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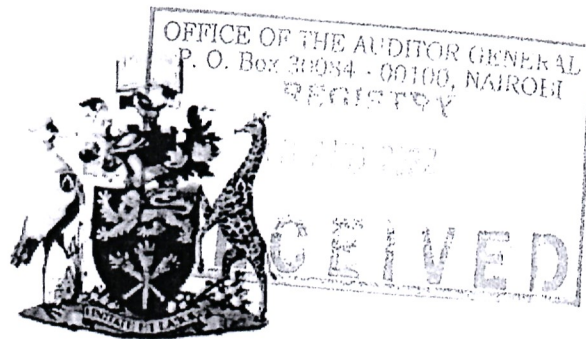
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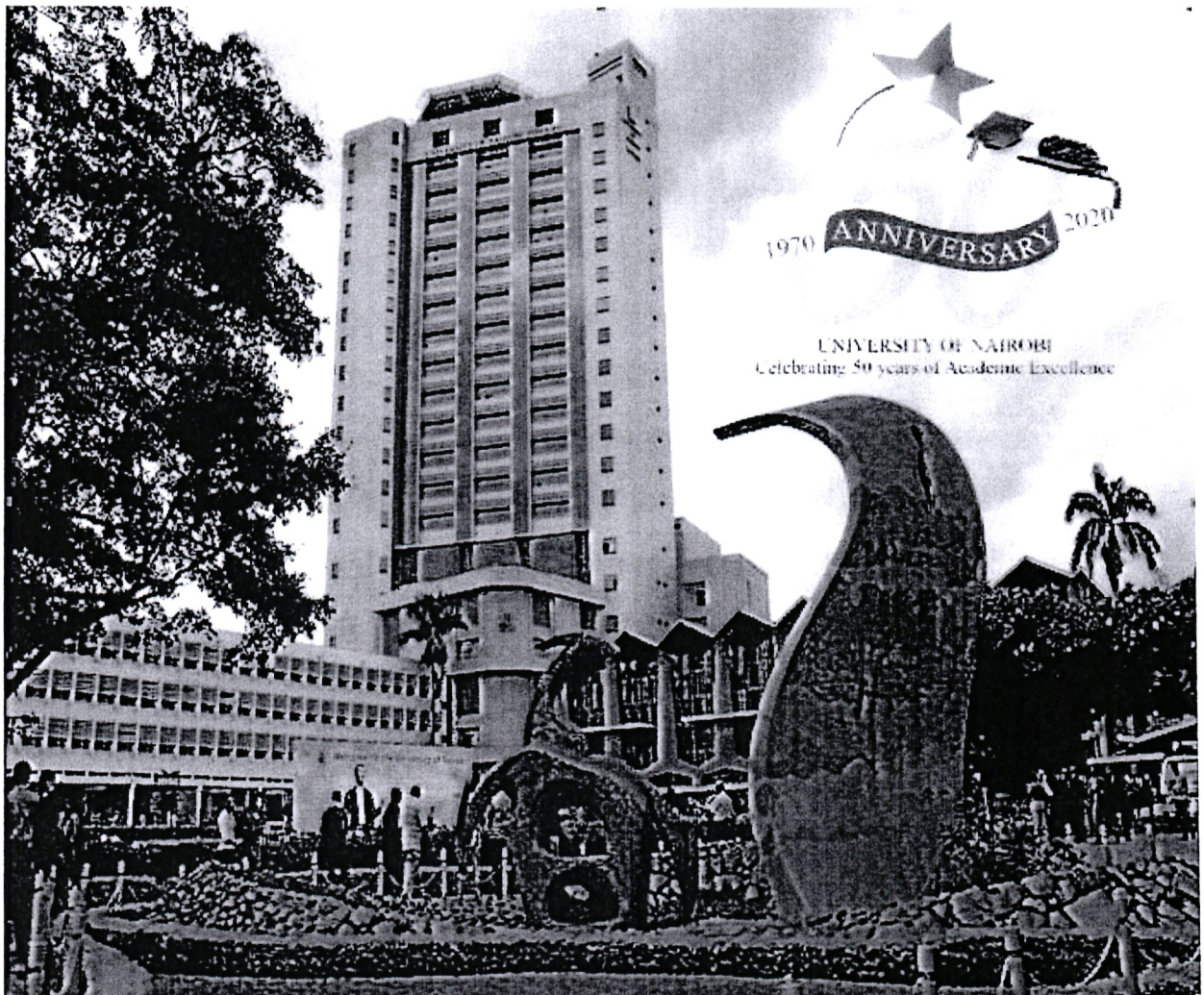
UNIVERSITY OF NAIROBI

FOR THE YEAR ENDED

30 JUNE, 2021



UNIVERSITY OF NAIROBI



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Prepared in accordance with the Accrual Basis of Accounting under the International Public Sector Accounting Standards (IPSAS)

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I. KEY UNIVERSITY INFORMATION AND EXECUTIVE BOARD

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. The University of Nairobi is domiciled in Kenya.

The University of Nairobi is the oldest University in Kenya, and the largest university in the East and Central Africa Region. From its humble beginnings with 215 students in 1956 (64 years ago) when it started as the Royal Technical College, it has an enrolment of over 65,000 students today. It offers a wide range of academic programmes in its seven colleges spread over 10 campuses in which there are 29 faculties, schools and institutes.

The programmes fall under the broad areas of humanities and social sciences, natural sciences and mathematics, engineering and the built environment, arts and design, computing and informatics, law and business, medicine and health sciences, agriculture and food sciences, veterinary and animal sciences, and education. The diversity of programmes, promoting multidisciplinary teaching, research and community service, are backed up by a newly established Open, Distance Education and e-learning centre (ODEL Campus).

Following the effects of covid-19 pandemic which led to closure in March 2020, the university played a leading role in ensuring continuity of learning by introducing online learning in all its academic programs. This enabled the university to qualify and graduate students both in September and December 2020.

The university is a leader in research and has elaborate strategies aimed at enhancing research capacity.

The University currently has the largest concentration of scholars and about 50% of all the professors in the country. It has continued to be a centre of intellectual life, a locus of research activity extending the frontiers of knowledge, a resource for professional development, and a key player in the growing global network of scholarship. For greater attention and proper management of post graduate programmes, the University in 2017 opened the newly approved Graduate School, picking from the former Board of Postgraduate Studies.

The overall performance of the University has been good, since its score in the government performance contract evaluation has been consistently rated as excellent. On the whole, the University has maintained a leadership position nationally and regionally.

The operational environment for the Higher Education sector in the country is highly dynamic such that the University needs to understand and align itself to changes taking place in the

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d) Fiduciary Management

The key management personnel who held office during the year ended 30 June 2021 and who had direct fiduciary responsibility were:

No.	Name	Designation
1	Prof. S.G.Kiama	Vice-Chancellor
2	Prof. M. J. Huchinson	Deputy Vice-Chancellor (Finance, Planning & Development) (Ag)
3	Prof. H .Ochanda	Deputy Vice-Chancellor (Research, Innovation & Enterprise) (Ag)
4	Prof. J. A. Ogeng'o	Deputy Vice-Chancellor (Academic Affairs) & Deputy Vice-Chancellor (Student Affairs) (Ag)
5	Prof. E. H .N.Njeru	Deputy Vice-Chancellor (Human Resource & Administration) (Ag)
6	Prof. R .A Nyikal	Principal, College of Agriculture and Veterinary Science (Ag)
7	Prof. R.W. Rukwaro	Principal, College of Architecture and Engineering (Ag)
8	Prof. F. J. Mulaa	Principal, College of Biological and Physical Sciences (Ag)
9	Prof. I. O.Jumba	Principal, College of Education and External Studies
10	Prof. J .M'IMunya	Principal, College of Health Sciences
11	Prof. M. A Jama	Principal, College of Humanities and Social Sciences (Ag)
12	Prof. L. Njenga	Director, Graduate School
13	Prof. C. G. Mwangi	Director, Open, Distance and e- Learning (ODeL) Campus
14	Prof. A. Warris	Deputy Principal, College of Humanities and Social Sciences Main Campus (Ag)
15	Prof. E.Wagaiyu	Deputy Principal, College of Health Sciences (Ag)
16	Prof. L. D.E. Ikamari	Deputy Director, Graduate School
17	Prof. M.Mulei.	Deputy Director, Graduate School
18	Prof. H. Kidombo	Deputy Director ODeL Campus

e) Fiduciary Oversight Arrangement

- Council's Finance and Strategy Committee
- Council's Audit Committee
- Commission for University Education
- Ministry of Education
- The National Treasury
- Office of the Auditor General
- Office of the Controller of Budgets
- The Universities Funding Board

f) University of Nairobi Headquarters

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

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Nairobi, Kenya

g) University of Nairobi Contacts

Telephone: (254)020-491 000

E-mail: vc@uonbi.ac.ke, dvcaf@uonbi.ac.ke, fo@uonbi.ac.ke

Website: www.uonbi.ac.ke

h) University of Nairobi Bankers

ABSA Bank Kenya PLC

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 Auditor

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square 00200

Nairobi, Kenya

II. THE CHANCELLOR, COUNCIL AND PRINCIPAL OFFICERS OF UNIVERSITY OF NAIROBI.

i. CHANCELLOR, UNIVERSITY OF NAIROBI



Dr. Vijoo Rattansi

Dr. Rattansi is the Chairperson of Rattansi Educational Trust, Daisy Eye Cancer Fund, Trustee to Michael Blundell Trust among other organizations. Dr. Vijoo has wide experience in institutional development and conflict mediation in institutions; and experience in fundraising and networking. She also has skills and competencies in corporate governance, strategic planning, gender and development. She is fluent in English, Kiswahili and Italian languages.

She was awarded a honorary doctorate (D.Litt.) by Moi University in recognition of her efforts in promoting higher education in the country. The state recognized her efforts in supporting higher education in the country by awarding her the Order of the Grand Warrior (OGW) in 2006.

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ii. THE UNIVERSITY COUNCIL

NO	NAME	DESIGNATION
1.	Prof. Julia Auma Ojiambo, PhD, CBS, EBS, MBS	Chairperson
2.	Mrs. Flora M. Maghanga-Mtuweta	Member
3.	Dr. Jocelyn Marie Rarieya	Member
4.	Hassan Abdi Mohamud	Member
5.	Isaac Chebon Kiprop	Member
6.	Eng. Kariuki Muchemi	Member
7.	Mr. Samuel Kiiru	Rep. PS. The National Treasury
8.	Amb. Simon Nabukwesi	PS. Ministry of Education
9.	Prof. Stephen Gitahi Kiama	Vice-Chancellor

Council Members Profile



**Prof. Julia A. Ojiambo, PhD.,
CBS., EBS., MBS**

Prof. Julia A. Ojiambo is the Chairperson of Council
 Born in 1936 and appointed on September 6th 2018, Prof. Julia Ojiambo is an eminent scholar, researcher and an opinion leader. Currently she sits at the helm of the University of Nairobi as the Chairperson of Council, the supreme governance organ of the University.

Prof. Ojiambo is a graduate of various renowned world universities including University of Nairobi, University of London and Harvard University. She is a holder of a PhD. in Human Nutrition, a degree jointly examined and awarded by the University of Nairobi and McGill universities.

As a scholar and researcher, Prof. Ojiambo rose through ranks in teaching & research to become a Professor of Human Nutrition. She has written several scientific papers which have been published in various scientific journals of global repute. Besides, Prof. Ojiambo is a recipient of the UN Ceres medal for her contribution in the field of human nutrition and advancement of women in Kenya.

Having served as a legislator in the National Assembly of the Republic of Kenya, Prof. Ojiambo's contribution saw the establishment of the Kenya Institute of Special Education. She also authored and sponsored the following legislations: Kenya Nutritionist and Dietitians Act of 2007, Supplies Practitioners Management Act of 2007 and the Public Procurement Disposal Act of 2005. She has chaired and served on Boards of various State Corporations including the Kenya Plants Health Inspectorate (KEPHIS) and National Fund for the Disabled in Kenya.

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Dr. Marie Jocelyn Rarieya

Dr. Marie Jocelyn Rarieya is a member of Council

Appointed on 6th September 2018, Dr. Marie Rarieya holds a PhD in Science and Technology Studies (STS) from Rensselaer Polytechnic Institute, New York; Master's in Computer Based Information Systems from University of Sunderland, UK; a Post-graduate Diploma in Curriculum Development, and a Bachelor's Degree in Education (Biological Sciences) from the University of Nairobi. She is currently the Vice President for Evaluation Capacity Building and Professional Development at the International Centre for Evaluation and Development (ICED), Nairobi. She has published a number of peer-reviewed journal articles and book chapters, including conference proceedings on issue pertaining to Agriculture, Climate Change, and Education and Training.



Mr. Abdi Mohamud Hassan

Mr. Abdi Mohamud Hassan is a member of Council

Born in 1969, Abdi Mohamud Hassan was appointed on 6th September 2018. He is an Advocate of the High Court of Kenya, and a transformational leader with vast experience in the management of state bodies, directing their strategy formulation and execution processes, and supervising financial and administrative management of the organizations to guarantee attainment of their mandates and objectives. Mr. Hassan has distinguished himself in leadership as an agent of positive change by ensuring high levels of professionalism, ethical standards, and fairness in the discharge of public duties.



Mrs. Flora M. Maghanga-Mtuweta

Mrs. Flora M. Maghanga-Mtuweta is a member of Council

Born 19 1967, Mrs. Flora M. Maghanga-Mtuweta was appointed on 6th September 2018. She is a seasoned, accomplished Finance and Administration professional with over 25years experience; having held various senior management positions in private and public sector. She has an MBA in Strategic Management from the University of Nairobi and A Bachelors in Economics and Business from Kenyatta University. She is a Certified Public Accountant of Kenya and a member of The Institute of Certified Public Accountant of Kenya. She has vast experience in financial management, Micro Finance and Fundraising having worked as a pioneer County Executive Committee Member in the devolved system of government and Involved in the startup of two Micro Finance Institutions one of which is a bank now. She is a Board Member of The Centre For Public

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Finance and Tax, Association of Women Accountants of Kenya and a Council Member of The University of Nairobi.



