311,078

0

The gain was realised on sale of Motor Vehicle

UNIVERSITY OF NAIROBI NOTES TO THE ACCOUNTS

	2014	2013
	KSh.	KSh.
(iii) Academic Services		
Library: Personal Emoluments	169,269,930	122,738,232
Books and Periodicals	53,748,069	30,376,059
Sundry Charges	7,974,180	7,049,800
Computer Services:		
Personal Emoluments	72,757,444	57,278,843
Consumables	442,645	516,563
	304,192,268	217,959,498
(iv) General Educational expenditure		
Examinations stationery	35,316,933	34,147,118
External Examiners	31,465,214	29,754,150
Postgraduate Programmes	58,978,320	40,849,230
Research and Publications	25,861,799	24,338,695
Staff Development	15,853,947	15,239,068
House to Office Transport Allowance	852,294,406	505,012,058
Passages and Leave Travelling Expenses	37,202,876	31,761,556
	1,056,973,495	681,101,874
(v) Maintenance of Premises		
Rents and Rates	9,185,834	7,840,241
Electricity, Water and Conservancy	463,883,650	494,628,088
Maintenance of Buildings	74,486,020	66,565,865
	547,555,504	569,034,193
(vi) Staff and Students facilities and welfare		
University Medical Scheme	263,911,704	251,702,139
Recruitment Expenses	41,593,301	34,094,864
Travelling outside Kenya	12,826,012	10,334,281
Staff Education Support	10,558,514	11,902,570
Sports and Games (Inter-University)	9,440,997	3,491,953
Needy Students	10,122,002	9,308,218
Students Associations	40,731,235	30,403,122
	389,183,765	351,237,147

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

(vii) S.W.A (Catering & Accommodation Services)		
Purchase of Foodstuff	71,298,878	65,753,461
Gas and Fuel	16,121,264	14,144,807
Maintenance of plants, Machinery Equipment	343,808	421,698
Maintenance of Buildings & Stations	10,679,258	6,295,996
Other Expenses	109,637,927	99,824,464
	208,081,135	186,440,426
(viii) Miscellaneous Expenditure		
Maintenance of Equipment	15,864,498	11,588,136
Nairobi A.S.K. Show	3,891,308	4,464,948
	19,755,806	16,053,084

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 of Nairobi is a body corporate established in Kenya under the Universities Act, 2012 (No. 42 of 2012).

18.SUPPLEMENTARY ACCOUNTS

(i) Summary of service units income and expenditure

for the year ended June 30th 2014

	Income	Expenditure	Surplus/ (Deficit 2014
	KSh.	KSh.	KSh.
Printing and Photocopying	3,444,614	2,445,052	999,562
Nairobi University Press	4,398,242	5,067,826	(669,584)
	7,842,856	7,512,878	329,978
Surplus/(Deficit) for the year			329,978