Mr. Isaac Kiprop Chebon

Mr. Isaac Kiprop Chebon, HSC is a member of Council

Mr. Isaac Kiprop Chebon was born in 1962 and appointed on 6th September 2018. He is a Council member and Chair Development and Infrastructure Committee, University of Nairobi. He is a career trainer and administrator with a clean track record spanning over 30 years in both the University and Public Service, having served as a lecturer at Egerton University before joining Kenya School of Government Baringo [then Government Training Institute]. He was Born and brought up 58 years ago at Kapyemit village in Baringo County. He attained early education at Salawa Primary School before joining Talai Secondary School and Kabarnet High School for 'O' and 'A' levels respectively. He Graduated from the University of Nairobi in 1990 with Bachelor of Arts in Sociology and Anthropology. Earned a Masters Degree in Agricultural and Rural Development from the Institute of Social Studies The Hague, The Netherlands. He is a transformative servant leader with a clear vision and exemplary performance record in management of Public Resources and Service Delivery Innovation; earning Head of State Commendation and Huduma Ombudsman Award in 2008 and 2013 respectively. He also has a bias in community mobilization and sustainable food security among rural households in Kenya and is a devoted Christian, a loving husband and father of three sons and four daughters.



Eng. Kariuki Muchemi

Eng. Kariuki Muchemi is a member of Council

Born in 1954. Eng. Kariuki Muchemi is a practicing Civil Engineer with over thirty(30) years' experience in both public and private sector. He holds a BSc. Degree in Civil Engineering from the University of Nairobi, a MSc. Degree from the University of Birmingham UK, LLM from Mt. Kenya University and Post Graduate Diploma from the Kenya School of Law. He is also a member of the Institute of Directors, Kenya. He has served as a Board member of Geothemol Development Company, as Trustee of the Water Services Trust Fund

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and a member of Kenyatta University Council.



Mr. Samuel Kiiru

Mr. Samuel Kiiru is a member of Council

Born in 1969, Mr. Samuel Kiiru is a member of Council representing the Principal Secretary, The National Treasury. He is the Director Planning and Head of Budget Policy at the National Treasury. He holds a Masters Degree in Economics from the Carleton University, Ottawa, Canada and a Bachelor Degree in Economics from the University of Nairobi.



Amb. Simon Nabukwesi

Born in 1966. Amb. Simon Nabukwesi has a B.Ed, M. Ed. in Education Planning and Management and MA in International Project Management. He is a PhD Candidate in International Project Management. In addition to this, he has a Diploma Level training in Institutional Management at Hiroshima University, Japan and a Pre-university Training at the National Youth Service (1986). With this training, Simon has had a successful career as a High School Teacher, as a Deputy Principal and Principal in a span of twenty years (1989-2009). He has also served as Kenya's High Commissioner to Canada and Ambassador Plenipotentiary and Extra-ordinary to Cuba. His eleven (11) years of service as a diplomat included being the Director of Foreign Service Institute which he worked to transform into the Foreign Service Academy for training Junior Diplomats, Middle level Diplomats, Senior Diplomats and eight (8) Cohorts of Ambassadors whom he took through induction courses. The Foreign Service Academy served as a soft power tool for the government by training diplomats and ambassadors from the Eastern, Central and Southern Africa in addition to coordination of scholarships from friendly nations. This made members of the Association of directors of Foreign Service Academies from the IGAD Region to vote Nabukwesi to be their Chairperson, from 2016 to 2019 when he left the Academy to head Europe and Commonwealth Directorate in the Ministry of Foreign Affairs. Amb. Nabukwesi was appointed to the position of Principal Secretary, State Department of University Education and Research with effect from 28th February,

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2020. He is optimistic about working with all stakeholders to improve University Education and Research.



**Prof. Stephen Gitahi Kiama,
PhD,**

Prof. Stephen Gitahi Kiama is a member of Council
Born in 1964. He is currently the Vice Chancellor. 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

iii. CHANCELLOR, COUNCIL CHAIR AND VICE CHANCELOR OF THE UNIVERSITY



Dr. Vijoo Rattansi



Prof. J. A. Ojiambo



Prof. S.G Kiama

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III. DEPUTY VICE CHANCELORS AND PRINCIPAL OFFICERS OF THE UNIVERSITY



Prof. M.J. Hutchinson



Prof. J.A. Ogeng'o



Prof. H. Ochanda



Prof. E.H.N. Njeru



Prof. R.A. Nyikal



Prof. R.W. Rukwaro



Prof. Francis Mulaa



Prof. I.O. Jumba



Prof. J.M. Imunya



Prof. M.A. Jama



Prof. Lydia Njenga



Prof. C. Gakuu



Prof. Attiya Waris



Prof. E.G. Wagaiyu



Prof. L.D.E. Ikamari



Prof. C.M. Mulei



Prof. H. Kidombo



P.M. Muturi



H.O.D. Webuye



A.M. Mumo



B.D. Njuguna



D. Kavoi



K.N. Gitau

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Chancellor:

V. RATTANSI, D.Litt . (Hon),(Nairobi) , D.Litt (Moi)

Chairperson of the University Council:

JULIA AUMA OJIAMBO,PhD,CBS,EBS,MBS

Vice-Chancellor:

KIAMA, S.G., BVM, MSc (Nairobi), PhD,(Bern)

Deputy Vice-Chancellor (Finance, Planning & Development) (Ag):

M. J. HUTCHINSON, B.Sc., M.Sc., (Nairobi), PhD (Guelph).

Deputy Vice-Chancellor (Academic Affairs) & Deputy Vice-Chancellor (Student Affairs) (Ag)

J.A.OGENGO,BSc,MBCh,PhD,MD,(Nairobi)

Deputy Vice-Chancellor (Research, Innovation and Enterprise) (Ag):

H. OCHANDA, M.Sc.(Nairobi), Ph.D(Warwick).

Deputy Vice-Chancellor (Human Resource & Administration) (Ag):

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

Principal, College of Agriculture and Veterinary Sciences (Ag):

NYIKAL R.A.,BSc,MSc,PhD,(Nairobi)

Principal, College of Architecture and Engineering (Ag):

R. W. RUKWARO, BArch, MA, PhD,(Nairobi)

Principal, College of Biological and Physical Sciences (Ag):

FRANCIS J. MULAA, M.Sc (USSR), Msc (Nairobi) , PhD (Nigeria)

Principal, College of Education and External Studies:

I.O.JUMBA, B.Sc., M.Sc., PhD. (Nairobi).

Principal, College of Health Sciences :

J.M M'IMUNYA, MBChB, MMed Obstetrics & Gynecology (Nairobi)

Principal, College of Humanities and Social Sciences (Ag):

MOHAMUD ABDI JAMA, B.A., B.Com.,(Nairobi),PhD (Washington)

Director, Graduate School:

LYDIA NJENGA ,B.Sc.,M.Sc.,PhD.(Nairobi)

Director, Open, Distance and Electronic Learning (ODeL) Campus:

CHRISTOPHER GAKUU MWANGI ,BED.,(Ku),MBA.,(Usiu),PhD.,(Nairobi)

Deputy Principal, College of Humanities and Social Sciences (Ag):

ATTIYA WARIS, LLB(Nairobi), Dip. Law (KSL), CPS(K), LLM(UOL), LLM(UP), PhD (Lancaster)

Deputy Principal, College of Health Sciences (Ag):

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E. G. WAGAIYU B.D.S. (Nairobi), MSc. (London), PhD (Nairobi) FADI, (USA) PFA (USA), FICD

Deputy Director, Graduate School:

PROF. L. D.E. IKAMARI, B.A., M.A.,(Nairobi),PhD.,(Australia)

Deputy Director, Graduate School:

PROF. CHARLES M. MULEI, B.V.M., PhD.,(Nairobi)

Deputy Director (ODEl Campus):

PROF. HARRIET KIDOMBO, B.A.,(Nairobi),M.Sc.,(UK),PhD.,(Nairobi)

Registrar, Administration (Ag.):

MR.PETER M.MUTURI, B.A, M.A.Comm.Studies,(Nairobi)

Registrar, Academic (Ag.):

H.O.D. WEBUYE, , BA (Hon) , MA, (Nairobi),

Director, Library and Information Services (Ag.):

MUMO ANGELA MBULA, BA, (Nairobi), MA. Lib & Inf.Sc.,(KU)

Registrar, Planning:

B.D. NJUGUNA, BA (Hon) PGDipMC, MA, (Nairobi), MPRSK,MKIM

Finance Officer (Ag):

DAMARIS KAVOI, B.Com, MBA, (Nairobi), CPA(K)

Chief Internal Auditor (Ag):

KENNET N.GITAU,Bsc, BA(USIU), MBA(JKUAT),CPA(K),FA(ICIFA)

IV. CHAIRPERSON'S STATEMENT



I am delighted to present the Annual Report and Financial Statements for the year ended 30 June 2021. The period was rather difficult for Government entities in the view of the Covid -19 pandemic. In spite of this, the University made great strides in blended learning, hosting Webinars, and other meetings that positioned the University as a leading national university. It is exciting to reflect on other major strides that the University has taken in the year just ended. Among the key areas, once again the University maintained a lead in the country and East African region according to the latest Webometrics ranking of world Universities. The University also continued to promote its research function, which is a core business through realization of Kshs 2.57 billion from our research partners.

Financial Performance

During the FY 2020/2021, the University registered a deficit of Kshs 3.11 billion compared to a deficit of Kshs 1.62 billion registered in FY 2019/2020 resulting into accumulated deficit of Kshs 6.75 billion compared to accumulated deficit of Kshs 3.42 billion in FY 2019/2020. In FY 2020/2021 total revenue amounted to Kshs 9.74 billion compared to Kshs 12.84 billion in FY 2019/2020, where as total expenditure amounted to Kshs 12.87 billion compared to Kshs 14.47 billion in FY 2019/2020. When the first case of COVID-19 was reported in the country, the government of Kenya ordered all learning institutions to close on March 16, 2020. This closure which came three months to end of the financial year affected the University's revenue generation.

Strategic Direction

The University remains "a world class University committed to scholarly excellence" as postulated in the 2018-2023 Strategic Plan. This is achieved through the following Strategic Objectives: managing the University efficiently; efficiently offering quality academic programmes; contributing to scientific and technological innovations; and enhancing the competitiveness of the University. The 2018-2023 Strategic Plan will continue to guide the University's strategic direction for five years.

To this end therefore, the University will aspire to to enhance its visibility and competitiveness both locally and internationally.

Future Outlook

The University will continue to implement its Strategic Plans, whose thrust continues to address the "Big Four" Initiatives and other national priorities in order to improve the quality of lives of

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Kenyans and make Kenya globally competitive. The University signed the FY 2020/2021 Performance Contract whose purpose was to establish the basis for ensuring that efficient and effective services are delivered to Kenyans in line with the provisions of the Constitution and by requiring the University of Nairobi to adapt systems that enable innovativeness and adaptability of public services to the needs of users.

Further, the University continues to revamp and consolidate its core income generating activities with a view to sustaining its financial performance. The eLearning strategy has been actualized where both teaching and examinations are carried out to respond to the challenges posed by COVID 19 pandemic.

Finally, I would like to thank the Government for the support it has continued to give in realization of the University's mandate. In the year ended June 30, 2021 the government of Kenya remitted to the University a total of Ksh. 5.3 billion as recurrent capitation. Allow me also to take this opportunity to thank our research partners, alumni and other stakeholders for their support in steering the University through another successful year.

V. REPORT FROM THE VICE CHANCELLOR



It gives me much pleasure in presenting the Annual Report and Financial Statements of the University of Nairobi for the year ended 30 June 2021.

During the year under review, in the wake of the Covid 19 pandemic, the University had no recourse but to operate virtually. The University recalled students in batches for phase to face learning, including final year medical students, with the Senate planning other students who would be required back where priority would be given to the programmes with practical components. First year students were also prioritized to ensure that they experience campus life.

The University received a lot of commendations as result of holding their first virtual graduation ceremony. The University of Nairobi research week kicked on 16th October 2020.

In the course of the year, The University of Nairobi turned 50 years and the entire University fraternity committed to celebrate achievements as they reflected into the future. Many departments, schools and institutes organized webinars which have been very impressive.

The University Management made remarkable progree on the issue of the unremitted pension, which had continued to be a matter of concern and had accumulated to about Kshs. 4.8 billion including interest before we reduced it quite significantly. Going forward it is imperative that the Council commit to forming an ad hoc committee to deal with pending pension.

One of the key reforms agenda was financial reforms and the University conducted a comprehensive audit in various Colleges. The partial audit revealed that some members of staff who are in the payroll had not appeared in the teaching timetable for last three semesters, others were outside the country without permission and others were already employed in other organizations. In view of the audit, the University reviewed its strategy as detailed in its Strategic Plans to better match capacity to demand. The University envisaged working towards capturing growth opportunities in the market, despite the current not so favorable global economic outlook. The on-going renewal programmes aimed at maintaining a top ranked sustainable University with

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attributes of world class-ness will go a long way in sustaining an enduring and valuable scholarly excellence.

During the FY 2020/2021, the University registered a deficit of Ksh. 3.11 billion compared to a deficit of Ksh. 1.62 billion registered in FY 2019/2020. Total revenue amounted to Ksh. 9.74 billion compared to Ksh. 12.84 billion the previous year, whereas total expenditure amounted to Kshs 12.87 billion compared to Kshs 14.47 billion in FY 2019/2020. The financial performance in the current year was realized in an environment of declining internally generated revenues, increased costs following lower enrollments in academic programmes, as well as enhanced personal emoluments based on improved terms and conditions of service against reduced Government Capitation due to reforms in the education sector. The onset of COVID 19 Pandemic also majorly hampered operations in the University. Nevertheless, the University boldly soldiered on in its quest of excellence. This went a long way in the realization of the University's mission of teaching and research..

UoN's Webometrics ranking

The combined impact of the University's performance is reflected in the recent steady improvements in the University's global ranking. On the whole, the University has maintained a leadership position nationally and regionally.

The University of Nairobi is the top ranked university Africa. In 2021, the University was ranked position 13 in Africa by Webometrics Ranking. The ranking web of universities places the University of Nairobi at position 1 in the East African region and 1054 in the world. In the four parameters considered in this ranking, the UoN is position 198 in the presence rank globally.

African Exponent has also ranked UoN at position 7 among the top 10 universities. The African exponent has ranked universities in Africa based on licenses, accreditation by the relevant bodies in each country, mode of delivery of the courses; teaching and learning, four-year undergraduate degree and post graduate programs offered. This ranking is based on academic prestige, scholarly excellence and intellectual horsepower.

Finally, I would like to express my special thanks to the University community who worked tirelessly to ensure smooth operation of this institution. Going forward, the University intends to continuously look into ways of improving and providing world-class service at all customer service points, not only in the lecture halls but also in other aspects of students' life.



PROF. STEPHEN G. KIAMA,
BVM, MSC(Nbi), PhD(Bern)KNAS
Vice Chancellor
25 April 2022

**VI. STATEMENT OF THE UNIVERSITY'S PERFORMANCE AGAINST
PREDETERMINED OBJECTIVES FOR FY 2020/2021**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Teaching and Learning	To produce 160 quality graduates in specialized areas	Number of Graduates	To design and implement relevant and innovative teaching and learning programmes	229 graduates in specialized areas produced.
Research, Innovation and Enterprise	To mount 12 proactive research/training collaborative engagements	Number of collaborative engagements mounted	Write proposals Engage Research Partners Sign Memorandum of understanding	18 proactive research/collaborative engagements achieved
Research, Innovation and Enterprise	To conduct 4 webinars on Covid-19	Number of webinars mounted	Create awareness on the facts of Covid-19	18 Covid-19 webinars mounted
Research, Innovation and Enterprise	To have one Covid-19 research project mounted	Successful mounting of research project.	1. Create proposals to attract funding 2. Implement research modalities	Two covid-19 Research Projects mounted

VII. CORPORATE GOVERNANCE STATEMENT

The University of Nairobi Council is responsible for the overall management and 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 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 governance.

COUNCIL MEMBERS

The Council is appointed in accordance with the Universities Act, 2012 (No. 42 of 2012) by the Cabinet Secretary as follows— (a) Chairperson; (b) the Principal Secretary in the Ministry for the time being responsible for the university education; (c) the Principal Secretary in the Ministry for the time being responsible for Finance; (d) five members appointed by the Cabinet Secretary through an open process; and (e) the Vice-Chancellor who shall be an ex officio member and secretary of the Council. The full Council meets at least four times a year. The members receive all information relevant to the discharge of their obligations in an accurate, timely and 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 Executive Board (UEB).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 University.

COMMITTEES OF THE COUNCIL

The main standing committees of the Council include;

Finance and Strategy Committee

Terms of Reference:

- i. To act on behalf of the Council except so far as the Council may wish to limit the powers of the Finance and Strategy Committee in any respect.
- ii. Shall pay due regard to the necessity to refer matters of major importance to the Governing Council for final approval.
- iii. Shall not have the power to approve the Annual Estimates and Expenditure.

Infrastructure Committee

Terms of Reference:

- i. To take charge of all arrangements for the erection of new buildings once the finances have been made available, to appoint executive architects and to award contracts on such projects.

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- ii. To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have authority to delegate the very minor maintenance work to the executive officer of the University.
- iii. To take charge of all work under the minor works and maintenance programme which exceed £200 in cost.
- iv. To report progress to Council or the Finance and General Purpose Committee of the Council.

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.

The University is exposed to a variety of risks that can have financial, operational and compliance impacts on our performance, reputation and legitimacy to operate.

The effective management of risk is therefore critical to supporting the delivery of the University's strategic objectives.

The University's approach to risk management is aimed at embedding a risk-aware culture in all decision-making, and a commitment to managing risk in a proactive and effective manner. This includes the early identification and evaluation of risks, the management and mitigation of risks before they materialize, and dealing with them effectively in the event they do materialize. Major risks such as natural disasters, which cannot be managed using internal controls, are transferred to third parties in the insurance markets, to the extent considered appropriate or possible.

The design, implementation and monitoring of the process of risk management is the responsibility of the University. In this regard, management is accountable to the University Council.

An Internal Audit Department headed by the Chief Internal Auditor and the Audit Committee, chaired by a council member, evaluates and coordinates the management of identified strategic risks, financial and non-financial, faced by the University. Risk management processes are reviewed regularly for continuing relevance and effectiveness. The Strategic Internal Audit Department reports to the Vice Chancellor and the Audit Committee. The Audit Committee reports to the Council.

A report on the risk management process that is being followed, as well as a summary of the risk register and appropriate risk treatment plans, is presented to the Audit and Risk Management Committee and to the Council of the University on a regular basis.

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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 Report and Financial Statements are published each year and distributed to the National Assembly.

COUNCIL MEMBERS EMOLUMENTS

The Council Members are paid sitting, mileage and Lunch allowance according to Government regulations which is included in the Council expenses in the Annual Report and Financial Statements.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

University's Operational and Financial Performance

During the period ended 30 June 2021, the University registered a deficit of Kshs. 3.11 billion compared to a deficit of Kshs 1.62 million registered in the similar period ended 30 June 2020.

Total revenues amounted to Kshs 9.74 billion in the period ended 30 June 2021 compared to Kshs 12.84 billion in a similar period ended 30 June 2020.

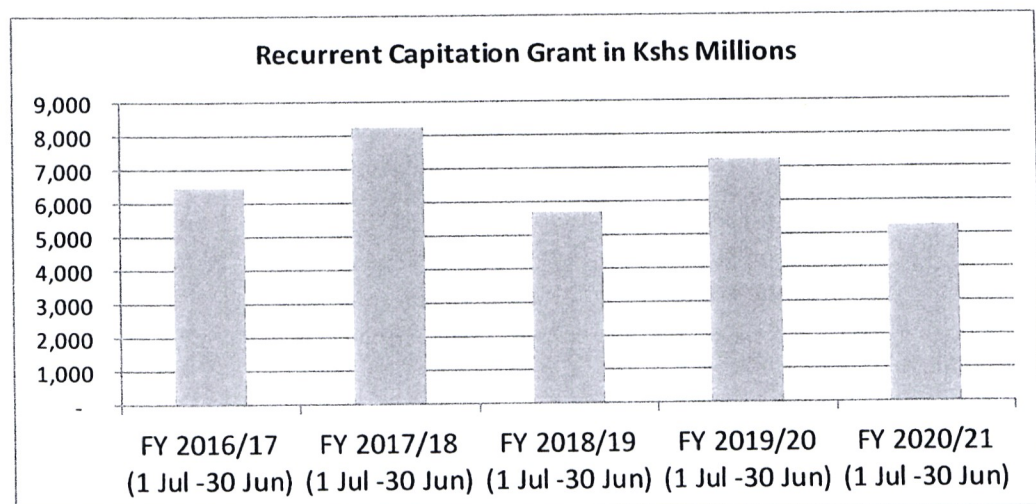
The decrease in revenue performance for the period ended 30 June 2021 was due to high interest and penalties charged by retirement benefits Authority (RBA) on the University for unremitted staff pension. There was also a decline in internally generated revenue caused by the halting of physical learning and other University functions due to the prevailing COVID 19 Pandemic. The University management however explored new ways of teaching by use of technology and is now offering online classes. It has also started a program of phased resumption of physical learning.

Revenues

Government Capitation

The University of Nairobi being a Government owned entity is supposed to be allocated Recurrent and Development Capitation to finance its operations each year.

Government funding in the FY 2020/2021 was insufficient to finance university activities and only catered for 35% of the budget and accounted for 42% of the revenue, and covers only 55% of the payroll costs.

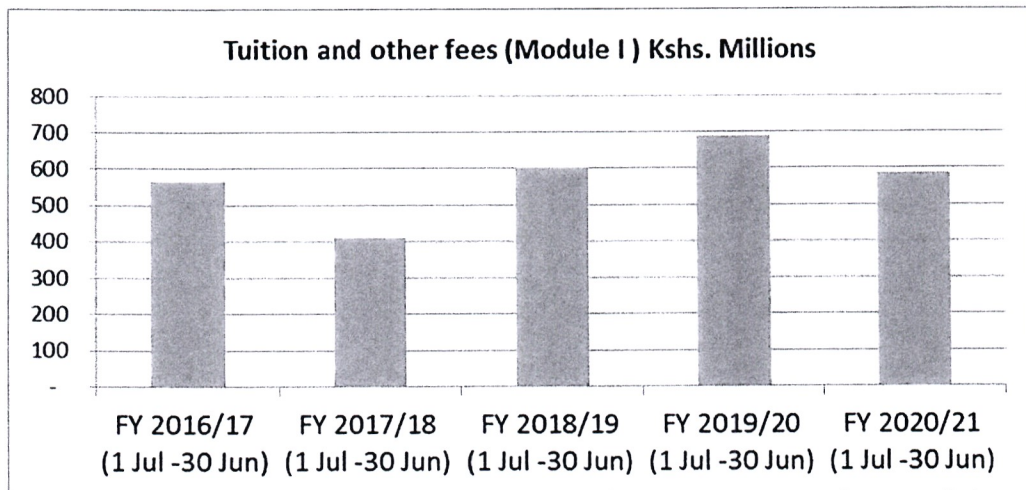


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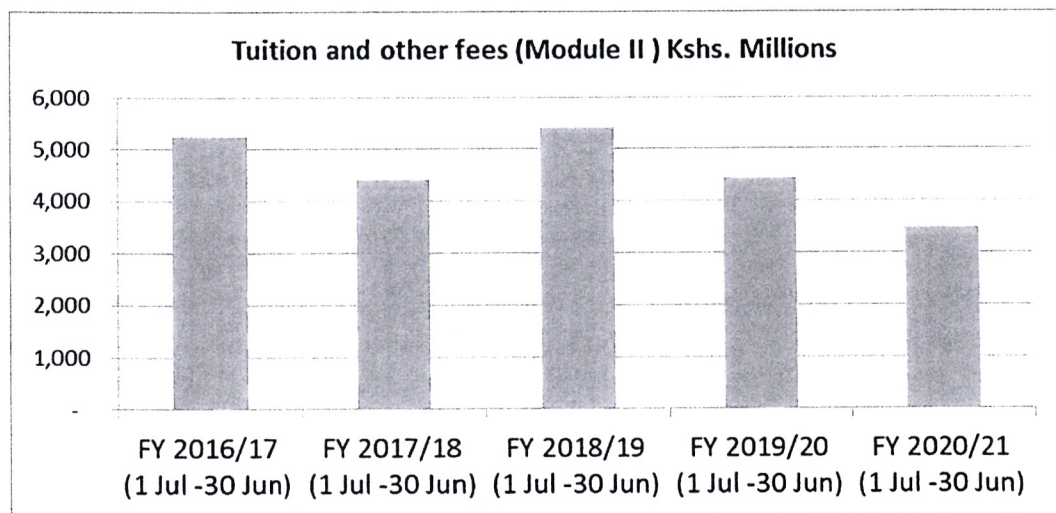
The Capitation grant recorded Kshs. 5.2 billion for the current year. The rise recorded in FY 2019/2020 and FY 2017/2018 was due to arrears capitation paid by the government amounting to Ksh. 2.1 billion and Ksh. 1.96 billion respectively.

Tuition Fees

These comprise of fees from Government sponsored students (Module I) and Self sponsored Students (Module II) which accounted for 32% of the total revenue and financed 27% of the budget. In the year 2019/2020 academic revenue began to decline in mid March 2020 due to effects of the COVID 19 where physical learning was discontinued. This effect rolled over to the FY 2020/2021 affecting collections through out the year.



The revenue from Module I students is majorly depended on the number of students placed by Kenya Universities and Colleges Central Placement Services which fluctuates from year to year depending on the performance of KCSE.

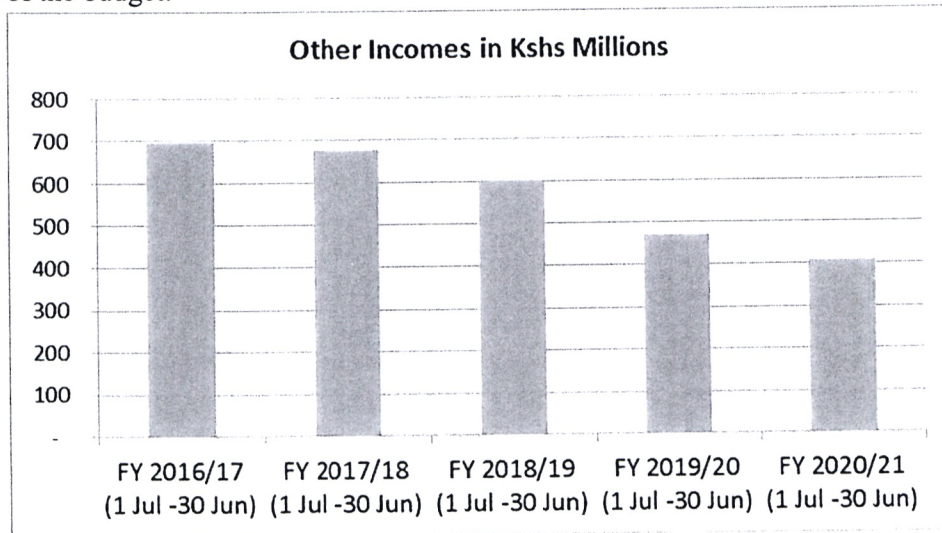


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The decline in FY 2020/2021 is as a result of COVID 19 Pandemic that affected face to face learning. The revenue from Module II students declined in FY 2017/2018 due to staff industrial action and prolonged contested general elections. The revenue for 2018/2019 and 2019/2020 increased due to aggressive promotion of the programmes.