UNIVERSITY OF NAIROBI NOTES TO THE ACCOUNTS

19. Summary of Approved Estimates for the year ended June 30th 2014

	Approved Estimates	Actual	Actual
	2013/2014	2013/2014	2012/2013
	KSh.	KSh.	KSh.
Personal Emoluments	4,250,622,000	4,859,473,859	3,550,589,384
UNES Management & Support Allowances*	1,713,669,000	148,669,932	146,585,106
Gratuity and Pension Contribution	769,280,000	1,004,669,880	727,295,227
House Allowance	1,881,304,000	2,100,195,536	1,800,529,699
Other Personal Allowances	259,215,000	285,998,162	275,315,531
House to Office Transport allowance	505,927,000	852,294,406	505,012,058
Passage and Leave Expenses	53,849,000	37,202,876	31,761,556
Clinical Allowance	592,348,000	554,274,733	618,394,269
Transport Operating Expenses	57,078,000	48,470,344	38,495,813
Travelling and Accommodation Expenses	125,630,000	84,265,459	92,105,091
External Travelling and Accommodation	13,623,000	12,826,012	10,334,281
Teaching Practice	39,727,000	39,835,450	41,103,063
Postal and Telegram Expenses	1,293,000	945,493	1,116,350
Telephone Expenses	26,044,000	25,551,051	26,397,962
Official Entertainment	945,000	723,913	668,840
Electricity, Water and Conservancy	493,018,000	463,883,650	494,628,088
Purchase of Supplies for Teaching & Production Materials	203,624,000	147,361,054	131,629,817
Publishing and Printing Expenses	11,000,000	10,049,640	6,191,357
Purchase of Uniforms and Clothing	8,024,000	1,582,184	5,649,100
Library Expenses	135,656,000	61,722,249	37,425,860
Purchase of Stationery	89,313,000	86,893,304	99,323,531
Advertising and Publicity (Recruitment)	45,612,000	41,593,301	34,094,864
Sports and Equipment (Inter-University)	10,308,000	9,440,997	3,491,953
Audit Fees	5,000,000	4,500,000	5,780,000
Payments of Rent and Rates Residential	12,930,000	9,185,834	7,840,241
Computer Charges	79,888,000	47,135,992	78,293,990
Hire of Transport Plant and Machinery	495,000	0	0
Miscellaneous Other Charges	347,664,000	189,885,564	151,708,393
Contracted security services	125,000,000	120,982,037	93,640,436
Fees, Commission and Honoraria	3,506,000	2,462,000	351,850

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

Staff Development	31,705,000	15,853,947	15,239,068
Senate, Committee Members Resp. & Council Expenses	31,311,000	13,314,985	8,656,831
Graduation Expenses	17,563,000	12,971,455	8,377,347
Conference and Seminars	23,130,000	21,899,853	24,726,028
University Medical Scheme	270,329,000	263,911,704	251,702,139
Postgraduate Programmes	62,900,000	58,978,320	40,849,230
University Research Programme	78,844,000	25,861,799	24,338,695
Compensation and Ex-Gratia payments	936,000	0	0
Maintenance of Plant, Machinery and Equipment	31,500,000	15,864,498	11,588,136
Maintenance of Buildings and Stations	123,705,000	74,486,020	66,565,865
Students Welfare Authority	234,000,000	208,081,135	186,440,426
Staff Education Support Fund	15,400,000	10,558,514	11,902,570
Other Service Units	9,000,000	7,512,878	5,742,739
Perf. contracting, Change mgt. & Result based mgt. activities	36,760,000	35,485,580	24,578,720
Depreciation	710,573,000	567,362,535	503,944,231
Students amenities/Activities, Associations	42,800,000	40,731,235	30,403,122
Needy Students	13,278,000	10,122,002	9,308,218
Provision for Bad Debts		56,602,091	25,534,657
	13,595,326,000	12,691,673,463	10,265,651,730
Capital Expenditure			
Purchase of Motor Vehicles ***	54,000,000	52,346,576	53,197,281
Purchase of Plant and Equipment ***	165,830,000	91,364,548	81,223,920
Capital Development-WIP **	1,623,500,000	819,285,912	471,998,809
Purchase of Computers ***	253,000,000	105,315,088	94,043,882
	2,096,330,000	1,068,312,124	700,463,892

Note

* Included in the UNES Management & Support Allowances budget is Kshs in UNES and included in Note 4.