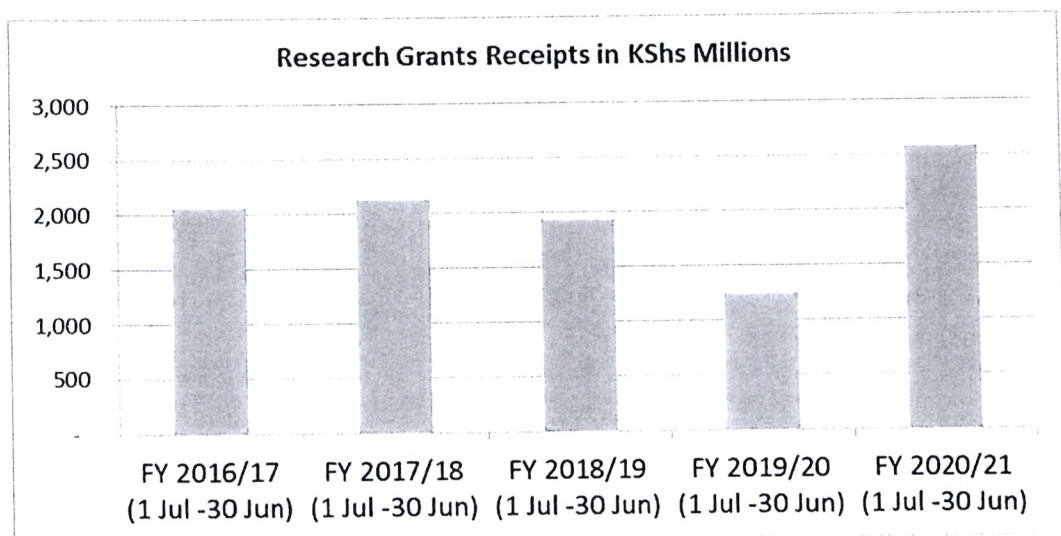
Income from Students Accommodation, Catering, UNES, Staff House Rent and other miscellaneous sources

Other incomes registered a decline from FY 2019/20 due to the effects of COVID-19 that affected operations in the university. These effects spilt over the FY 2020/21. In the year ended 30 June 2021 other incomes accounted for 5% of the total revenue while financing 4% of the budget.



Research Grants Portfolio

The University has a vibrant Research culture, providing leadership in creativity and innovation. The University continues to attract Research grants and in the period ended 30 June 2021 received Research grants amounting to Kshs 2.57 billion.

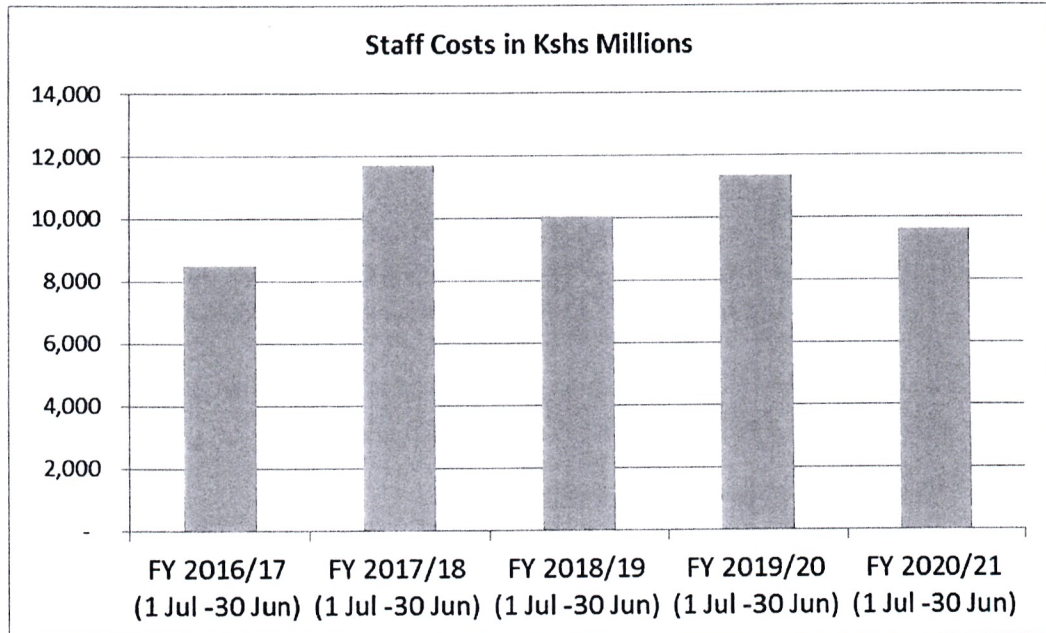


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Expenses

Staff Costs

Capitation from Government financed about 55% of the payroll costs. In the financial year 2020/2021 the staff cost accounted for 65% of the total expenditure.



FY 2019/2020 shows an increase in salaries which was attributed to the increase in basic salary occasioned by implementation of the 2017/2021 CBA. The sharp rise in staff costs in FY 2017/2018 is due to addition of Salary arrears of CBA 2013-2017 amounting to Kshs 1.96 billion.

Operating and Administrative Expenses

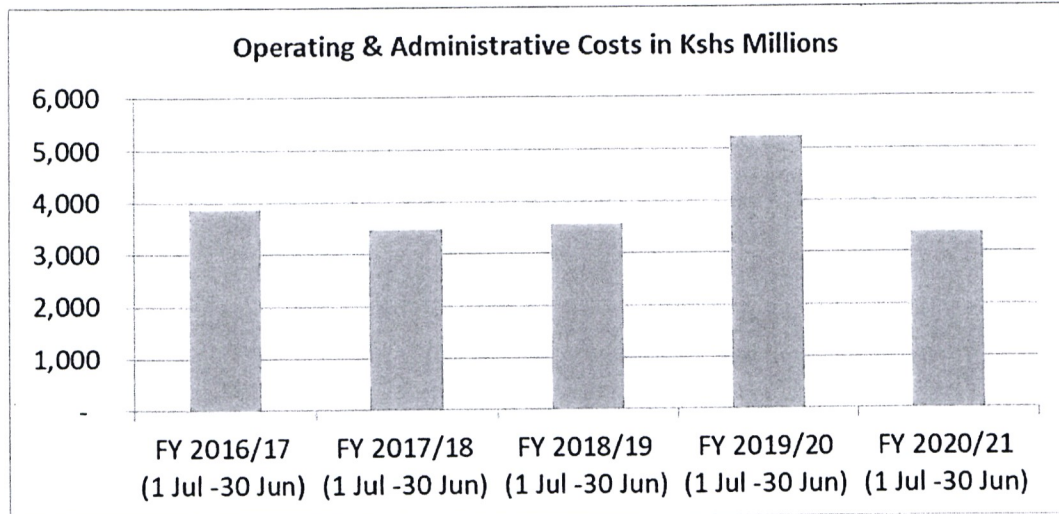
This accounts for about 10% of the total expenditure.

Included under this category are:

- i. Expenditure relating Research grants Projects
- ii. Expenditure on Income Generating Activities
- iii. Repair and Maintenance Expenses
- iv. Teaching and Office running expenses.
- v. Transport and travel
- vi. ICT expenditure

The University has formulated and implemented robust financial reforms that have resulted in reduction of operating expenses.

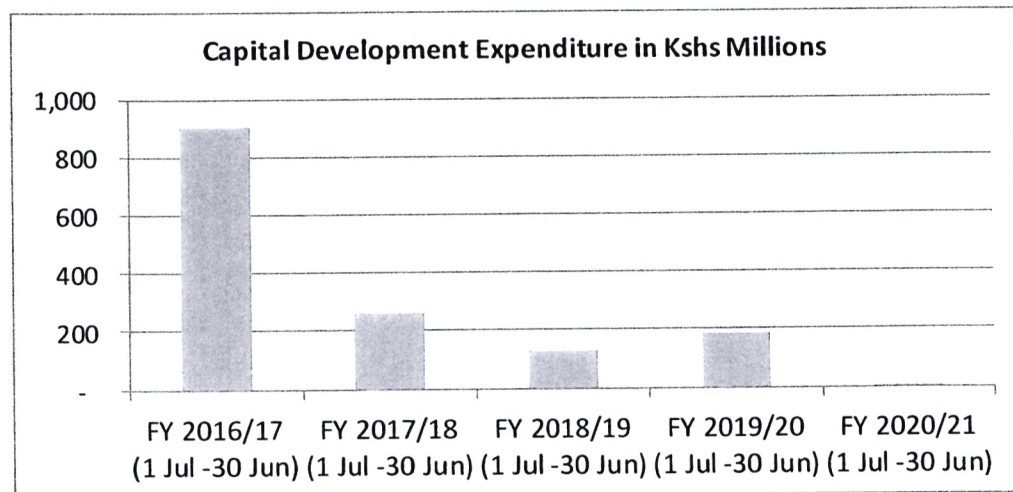
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In the FY 2020/21 expenditure reduced drastically due to scalling down of University operations as a result of the COVID 19 pandemic.

Capital Development Expenditure.

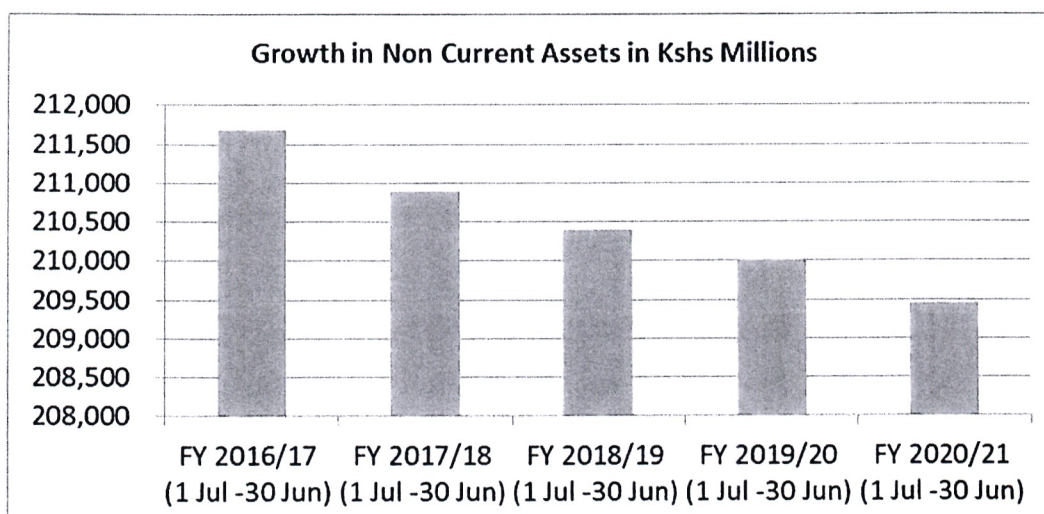
The downward trend from FY 2017/2018 to the current year is due to the fact that there has not been any capital development funding. The capital expenditure for the FY 2020/2021 relates to renovation of student hostels and the Collage of Health Sciences library carried out using internally generated funds.



Assets Base

The Campuses of the University are strategically located within the City of Nairobi, Mombadsa and Kisumu. There is a well-developed state of the art physical infrastructure that includes lecture halls, teaching and research laboratories, demonstration farms, student amenities as well as sports and health facilities.

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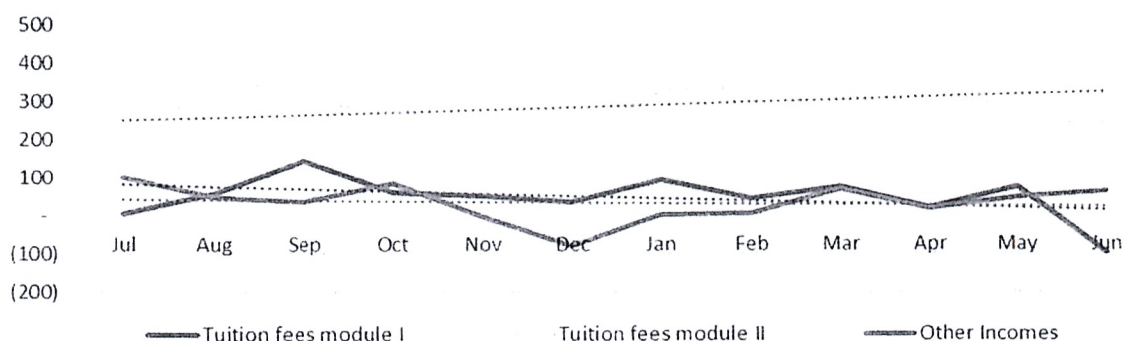


The increase in Non-Current Assets to Ksh. 211 billion in 2017/2018 was due to revaluation of Land and Buildings. The buildings and equipment have been depreciated since then to the current asset base value at Ksh. 207.7 billion.

Revenue and Expenditure Trends

The University's revenues have been on a decline for the past five years due to increase in competition as more players continue to join the higher learning market, and the decreasing government grants in 2017 that has had a devastating effect on the revenue.

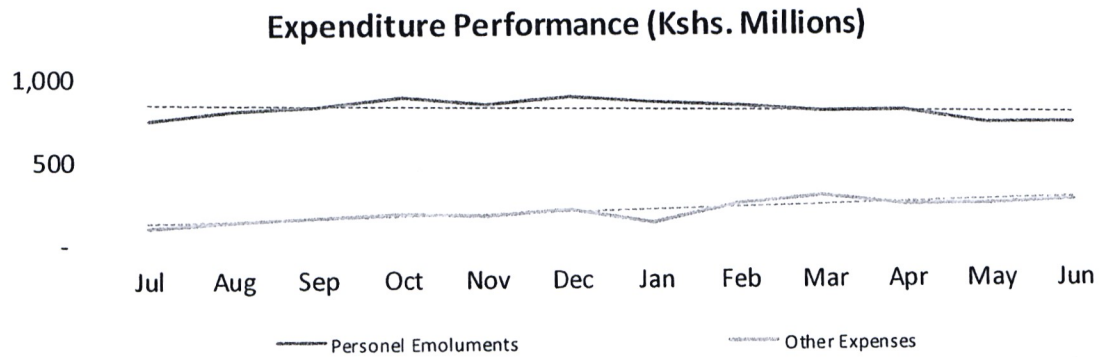
Revenue Performance (Kshs. Millions)



Revenue from internally generated sources display fluctuating trends in the current financial year. The general trend shows growth in the current year. Module II tuition fees averaged Kshs. 300 million per month while module I tuition fees maintaining a slight variation between Kshs. 50 million and Kshs. 90 million mark per month. Other incomes denote a downward trend, however, this is attributed to corrective measure that saw reversal of some recognized revenues. An average of Kshs. 30 million was recorded for the period ended 30 June 2021.

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Current Financial Year Operating Expense



Total operating expenditures show that the monthly personnel emoluments decreased as other operation expenses increased. Personel emoluments finished the year below Kshs. 800 million mark while the other expenses settle above Kshs. 200 million.

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SECTION B

Compliance with Statutory Requirements

The University endeavors to ensure full compliance with statutory requirements and other Government regulations.

The University prepares its financial statements in accordance with the Public Financial Management Act (PFM) 2012, the PFM Act Regulations, the State Corporations Act, the University Act and the International Public Sector Accounting Standards (IPSAS).

Statutory deductions are effected and remittances done as per the governing statutory requirements by the National Health Insurance Fund (NHIF) and National Social Security Fund (NSSF).

The major non-compliance issues that may expose the University to potential contingent liabilities are outstanding remittances of Kshs 4.8 billion to Kenya Revenue Authority and Ksh. 4.8 billion to Retirement Benefit Authority.

SECTION C

Key projects and investment decisions the University implemented

The Engineering and Science Complex is one of the infrastructural project to be undertaken by the University and is expected to further smoothen the business of teaching, learning and conducting research, as well as expanding science based programs and use of modern machines/technology)

SECTION D

Major risks facing the University

Material Uncertainty

The University faces a going concern risk due to the following:

- The financial performance has been in a deficit position since FY 2017/2018 due to the increased operational expenditures and reduced government capitation. In the four subsequent years, the University has recorded a negative revenue reserve of Ksh. 6.7 billion. FY2020/2021 recorded a deficit of Ksh. 3.1 billion compared to Ksh. 1.6 billion in FY 2019/2020. The constant deficit position poses a high liquidity risk and insufficient financing of operations that may affect the going concern.
- The current ratio of 0.46 shows that the current liability exceeds the current assets and therefore the University cannot meet its short term obligations as and when they fall due. The high current liability from KRA and Pension form the majority of our current liabilities. The University faces a high risk of legal actions that will humper the

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University's operations. The low current ratio puts material risk to the University's non-current assets that may be forced to liquidate in order to settle the current liabilities.

The University has consistently been engaging GoK with a view of enhancing capitation to the university and to find a remedial plan to settle unremitted statutory deductions which arose due to the implantation of CBA 2013-2017 and CBA 2017-2021 that caused the University to pay enhance salaries without adequate funding from GoK.

Currently the University has embarked on the implementation of wide range reforms including financial reforms in most thematic areas such as organizational structure, operations, human resource utilization and management of resources including finances, aimed at improving the liquidity of the University, and this has already started bearing fruit.

The University has been allowed by tax authorities to reduce the outstanding remittances by through monthly remittances, which is on cause.

There is a material uncertainty related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern, and therefore we may be unable to realise our assets and discharge our liabilities in the normal course of business.

Challenges

Several changes have happened in the external and internal environments of the University, which may influence the University's strategic direction. These are outlined below.

A) External Environment

Funding

Funding from the Government has consistently fallen below the requirements of the universities, which are under pressure to raise resources to finance their operations. The situation is serious in the University of Nairobi where the monthly Exchequer subvention covers only 55% of the monthly wage bill. As a result, salaries are paid only after mobilizing additional money from internal sources, leaving very little income to finance operations. The internally generated funds have drastically reduced due to the adverse effects caused by the prevailing COVID 19 pandemic. To save the public Universities, urgent rethinking of the current financing needs to be given priority even as Universities continue implementing austerity measures and cost containment.

Shrinking market

The University of Nairobi received admissions for 5,894 new students admissions for the 2020/2021 academic year against a capacity of 6,215 students, from Kenya Universities and Colleges Central Placement Service (KUCCPS). The placement of fewer numbers than available follows same trend as previous year when the University received admissions for

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5,432 new students admissions for the 2019/2020 academic year against a capacity of 6,227 students. Similarly module II admissions continue to shrink as a result of poor KCSE performance registered in the last five years.

COVID 19 Pandemic Impact

The emergence of Corona Virus disease 2019 (COVID 19), a respiratory disease that is easily spread from person to person, has adversely affected all sectors including the education sector.

Following COVID 19 spread to Kenya, the University was forced to shut down operations in mid March 2020, as advised by Government. This affected face to face learning at the University of Nairobi causing drastic decline in academic revenues which the University rely on to supplement short falls from Government capitation. Although the University was prompt in innovating new ways of carrying out its activities like the adoption of online teaching and learning, the drastic decline in internally generated revenue is expected to adversely affect the operations of the university and its going concern if not averted on time.

B) Internal Environment

This is a summary of significant changes in the internal environment.

Unplanned University closures

It is essential that University operations continue without interruptions. Closures of the University, disrupt academic programmes, interrupt revenue inflows and running of the University. Although it became necessary to close the University at the onset of COVID 19 on 16 March 2020, the closure caused the University to loss one trimester and losses of over one billion shillings from the internally generated funds in the current financial year.

However, the university quickly introduced online teaching to ensure continuity of learning programmes. This has enabled the university to successfully conduct teaching and examining of students. The university was also able to hold a very successful 63rd virtual graduation in September 2020. UNSA elections were also successfully conducted in the month of November 2020.

Ageing staff

With the implementation of the Government's circular on retention in service of officers beyond the mandatory retirement age, the University is likely to experience a challenge of retaining services of experienced Academic Staff.

Balooning Wage Bill

To address the challenge of a huge wage bill that is not matched by Government funding, the University management operationalized the Government circular on post retirement contract.

The strategies deployed have been multifaceted but mainly focused on Financial, Governance, Curriculum, People and Data. This has seen the University formulate prudent financial

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management, reorganize the governance, review programmes offered among other interventions. These interventions have salvaged the University from previous eminent collapse.

Liquidity

The Current liabilities of Kshs 11.5 billion exceed the current assets of Kshs 5.26 billion hence the University has a negative working capital of Kshs 6.24 billion. Meeting short term obligations as and when the fall due is therefore a challenge.

THE UNIVERSITY OF NAIROBI STRATEGIC DIRECTION

In order to address the above challenges, the University in its 2018-2023 Strategic Plan has purposed to pursue the following strategic objectives;

1. To design and implement relevant and innovative teaching and learning programmes.
2. To be a leading Institution in scholarly, research and creative productivity in Africa.
3. To improve student welfare services through development and implementation of appropriate minimum standards.
4. To build a sustainable resource base.
5. To enhance the competitiveness and image of the University.
6. To institutionalize governance mechanisms and leadership culture that facilitates the realization of the University's vision and mission.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The University of Nairobi is guided by its Service charter, the Act and the University statutes. In dealing with its strategic direction, the University focused on five pillars that place the customer/citizen first, delivery of relevant goods, products and services is next, and then improving operational excellence is third. Below is a brief highlight of our achievements on each pillar.

1. Sustainability strategy and profile

The university is in a perpetual quest for sustainability. For many years UoN was the only higher education institution in Kenya, where its main focus was to meet the training needs of Nairobi's workforce. Later, it grew and developed specialist programmes in sciences, applied sciences, social sciences, technology, humanities and the arts.

More recently, as the country's education system has opened up, the university has diversified and now offers almost 900 degree programmes to more than 80,000 students. Its academic staff number around 2,000, with a further 5,500 staff employed in technical and administrative positions.

UoN has an alumni network of 184,000 with politicians, cabinet ministers and heads of state among them. The university claims strengths in the areas of teaching, research, development, consultancy and professional excellence. It has also produced more trained graduates in human resources than any other higher education institution in the country.

In order to survive, the University embraced its base as that of knowledge and wealth creation. The knowledge industry is a multi billion industry that highlights the need for communities to enhance their level of knowledge in the creation of wealth for sustainable development.

The role of the University of Nairobi, in embracing knowledge across county boundaries and disciplines for the benefit of the nation has been guided by its 2018-2023 strategic plan, which envisions the University working closely with different organizations to support initiatives aimed at uplifting the standards of living by focusing on areas that create avenues for development. In this regard, the university continually identifies and supports noble causes in the areas of education, community development, the environment, health, safety and food security.

2. Environmental Performance

The University in its Strategic Plan committed to developing and sustaining an Environmental Management System (EMS) based on the International Standard ISO 14001. The EMS, together with the ISO 9001- 2008 Standard, would be the mechanism for achieving the University's Environmental Policy. The University Policy has identified six goals: waste minimization, energy and water use efficiency, air quality, transportation, and noise. The University committed to supporting activities that ensure that the environmental objectives which spell out actions that are necessary to achieve these goals are carried out. Additionally, the University emphasized

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conducting regular environmental site audits particularly for waste, water, energy and occupational safety.

The University cooperated with all stakeholders in the Nairobi region to ensure the impacts of University operations on the environment were minimized. The University recognized that it had a role to provide students with the tools to be environmentally conscious citizens. The greening of curriculum in various academic departments was implemented, and the University committed to measuring and monitoring its progress towards reaching its environmental goals and objectives as outlined in its environmental policy. The University prepared its annual environmental reports as part of performance contracting and national cohesion. At the close of the financial year, the University, in collaboration with the Kenya Forestry Service and the Equity Group, organized a National Tree Planting exercise in all the Campuses of the University, and across the outlying campuses in Kisumu and Mombasa, to plant over 50,000 trees, monumental and home plants and shrubs.

3. Employee welfare

In the year under review, the University engaged in various activities designed to develop the human resources and administration capacity of the University without compromising on prudent use of financial

The University developed a criteria for appointment and promotion of academic staff after a series of benchmarking meetings and research. The criteria was revised as part of harmonised appointments and promotions involving stakeholders to propose criteria, taking cognisance of relevant laws and University policies. The University realised that as a good practice, reaching staff may be required to register with the relevant professional organisations.

The University adhered to the circular on freezing of new staff including not replacing staff in order to reduce cost of human resources. In the next phase, promotions will be based on merit, budget and availability of positions in the Departments establishment's

The University proposed the restructuring of the Research Innovation and Enterprises Division, so that it achieves its mandate in offering services to the University community. The Council also noted the need for the commercialisation of research output by linking up with donors and industry and engaging successfully on the same. Council noted the direction that the University should take by holding the Annual Research Week Conference, training more staff to write policy briefs and grants, and to train more PHD students in scientific writing.

The University of Nairobi appreciates that it is the human resource that is key in the utilization of all other resources and therefore key in the optimization of these resources to maximize productivity. It has therefore made it a concern and priority, the need to highly motivate staff so as to remain competitive and relevant

4. Market place practices

World wide Universities have to contend with an environment that is out of their control. Economic trends, social changes, and the prevailing political climate are powerful factors affecting a universities ability to recruit and retain students, yet while the university has little or no influence over these factors. This fundamental truth underscores the need for educational institutions to be flexible, nimble, and attentive to the winds of change.

One issue that the University contended wiyth was how to establish its identity in a changing environment. The university attempted to integrate marketing, of courses, with sending out institutional messages and using the social media in sharp contrast to sporadic, ad hoc marketing efforts.

As part of positioning its brand, the University embraced a lended form of e learning and face to face, in the delivery of the educational experience. The Univesity celebrated 50 years of its existence, and documented the experiences in the form of Webinars, papers, nd a sn to be published book on the UoN@50.

One key strength of the University of Nairobi, and which enabled it to be competitive was maintaining a national outlook with a national reputation. Through out the year, the University organisd virtual open days as part of recruiting students onto its niche programs and constantly provided one message for academic excellence

5. Community Engagements

The University , through the College of Education and External Studies organised a community outreach activity at the Kinoo Primary and Secondary school in Kiambu County. The collaboration involved the University of Nairobi Alumni Association, the Brookhouse School, Primehold Supplies

The initiative was part of the Universities efforts to empower the youth to thrive, A CSR activity coordinated by the two schools of education of the university. During the activity, sanitay towels, story books, novels and balls for various ball games.

Part of the initiative is to emphasis digital wellness. The idea is that all work and not play is unhealthy, therefore even while seeking to encourage student to join university, the university has the onus to encourage youth to engage in other curricular activiyes to cultivate their talents, balance and competence.

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Awards For outstanding performance.

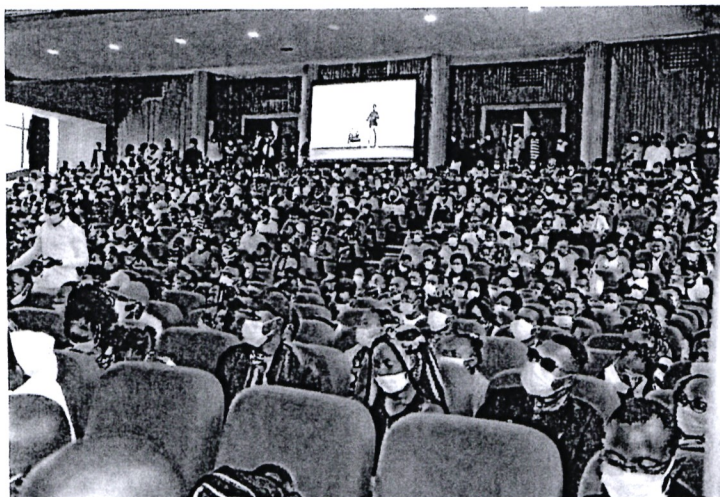
In May 2021 the University hosted an award ceremony where 448 alumni were recognized for their outstanding performance in their academic and extra-curricular activities. The prize presentation tradition in the University is meant to encourage the development of great aspirations in students and inspire continuing students to achieve higher set goals. The awards also appreciate achievements by students at the end of a rigorous academic program. The ceremony was supported by 104 donors from all over the world who were pleased to be part of the University culture.

Inaugural UoN Talent Day

In March 2021 the University held the first ever students and staff talent day where 500 students gathered to show case and cheer on as their colleagues displayed their talents. The event which was held in Taifa Hall was a four day event where students and staff auditioned for their talent categories; Music, Poetry, Narrations, ICT, Engineering innovations and Arts. The Vice-chancellor, Prof. Stephen Kiama applauded the dedication of participants and acknowledged that the University is dedicated to nurturing and supporting these talents. The event is set to be fitted in the university calendar.

Participants stunned the audience with their performance. Master Piranha, an alumnus of the University, Amondi Were, Faith Naliak and Beryl Mangich showcased their musical mastery while Joseph, Karanja Abundant, and Moses Munene showcased their technological prowess by their innovations in ICT and engineering. Christiano Mutua stole the show as he narrated the constitution word for word as other narrators joined him with their various scripts. Other categories represented include taekwondo, Boxing, Dance, Weight Lifting and different forms of Art.

The judges in this event included students and staff who were delighted to name the winners and runners up in each category and congratulated all that took part.