** The variance between the budget and actual expenditure in capital project is due to ongoing University Towers

*** Included in Motor vehicle, Computers, Furniture and Equipment are donations from donor funded research of Kshs 25,236,751

UNIVERSITY OF NAIROBI NOTES TO THE ACCOUNTS

20. Summary of Actual Expenditure

for the year ended June 30th 2014

Students Welfare Authority(SWA)

	Actual 2013/2014 KSh.	Actual 2012/2013 KSh.
Transport Operating Expenses	2,710,666	2,311,152
Travelling and Accommodation expenses	4,400,639	5,160,409
Telephones	1,569,216	1,728,308
Official Entertainment	18,600	14,500
Publishing and Printing Expenses	784,382	593,048
Purchase of Uniforms and Clothing	8,733,284	9,242,678
Purchase of Stationery & Office expenses	12,299,336	9,340,713
Miscellaneous Other Charges	6,268,007	4,688,468
Bank Charges	1,744,503	1,750,241
Staff Development	934,527	1,528,964
Conferences and Seminars	344,795	1,677,260
University Medical Scheme	5,969,615	3,498,643
Fees, Commission and Honoraria	7,040	0
Performance Contracting Expenses	1,696,327	2,328,106
Maintenance of plant, Machinery and Equipment	1,439,791	1,614,221
Maintenance of Buildings and Station	65,453,166	55,813,048
Halls Expenses	2,687,787	2,401,355
Gas and Fuel	16,121,264	14,144,807
Cleaning Materials	3,599,312	2,851,045
Purchase of Food	71,298,878	65,753,461
	208,081,135	186,440,426

NOTES TO THE ACCOUNTS

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.					
	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Income					
Government Grants	59%	55%	52%	54%	55%
Tuition and other fees	5%	6%	5%	5%	6%
Other services rendered	0%	0%	0%	0%	0%
Other income	36%	39%	42%	41%	38%
Total Income (%)	100%	100%	100%	100%	100%
Total Income	12,204,752,885	10,478,688,796	8,790,470,896	8,502,759,130	7,331,122,897
Expenditure					
Academic Departments	60%	59%	57%	59%	60%
Administration and Central Services	21%	21%	20%	23%	21%
Academic Services	2%	2%	3%	3%	3%
General Educational Services	8%	7%	7%	4%	4%
Maintenance of Premises	4%	6%	6%	5%	6%
Miscellaneous expenditure	0%	0%	0%	0%	0%
Staff and students facilities and Welfare	3%	3%	4%	3%	3%
Students Welfare Authority	2%	2%	3%	2%	2%
Total Expenditure (%)	100%	100%	100%	100%	100%
Total Expenditure	12,664,463,376	10,265,651,730	8,244,164,738	8,382,754,023	7,122,401,351

NOTES TO THE ACCOUNTS

ii) Capital Development Statistics						
Receipts						
Government Grants - Constructions	25,236,751	27,571,808	46,273,913	46,314,888	34,410,477	
- Fixed Assets	22,423,224	71,149,057	60,587,541	20,000,000	89,996,011	
External Grants - Constructions						
- Fixed Assets	2,497,897,288	2,247,308,120	2,300,313,360	1,649,546,226	1,444,905,433	
	2,545,557,263	2,346,028,985	2,407,174,813	1,715,861,114	1,569,311,921	
Expenditure						
Construction	819,285,912	482,369,282	266,536,792	260,655,340	161,940,099	
Purchase of fixed assets	567,563,976	262,940,226	332,538,743	341,056,423	308,519,751	
	1,386,849,888	745,309,508	599,075,535	601,711,763	470,459,850	
iii) Research Grants, Endowment & Donations Statistics						
Receipts						
Research grants	2,497,897,288	2,247,308,120	2,300,313,360	1,649,546,226	1,444,905,433	
Endowment and donations	81,768,616	73,516,910	71,692,953	69,652,219	39,090,179	
Expenditure						
Research grants	2,530,724,819	2,264,846,529	1,860,801,394	1,721,594,143	1,444,905,433	
Endowment and donations	76,204,257	64,764,938	68,327,353	32,908,468	34,487,409	

**UNIVERSITY OF NAIROBI
NOTES TO THE ACCOUNTS**

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 time frame 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: (Put a date when you expect the issue to be resolved)

DR. IDLE OMAR FARAH MSc.(Nairobi)
Ph.D(Uppsala), Chairman, The University Council

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