Empower Youth for Sustainable Development

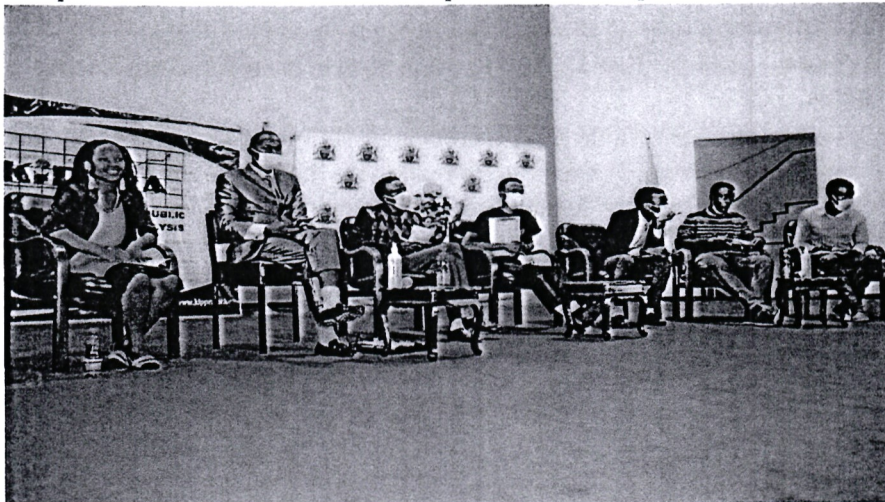
In March 2021 the University of Nairobi in collaboration with Kenya institute of Public Policy Research and Analysis (KIPRA), KASNEB, Youth Enterprise Development Fund, NYS, Directorate of National Cohesion & Values and Kenya Industrial Property Institute held a mentorship program that aimed at creating awareness and capacity

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building among the youth in realization of the national development goals. The event engaged youth in various competitions such as essay, debates, presentations and other opportunities to showcase their talents.

The youth being an integral part in realization of the Big Four Agenda, it is the mandate of the state to take necessary measures to ensure that the youth;

- Are accorded opportunities to associate, be represented and participate fully in political, social and economic aspects of life
- Access relevant education and training
- Access employment
- Are protected from harmful cultural practices and exploitation



UoN and Novartis join hands to ease the pain of patients with heart disease

In October 30, 2020 the University of Nairobi in partnership with Novartis launched Butterfly Echo for Life, a cardiac diagnosis device that intends to ease the burden of patients with heart conditions across the country by making cardiac diagnosis readily available and reduce the medical cost thereof. In the event, the Deputy Governor of Nyeri, Dr. Caroline Karugu, applauded the joint efforts by University of Nairobi, Heart Centre and Novartis for their efforts as they work together with other counties in implementing the Universal Health Care (UHC).

In the event held at the University of Nairobi Chandaria Center, Racey Muchilwa from Novartis stated that 115 doctors have already been trained in cardiac diagnosis, 70 of whom will train other doctors in rural areas as 30 of the handheld device will be donated to counties across the country. The 30 devices will serve 36,000 patients per year.

University of Nairobi Vice Chancellor, Prof. Stephen Kiama observed that the triple helix collaboration between the Novartis and the Heart Centre and the University of Nairobi will go a long way in confronting the problems facing Kenyans, more so healthcare issues. He praised the various efforts by the University of Nairobi, especially the College of Health Sciences in combating COVID19.

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X. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits its report together with the financial statements for the year ended 30 June 2021, which show the state of the University's affairs.

Core business of the University of Nairobi

The Core business of the University is provided for in the Universities Act, 2012. The functions and objects of 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; and
- e. To determine who may teach and what may be taught and how it may be taught in the University.

Results

The results for the year ended 30 June 2021 are set out on pages 1 to 52.

Council Members

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

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The University made a deficit during the year 2020/2021 and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the University of Nairobi in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the University Council

XI. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 47 of the Universities Act, No 42 of 2012 and section 27 of the University of Nairobi Charter require the University of Nairobi Council to prepare financial statements, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on 30 June 2021. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting year;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the entity;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

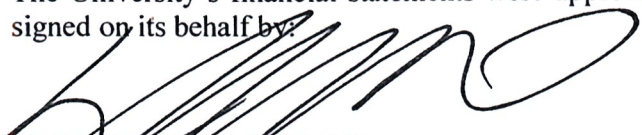
The Council accepts responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities Act No. 42 of 2012.

The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended 30 June 2021, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the Council on 14 September 2021 and signed on its behalf by:



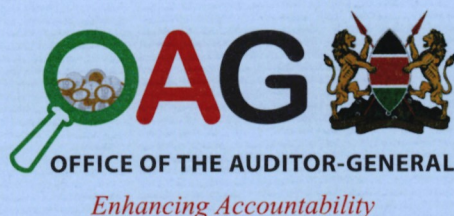
PROF. STEPHEN G. KIAMA,
BVM, MSC (Nbi), PhD (Bern) MKNAS
Vice Chancellor
University of Nairobi
25 April 2022

UNIVERSITY OF NAIROBI
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of University of Nairobi set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the University of Nairobi as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Adverse Opinion

1. Undisclosed Material Uncertainty in Relation to Going Concern

The statement of financial performance reflects a deficit of Kshs.3,110,473,000 compared to a deficit of Kshs.1,624,195,000 reported in the previous financial year. This increased the accumulated deficit to Kshs.6,753,856,000 from Kshs.3,420,474,000 reported in the previous year. Further, the statement of financial position reflects current liabilities amounting to Kshs.11,347,467,000 and current assets amounting to Kshs.5,294,346,000 resulting to a negative working capital of Kshs.6,053,121,000. The University is, therefore, unable to meet its financial obligations as and when they fall due.

In particular, as reflected in Note 62 to the financial statements, the University was unable to remit statutory deductions amounting to Kshs.9,709,886,000 which included taxes to Kenya Revenue Authority of Kshs.4,893,221,000 and pensions contributions of Kshs.4,807,936,000.

In the circumstances, the continued existence of the University is dependent on continued financial assistance from the Government, donors and its creditors.

2. Inaccuracies in the Financial Statements

2.1 Unsupported Adjustments

The Management submitted financial statements on 30 September, 2021 and re-submitted revised financial statements on 30 August, 2022. However, review of the revised financial statements revealed that various balances were adjusted but were not supported with journal vouchers to explain the adjustments from the initial reported balances as detailed in the attached **Appendix 1**.

In the circumstances, the accuracy of the adjusted balances in the financial statements could not be confirmed.

2.2 Balances in the Trial Balance not Recorded in the Financial Statements

Review of the trial balance revealed credits from three (3) accounts and debits from four (4) accounts totalling to Kshs.9,221,875 and Kshs.6,096,902 respectively, which were not

explained or reconciled. In addition, the balances vary with the balances reflected under Schedule XXII on detailed analysis of cash and cash equivalents.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.1,363,287,000 could not be confirmed.

2.3 Balances Omitted from the Statement of Cash Flows

Examination of records revealed that cash flows from dividends and sale of shares totaling to Kshs.7,564,756 were not included in the statement of cash flows.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2.4 Uncleared Balances in the Trial Balance

Examination of records revealed that the trial balance reflects uncleared balances totaling to Kshs.2,993,214,528 relating to six (6) Consolidating account for balances, three (3) suspense accounts, foreign payments and cheques clearance accounts. In addition, the amounts were not supported with the supporting documentation on what they represent and could not be traced in the financial statements. No explanation was provided for failure to clear the balances.

In the circumstances, the accuracy of the financial statements could not be confirmed.

2.5 Variances Between the Financial Statements and the Trial Balance

The statement of financial position reflects a balance of Kshs.1,211,336,000 in respect of payables from exchange transactions which as disclosed in Note 38 to the financial statements includes a total amount of Kshs.958,007,000 with respect to UON payables, UNES payables, KUCCPS and Federation of Kenya Employers. However, these amount varies with the total amount of Kshs.816,828,155 reflected in the general ledger and trial balance for the same items. No explanation was provided for the variance of Kshs.141,178,845.

In the circumstances, the accuracy and completeness of the payables from exchange transactions could not be confirmed.

3. Incomplete Assets Register

The statement of financial position and as disclosed in Note 34 to the financial statements reflects property, plant and equipment balance of Kshs.207,728,358,000. However, examination of the assets register, revealed that details of asset name, class and type, date of purchase, acquisition cost and depreciation for each individual asset were not indicated.

Further, as previously reported, the property, plant and equipment balance of Kshs.207,728,358,000 includes three parcels of land, all valued at Kshs.17,085,000,000 whose ownership documents were not provided for audit.

In addition, as disclosed in Note 4(iv) to the financial statements, the University adopted the cost model as its accounting policy on motor vehicles, computers, furniture and

equipment and academic gowns. Contrary to the cost model and Paragraph 67 of IPSAS 17, the University had not revised the useful lives and residual values of its non-current assets amounting to Ksh.4,749,243,000 during the year under review which includes fully depreciated assets totaling to Kshs.1,156,777,000, which were still in use.

In the circumstances, the accuracy, valuation and ownership status of the reported property, plant and equipment could not be confirmed.

4. Unreconciled Cash and Cash Equivalents

4.1 Transactions in Closed Bank Accounts

Review of the bank reconciliation statements of closed bank accounts revealed direct debits totalling to Kshs.8,671,184 and receipts in the cash book not in the bank statements totalling to Kshs.10,827,457 relating to two bank accounts in Absa Bank. These balances were outstanding at the time of closure of the bank accounts. However, Management did not provide an explanation on how and when these items were cleared.

Further, the bank reconciliation statements for bank account number 0775053984 and 0775012927 had cash book adjustments totalling to Kshs.2,207,161 whose supporting documentation were not provided for audit.

In addition, review of bank accounts closure instructions revealed that four (4) bank accounts in Absa Bank closed in the year under review were not supported with the cash books, bank reconciliation statements and bank statements to confirm the transfer of funds upon closure.

4.2 Long Outstanding Balances in the Bank Reconciliation Statements

Examination of a bank reconciliation statement for the year ended 30 June, 2021 revealed a long outstanding unrepresented cheque dated 2 September, 2020 of Kshs.11,087,742 for the Criss Project Account. Additional bank reconciliation statements reflects a receipt in the cash book dated 28 June, 2021 of Ksh.25,000,000 not reflected in the bank statement under the Endowment Account and receipts in the cash book not reflected in the bank statement amounting to Kshs.2,125,505 with some dated July, 2020. The bank reconciliation statement also reflects direct credits not in the cash book amounting to Kshs.27,646,201 and debits in the bank statement not in the cash book amounting to Kshs.427,946 dated September, 2020.

In addition, examination of the cash books and the bank statements revealed payments totalling to Kshs.63,118,616 made in August, 2010 which constitutes of general payments of Kshs.61,415,800 and UON application amount of Kshs.1,702,816 made from two bank accounts but not recorded in the cash books.

Review of the cash books and the bank statements also revealed payments totalling to Kshs.123,404,628 paid to General payments, CESSP operations and UON application accounts which were not presented to the bank as at 30 June, 2021. The aging analysis revealed that the entries date back to January, 2017.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,363,287,000 could not be confirmed.

5. Unsupported Clearance of Bank Overdraft

The statement of financial position and Note 41 to the financial statements reflects Nil bank overdraft, however, Note 36 to the financial statements submitted on 30 September, 2021 reflected a bank overdraft amount of Kshs.21,902,000. The supporting documents indicating how the bank overdraft was cleared and The National Treasury authority to overdraw the bank accounts were not provided for audit.

In the circumstances, the accuracy and completeness of the nil bank overdraft balance could not be confirmed.

6. Unsupported General Fund Balance

The statement of financial position and the disclosure in Note 47 to the financial statements reflects a general fund balance of Kshs.16,061,015,000. However, schedules showing the donated and grant assets, date of purchase, purchase price, accumulated depreciation, depreciation for the year and net book values relating to the balance of Kshs.16,061,015,000 were not provided for audit.

Further, the statement of changes in net assets for the year under review reflects general fund depreciation on donated and grant assets totalling Kshs.38,734,000. The accounting policy adopted by the University for reflecting depreciation on donated or grant assets as general fund is inconsistent with the requirements of IPSAS 17(64) and IPSAS 1(115) which recognizes depreciation as a revenue item.

In the circumstances, the accuracy of the general fund balance of Kshs.16,061,015 could not be confirmed.

7. Unreconciled Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.2,143,419,000 with respect to receivables from exchange transactions. However, as disclosed in Note 32 to the financial statements, the student's welfare authority-receivables had a balance of Kshs.87,617,000 in the previous year and a nil balance during the year under review. No documentation was provided to confirm how this balance was cleared.

Further, the balance includes sundry debtors totaling to Kshs.440,522,000 and according to the supporting schedules provided for audit, the sundry debtors includes an amount of Kshs.7,783,531 owed by Technical University of Kenya relating to the year 2014. However, the Technical University of Kenya financial statements as at 30 June, 2021 reflects an amount of Kshs.10,486,450 as payable to University of Nairobi resulting to an unexplained variance of Kshs.2,702,919.

Similarly, the sundry debtors includes outstanding staff advances of Kshs.2,424,595 which ought to have been recovered or accounted for on or before 30 June, 2021. The ageing analysis provided revealed that some staff advances have been outstanding since 2012, contrary to the provisions of Regulation 4.9(c) of the University of Nairobi Financial

Regulations, 2016. No explanation was provided for delay in collecting the long outstanding debts.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions could not be confirmed.

8. Unreconciled Payables from Exchange Transactions

The statement of financial position reflects payables from exchange transactions balance of Kshs.1,211,336,000 which as disclosed in Note 38 to the financial statements includes a balance of Kshs.37,580,000 relating to KUCCPS. However, the debtor's statement from KUCCPS reflects a balance of Kshs.47,220,000 owed by the University resulting to an unreconciled variance of Kshs.9,640,000.

Similarly, the payables balance includes UNES payables amount of Kshs.245,691,000. However, the University of Nairobi Enterprise Services Limited financial statements as at 30 June, 2021 reflects a corresponding balance of Kshs.210,456,318 resulting to an unexplained variance of Kshs.35,234,682.

In the circumstances, the accuracy of payables from exchange transactions could not be confirmed.

9. Unsupported Trust and Endowment Funds

The statement of financial position and as disclosed in Note 44 to the financial statements reflects trust and endowment funds balance of Kshs.199,626,000. However, analysis of the supporting schedules reflects a total amount of Kshs.195,866,421 resulting to an unexplained variance of Kshs.3,759,579. In addition, the trust funds include dormant balances brought forward totaling to Kshs.16,292,000 whose accuracy and existence could not be confirmed. Further, the policy documents or Memorandum of Understanding of the trust and endowment funds was not provided for audit.

In the circumstances, the accuracy and completeness of the trust and endowment funds balance could not be confirmed.

10. Unsupported Revenue from Exchange Transactions

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.4,439,706,000 which includes a total amount of Kshs.594,015,000 and Kshs.3,455,397,000 from module I and module II programs respectively. However, only revenue of Kshs.273,358,513 and Kshs.1,795,104,665 of module 1 and II respectively was supported with invoices resulting to an unsupported revenue of Kshs.320,656,487 and Kshs.1,660,292,335 from module I and II respectively.

In the circumstances, the accuracy and completeness of revenue from exchange transactions could not be confirmed.

11. Understatement of Accommodation, Catering and Other Income

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.256,758,000 with respect to revenue from

accommodation, catering and other income. An analysis of the supporting schedule for rental income for commercial and billboards in comparison with the lease terms revealed that the University recognized a performance security deposit for one of the properties as income, yet the amount of Kshs.2,100,000 was refundable at the end of the lease period. The lessee had not failed to perform their obligations, thus there was no justification for recognition of the deposit as revenue.

In the circumstances, the accuracy of accommodation, catering and other income amount of Kshs.256,758,000 could not be confirmed.

12. Non-Disclosure of Student Prepayments

During the year under review, the University did not report any balance relating to student payables including prepayment of student fees. However, re-computation of the student balances at the end of the year under review, established that there was an amount of Kshs.1,892,200,562 from 29,029 students which was either schools fees overpaid or paid in advance.

In the circumstances, the accuracy of the financial statements could not be confirmed.

13. Unreconciled Transactions between Student Management Information System (SMIS) and Sage System

The statement of financial performance reflects an amount of Kshs.4,439,706,000 with respect to total revenue from exchange transactions. Analysis of the systems revealed that student related revenue was collected using the SMIS which was integrated with KCB and ABSA bank while reporting was done in sage system. Comparison of invoices maintained by the two systems revealed that, there were 43,439 invoices amounting to Kshs.397,276,211 that were only captured in sage system and 32,040 invoices amounting to Kshs.371,032,042 that were only captured in SMIS.

Further analysis of fees collection and invoice data from SMIS for module 1 and 2 students revealed unexplained 6,909 missing receipt numbers and 122 missing invoice identification numbers. Management attributed the missing invoice numbers to the system which did not support auto-generation of unique identification numbers if a transaction halted before completion.

In the circumstances, the accuracy and completeness of revenue from exchange transactions could not be confirmed.

14. Irregular Payment of Allowances

The statement of financial performance and Note 14 to the financial statements reflects an amount of Kshs.9,474,684,000 with respect to salaries and wages. Examination of records revealed that there were fifty-three (53) and another six (6) staff members in various job groups whose entertainment and responsibility allowances were above the stipulated salary structures provided by the Collective Bargaining Agreement, 2013-2017, resulting to an over payment of Ksh.2,314,998 and Ksh.258,709 respectively.

Further, the allowances were paid contrary to Article 230(4)(b) of the Constitution of Kenya, 2010 and Part C.2 (1) of the Human Resource Policies and Procedures Manual for the Public Service which empowers the Salaries and Remuneration Commission to advise the National and County Governments on the remuneration and benefits of all public officers.

In the circumstances, the accuracy and completeness of salaries and wages amount of Kshs.2,573,707 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the University of Nairobi 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 adverse opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.14,904,613,000 and Kshs.12,523,525,000 respectively, resulting to a revenue shortfall of Kshs.2,381,088,000 or 16% of the budget. Similarly, the University had an expenditure budget of Kshs.14,904,613,000 against actual expenditure of Kshs.15,366,290,000 resulting to an over-expenditure of Kshs.461,677,000 or 3%. Management attributed the shortfall in revenue collection to challenging business environment brought about by the Covid-19 pandemic and anticipated Government intervention which was not received. However, no approval from The National Treasury was obtained for the over-expenditure amounting to Kshs.461,677,000.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Loss Making Income Generating Activities

The statement of financial position and as disclosed under Note 48 to the financial statements reflects accumulated loss from income generating activities and parallel programs totalling to Kshs.770,204,000. Examination of records revealed that the income generating activities under UNES Limited made a total loss of Kshs.106,989,000 during the year under review.

In the circumstances, the effectiveness of the income generating activities funded by the University could not be confirmed.

2. Unauthorized Bank Accounts

Examination of records provided revealed that the University opened and operated one hundred and fourteen (114) bank accounts in Kenya Commercial Bank, Absa and Cooperative Banks that do not form part of the five (5) main bank accounts authorized by the Council. Further, The National Treasury authority to open and operate the bank accounts as required under Section 28(1) of the Public Finance Management Act, 2012 was not provided for audit.

In addition, examination of records revealed that although the University Council vide a meeting held on 14 January, 2021 authorized closing of all excess bank accounts, out of one hundred and six (106) excess bank accounts, the University had closed only ninety (90) bank accounts as at 30 June, 2021. No explanation was provided for failure to close all the excess bank accounts.

In the circumstances, Management was in breach of the law.

3. Stalled Student Hostels at Lower Kabete Campus

As previously reported, the Project for construction of a students' hostel comprising 500 bedrooms, kitchen, dining, and a common room at Lower Kabete Campus undertaken by a contractor in 1990 stalled in 1992 after the Government budgetary allocation ceased. The initial contract was mutually terminated in 2000. At the time, the University owed the contractor a balance of Kshs.50,000,000 which has remained unpaid to date. The contractor sued the University claiming the outstanding payment of Kshs.50,000,000 plus interest and costs.

Although the University Management indicated that they had requested for funding amounting to Kshs.450,000,000 to finance the completion of the stalled Project, audit inspection of the project in February, 2022 revealed that the building is deteriorating due to roof leakages, termites, visible cracks in the columns and beams, chemical and physical damage on the stalled building.

In the circumstances, the possibility of achieving value for money from the project could not be confirmed.

4. Proposed Construction of School of Pharmacy

As previously reported, on 1 October, 2010, the University entered into a contract with a construction company for the construction of the proposed School of Pharmacy Building at the College of Health Services at a cost of Kshs. 152,903,393. As per the Internal Audit report of 12 April, 2018, the Project period was set for ninety-seven (97) weeks with the expected completion date being in August, 2012. The report further revealed that the construction had been carried out on the basement, ground and first floors and that the building was 90% complete. However, the building could not be occupied as the sewerage system had not been connected due to lack of an appropriate way leave. The completion of the construction works has been delayed by eight (8) years.

The Management explained that the sewer has since been connected to the Nairobi County's main Sewer line following agreement with the Nairobi Hospice Management to have it pass through their plot. However, a site visit of the project in February, 2022 revealed that the basement and car park were flooded, with water entering through vulnerable points such as walls, floors, foundation cracks, windows and clogged rain gutters. If not addressed, the water infiltration will deteriorate the integrity of the structure. Although, the Project Architect gave a certificate of practical completion in 2017 for the works awarded and successfully completed, the building has not been occupied.

In the circumstances, value for money may not be obtained as the project is not complete and was not put to the intended use.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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.

Responsibilities of Management and the University Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the University's ability to sustain services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the University or 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 University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management 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 misstatements, 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 University's 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 controls.
- 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 applicable 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 University's ability to sustain 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 University to cease to sustain 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 University 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 controls 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

23 September, 2022

Appendix 1: Unsupported Adjustments

Component	Revised Financial Statements	Initial Financial Statements	Variance
	Kshs' 000.	Kshs' 000.	Kshs'000.
Tuition and Other Fees Module I	594,015	585,852	(8,163)
Tuition and Other Fees Module II	3,455,397	3,466,937	11,540
Accommodation, Catering and Other Income	256,758	273,111	16,353
Salaries and Wages	9,474,684	9,632,141	157,457
Module II Direct Service Providers	623,112	623,424	312
Academic Departments	95,302	95,828	526
Administration and Central Services	1,788,990	789,711	(999,279)
General Education Services	82,036	82,123	87
Maintenance of Premises	292,573	297,824	5,251
Staff and Students Facilities and Welfare	345,851	348,483	2,632
Students Welfare Authority (Catering Services)	34,729	34,546	(183)
Other Gains	23,516	22,793	(723)
Cash and Cash Equivalents	1,363,287	1,289,440	(73,847)
Trade and Other Receivables	3,520,336	3,502,787	(17,549)
Inventories	280,257	280,598	341
Special Accounts and Grants	2,146,518	2,593,645	447,127
Property, Plant and Equipment	207,728,358	209,443,601	1,715,243
Intangible Assets	0	206	206
Trade and Other Payables	10,921,222	10,222,374	(698,848)
Bank Overdraft	0	21,902	21,902
Trust and Endowment Funds	199,626	227,148	27,522
General Fund	16,061,015	16,060,504	(511)
Net funds from IGUs	(770,204)	(764,530)	5,674
Capital Reserves	189,548,822	190,910,574	1,361,752
Revenue Reserves	(6,753,856)	(5,593,148)	1,160,708
Koitalel Samoei Fund	227,651	227,666	15

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XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	2019/2020
	Note	Kshs'000	Kshs'000
Revenue from non-exchange Transactions			
Capitation Grant-Recurrent	5	5,223,882	5,091,471
Special Capitation	6	75,000	-
Doctors/Lecturers Allowance Arrears	7	-	931,750
CBA 2013-2017 -Recurrent Capitation	8	-	1,201,675
		5,298,882	7,224,896
Revenue from exchange Transactions			
Tuition and other fees module I	9	594,017	690,412
Tuition and other fees module II	10	3,455,397	4,454,855
Income from University of Nairobi Press	11	206	485
Accommodation ,Catering and other income	12	256,758	392,226
Research Grants overhead charges	13	133,327	79,972
		4,439,706	5,617,951
Total Revenue		9,738,587	12,842,847
Expenses			
Salaries and Wages	14	9,474,684	9,240,661
Salaries Arrears	15	-	2,133,425
Module II Direct Service Providers	16	623,112	-
Other Operating Expenses			
Academic Departments	17	95,302	147,773
Administration and Central Services	18	1,788,990	997,941
Academic services	19	39,650	28,029
General educational services	20	82,036	71,873
Maintenance of premises	21	292,573	450,140
Staff and students facilities and welfare	22	345,851	301,939
Student Welfare authority (Catering services)	23	34,729	137,544
Miscellaneous expenditure	24	-	2,625
Council Expenses	25	10,051	19,812
Module II Expenditure	26	-	942,223
Finance Cost	27	85,599	-
Total Expenses		12,872,576	14,473,985
Other gains/(loses)	28	23,516	6,943
Deficit for the period		(3,110,473)	(1,624,195)

The notes set out on pages 12 to 51 form an integral part of the Financial Statements

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XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS	Note	2020/2021	2019/2020
		Kshs'000	Kshs'000
Current Assets			
Cash and Cash Equivalents	29	1,363,287	1,794,457
Short Term Deposits	30	151,075	403
Receivables from non-exchange Transactions	31	1,356,308	4,687,283
Receivables from Exchange Transactions	32	2,143,419	-
Inventories	33	280,257	244,840
		5,294,346	6,726,983
Non Current Assets			
Property, Plant and Equipment	34	207,728,358	209,978,102
Investments	35	18,876	19,197
Intangible Assets	36	249	23
		207,747,483	209,997,322
Total Assets		213,041,829	216,724,306
Liabilities			
Current Liabilities			
Payables From Non-Exchange Transactions	37	-	2,133,425
Payables From Exchange Transactions	38	1,211,336	392,447
Payables for Statutory Deductions	39	9,709,886	7,014,515
Provisions	40	426,245	276,861
Bank OverDraft	41	-	194,694
		11,347,467	10,011,942
Non-Current Liabilities			
Amounts Held by UNES Ltd	42	254,343	256,611
Special Accounts and Grants	43	2,146,518	1,834,354
Trust and Endowment funds	44	199,626	227,448
Endowment for General Purposes	45	16,181	16,181
Barclays Bank Term Loan	46	738,889	844,444
		3,355,557	3,179,038
Total Liabilities		14,703,023	13,190,979
Net assets		198,338,806	203,533,327
General Fund			
General Fund	47	16,061,015	16,071,135
Net funds from IGUs and parallel programs	48	(770,204)	(782,075)
Capital Reserves	49	189,548,822	191,351,641
Special Capital Development	50	25,378	25,378
Revenue Reserves	51	(6,753,856)	(3,420,476)
Koitalel Samoei Fund	52	227,651	287,723
		198,338,806	203,533,327
Total Equity and Liabilities		213,041,829	216,724,306

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The Financial Statements set out on pages 1 to 12 were signed on behalf of the Council by:



PROF. STEPHEN G. KIAMA,
BVM, MSC(Nbi), PhD(Bern)KNAS
Vice Chancellor
University of Nairobi Council
25 April 2022



CPA DAMARIS KAVOI,
B. Com, MBA (Nbi), CPA(K)
ICPAK Member Number 4468
Ag. Finance Officer
25 April 2022

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XIV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	IGU'S and UNES Funds	Kshs'000	General Fund	Kshs'000	Koitalel Samoei University Funds	Kshs'000	Special Capital Development Fund	Kshs'000	Capital Reserve	Kshs'000	Revenue Reserve	Kshs'000	Total
Balance as at 1/7/2019		(765,088)	16,063,365	490,495	25,378	191,792,708	(1,796,281)	205,810,577						
Capital Grants from Donors	47	-	50,012	-	-	-	-	50,012						
Depreciation on Donated Assets	47	-	(23,435)	-	-	-	-	(23,435)						
Depreciation on Research Grants Assets	47	-	(18,807)	-	-	-	-	(18,807)						
Increase/(Decrease) in IGU Fund	48	(16,987)	-	-	-	-	-	(16,987)						
Depreciation on Buildings	49	-	-	-	-	(441,067)	-	(441,067)						
Surplus/(Deficit) for the year	51	-	-	-	-	-	(1,624,193)	(1,624,193)						
Disbursement	52	-	-	(202,772)	-	-	-	(202,772)						
Balance as at 30/6/2020		(782,075)	16,071,135	287,723	25,378	191,351,641	(3,420,474)	203,533,329						
Balance as at 1/07/2020		(782,075)	16,071,135	287,723	25,378	191,351,641	(3,420,474)	203,533,329						
Capital Grants from Donors	47	-	28,614	-	-	-	-	28,614						
Depreciation on Donated Assets	47	-	(23,435)	-	-	-	-	(23,435)						
Depreciation on Research Grants Assets	47	-	(15,299)	-	-	-	-	(15,299)						
Increase/(Decrease) in IGU Fund	48	11,871	-	-	-	-	-	11,871						
Incremental Depreciation on Buildings	49	-	-	-	-	(61,468)	-	(61,468)				61,468		
Prio Year adjustments	49	-	-	-	-	(1,741,351)	-	(1,741,351)				(284,375)		
Surplus/(Deficit) for the year	51	-	-	-	-	-	(3,110,473)	(3,110,473)						
Disbursement	52	-	-	(60,057)	-	-	-	(60,057)						
Balance as at 30/6/2021		(770,204)	16,061,015	227,666	25,378	189,548,822	(6,753,856)	198,338,807						

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XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021 Ksh.000	2019/2020 Ksh.000
Cash Flow from Operating activities			
Cash from non exchange transaction	5-8	5,298,882	7,224,896
Cash from exchange transaction	9-13	4,439,351	5,616,806
Research Grants Income	43	2,571,983	2,034,320
Receipts From Debtors	31-32	1,187,556	(304,097)
Total Receipts from Exchange and non exchange transactions		13,497,772	14,571,925
Total Payments from Exchange and non exchange transactions			
Payments of Expenditures	14-27	(12,616,166)	(13,880,428)
Research Grants Expense	43	(2,259,819)	(1,693,077)
Increase in Pending bills	37-41	1,333,257	2,705,508
Purchase of Inventories	33	(35,417)	(13,421)
Total Payments from Exchange and non exchange transactions		(13,578,144)	(12,881,418)
Total Cash Flows from Operating activities		(80,373)	1,690,507
Cash Flow From Investing Activities			
Purchase of property, plant, equipment and intangible assets	34	(70,528)	(188,653)
Proceeds from sale of property, plant and Equipment	28	4,540	-
Proceeds from Sale of Shares (CMC)	44	1,700	-
Other Gains/(Loss)	28	18,976	6,943
Purchase of Short Term investments	30	-	2,985
Total Cash Flows from Investing activities		(45,311)	(178,725)
Cash flows from financing activities			
Repayment of borrowings	45	(105,556)	(105,556)
Dividends Received	44	5,865	-
Increase in capital funds	43-52	(54,720)	(648,920)
Total Cash Flows from Financing activities		(154,411)	(754,476)
Net Cash Flows		(280,095)	757,306
Cash Balance 1 July 2020	29-30	1,794,457	842,860
Cash Balance 30 June 2021	29-30	1,514,362	1,600,166
Analysis of Cash and Cash Equivalentents			
Cash in Hand and at Bank 30 June 2021	29	1,363,287	1,794,457
Short Term Deposits	30	151,075	403
Bank Overdraft	41	-	(194,694)
Cash and Cash Equivalentents as at 30 June 2021		1,514,362	1,600,166

N/B: Other gains /(Loss) include gains from Increase in valuation for dental materials of Ksh. 11,841,000 and gains in foreign currency of Ksh. 7,135,000.

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XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original Budget for the period Kshs'000	Adjustments Kshs'000	Revised Budget (2020/2021) Kshs'000	Actual Cumulative to date Kshs'000	Variance Kshs'000
Revenue					
Internally Generated Academic Revenue	6,520,298	(802,009)	5,718,289	4,049,415	(1,668,875)
Government Grants – Recurrent	5,660,762	(436,880)	5,223,882	5,223,882	-
Special Capitation Grant	-	75,000	75,000	75,000	-
Government Grants – Development	729,739	(707,739)	22,000	-	(22,000)
CBA 2013-2017 -Recurrent Capitation	960,000	(960,000)	-	-	-
Development Grants (Devpt Partners)	121,800	(121,800)	-	-	-
Innovation Week-Fundraising	20,000	(20,000)	-	-	-
External Research Grants	2,495,500	(260,322)	2,235,178	2,571,983	336,805
Other Incomes Recurrent (IGUs, Agency fees, Press, Rentals)	789,927.78	840,336	1,630,263	603,245	(1,027,018)
Total Revenue	17,298,027	(2,393,415)	14,904,613	12,523,525	(2,381,088)
Expenses					
Personnel Emoluments	9,964,238	(87,448)	9,876,790	9,474,684	402,107
Direct Service Providers(DSP) Module II	986,526	(257,054)	729,471	623,112	106,360
Other Recurrent Expenses –IGUs	183,184	12,724.36	195,909	191,981	3,928
Boards Expenses	20,796	(5,796)	15,000	10,051	4,949
Operating/ Administrative Expenses	2,435,370	(614,942)	1,820,428	2,091,071	(270,643)
External Research Grants	2,118,175	(218,274)	1,899,901	2,259,819	(359,918)
Repairs and Maintenance	70,000	5,000	75,000	29,749	45,251
Finance charges	133,000	69,854	202,854	103,124	99,730
Depreciation	-	-	-	540,786	(540,786)
Purchase of Motor Vehicles	110,600	(110,600)	-	-	-
Purchase of Plant and Equipment	130,527	(106,805)	23,722	16,948	6,774
Capital Development- WIP	957,802	(929,265)	28,537	5,429	23,108
Purchase of Computers	65,000	(30,000)	35,000	19,536	15,464
Work plan Expenses	122,809	(120,809)	2,000	-	2,000
Total Expenses	17,298,027	(2,393,415)	14,904,613	15,366,290	(461,677)

1. Explanation of Material Variances on the Statement of Comparison of Budget and Actual Performance

Revenue

Revenue generation for the year ended 30 June 2021 was below target by Ksh 2.38 billion due to the following reasons:

i. Internally Generated Revenue

Academic revenue was below target by Kshs 1.67 billion. This reduction in fees is attributed to declining student admission for the self-sponsored programmes. The effects of COVID 19 Pandemic have also impacted negatively on academic revenue receipts after the university closed on March 16, 2020 in compliance with the Presidents Directive. The closure continued through out the current Financial Year However the University has embarked on moving to online teaching which has ensured continuation of learning for some courses, and is in the process of implementing a phased resumption of physical learning.

ii. GoK Development Grants

Government has not remitted Capitation Grants for Capital Development in the year.

iii. Research Grants

The University had projected to receive Kshs 2.24 billion through Research Grants but Kshs 2.57 billion was received in the year ended 30 June 2021. This is mainly due to new grants that have been signed, as well as venturing in the European Union This has helped to reduce the deficit.

iv. GOK Recurrent Capitation

The current GoK capitation is not adequate to run University operations. The reduction of GoK Capitation by Kshs 1.7 billion since FY 2017/2018 for the University continues to impact on the University to operate at full capacity and to generate more revenue to sustain its objectives. Due to the impact of COVID 19 on internally generated revenue, reinstatement of capitation will ease the pressure on the University.

v. Other Incomes.

Incomes from College based Income Generating Activities, Accommodation, Catering UON Press and Research Grants Administrative Charges combined were below the target by Kshs 1.03 billion mainly due to the University closing from March 16 2020 as a result of the COVID 19 Pandemic and the anticipated government intervention funds of Ksh. 1 billion was not received. The incomes were also impacted by implementation of CUE requirements which reduced the number of students accommodated per cubicle as well as the continued provision of subsidized catering services to students.

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Expenses

Actual total expenditure was above the budget for the year by Kshs 462 million, mainly due to austerity measures that the University has continued to implement following the budget cut.

i. Personnel Emoluments.

The personnel emoluments were below the budget by Kshs 402 million. This is attributed to prudent financial and governance reforms that have been initiated by management to ensure cost cutting to boost the institution's financial performance.

ii. Direct Service Provider

The DSP expenditure was below the budget by Kshs 106 million. This is because of decline in Module II revenue that was affected by effects of COVID-19 pandemic that have adversely affected school attendance.

iii. Expenditure on Income Generating Activities

IGU Expenses were below budget by Kshs 3.9 million due to reduced running costs in a bid to maintain IGU operations.

iv. Operating/ Administrative Expenses

The operating and administrative expenses were above budget by Kshs 270 million due to penalties levied by RBA on outstanding pension remittances.

v. Expenditure on External Research Grants

The expenditure on external research grants was above the budget by Kshs 360 million which is following the absorption policy for research funds that were above the budget. The project expenditure depends on the funding by the donor and the work plan as per the signed MOUs and donor budget.

vi. Finance Charges

Finance charges were below budget by Kshs 99.7 million due to prudent financial management.

vii. Capital Development-Work in Progress

The actual expenditure on capital development –work in progress was below the budget by Kshs 23.1 million due to depressed cashflow in the period.

viii. Expenditure on work plan Key Initiatives

There was no expenditure for Work Plan Key Initiative due to rescheduled activities in the current budget.

2. Explanation of Material Variances on the Original Budget and Final Budget

Revenue

Revenue variance between the original budget and final budget was Kshs. 2.38 billion due to the following reasons;

i. Internally Generated Revenue

Academic Revenue target reduced by Kshs. 802 million. This was to reflect the anticipated actual collections to 30 June 2021. Cessation of face to face learning due to Covid-19 affected the anticipated revenue, hence necessitating the downward variation.

ii. GoK Capitation Grants

The reduction in GoK capitation by Kshs. 436.9 million, was to align the budget with the approved estimates by the National Treasury and Ministry of Education. This also applies

iii. GoK Development Grants

The reduction of Kshs. 707.7 million was to align the budget with Gok approved estimates.

iv. CBA 2013-2017 -Recurrent Capitation

CBA 2013-2017 Recurrent Capitation was not received hence the realignment of the budget to reflect the prevailing position.

v. External Research Grants

The budget for Research Grants was reduced by Kshs. 260 million in order to reflect the prevailing situation.

vi. Other Incomes

The budget for other incomes was varied upwards in anticipation of the economy opening up and the normal operations being resumed to aid revenue generation. However Covid-19 situation persisted on, making it impossible to realize the intended goal.

Expenses

ix. Personnel Emoluments.

Personnel emoluments were varied downwards by Kshs. 87 million in line with the savings made as a result of financial reforms.

x. Direct Service Provider

This is a factor of module II tuition fees collected. The reduction in budget by Kshs. 257 million was as a result of reduced module II fees collection as has been explained above.

xi. Operating/ Administrative Expenses

The reduction in Operating/ Administrative expenses by Kshs. 615 million, was occasioned by;

- a) Reduced on-campus activities as a measure of mitigating the spread of Covid-19
- b) Implementation of prudent financial management reforms by the University management.

xii. Capital Development-Work in Progress

The budget for capital development was reduced by Kshs. 929 million in line with available funds guided by GoK approved estimates.

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xiii. External Research Grants

The expenditure budget for Research Grants was varied downwards in line with the budgeted revenue.

3. Statement of Reconciliation of Actual Amount on Comparable Basis and Actual Amount in Financial Statement for the Year Ended 30 June 2021

	Note	2020/2021	2019/2020
Revenue		Ksh.000	Ksh.000
Total Revenue as per Statement of Financial Performance	5-13	9,738,587	12,842,849
ADD Revenues accounted for under Funds			
External Research Grants Receipts	43	2,571,983	2,034,320
College Based IGA –Incomes	48	212,954	409,604
		<u>2,784,937</u>	<u>2,443,923</u>
Total Revenue as per Statement of Comparison of Budget and Actual Amount		<u>12,523,525</u>	<u>12,522,931</u>
Expenses			
Total Expenses as per Statement of Financial Performance	14-27	12,872,576	14,473,985
ADD Development Expenditure			
External Research Grants Expenses	43	2,259,819	1,693,077
College Based IGA –Expenses	48	191,981	426,549
Purchase of Motor Vehicles	64	-	5,503
Purchase of Plant and Equipment	64	16,948	98,789
Capital Development-WIP	64	5,429	74,739
Purchase of Computers	64	19,536	9,621
		<u>2,493,714</u>	<u>2,308,279</u>
Total Expenditure as per Statement of Comparison of Budget and Actual Amount		<u>15,354,125</u>	<u>15,366,290</u>

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4. Statement Of Reconciliation Of Actual Amount On Comparable Basis And Net Cash Flows From Operating Activities, Investing Activities And Financing Activities For The Year Ended 30 June 2021.

	Note	2020/2021 Ksh.000	2019/2020 Ksh.000
Total Revenue as per Statement of Comparison of Budget and Actual Amount		12,523,525	15,286,770
College Based IGA -Incomes	48	212,954	409,604
Decrease in Provision for bad Debts	12	355	1,145
		12,310,216	14,876,021
Add Decrease in Debtors	31-32	1,187,556	(304,097)
Total Receipts from Exchange and non exchange transactions from Cash flow Statement		13,497,772	14,571,924
Total Expenditure as per Statement of Comparison of Budget and Actual Amount		15,366,290	16,782,264
College Based IGA -Incomes	48	191,981	426,549
Purchase of Assets	64	41,914	188,653
		15,132,395	16,167,061
Prio years Expenses	51	284,375	-
Less Depreciation	18	(540,786)	(593,557)
Increase in pending bills	37-38	(1,333,257)	(2,900,202)
Increase in inventory	33	35,417	13,421
Total Payments from Exchange and non exchange transactions from Cash Flow Statement		13,578,144	12,686,723
Total Cash Flows from Investing activities		(45,311)	(178,725)
Total Cash Flows from Financing activities		(154,411)	(413,233)
Net Cash Flows		(280,095)	952,000
Cash Balance 30 June 2020		1,794,457	842,860
Bank Overdraft	41	-	(194,694)
Cash and Cash Equivalents as at 30 June 2021		1,514,362	1,600,166

UNIVERSITY OF NAIROBI
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XVII. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The University of Nairobi is established by and derives its authority and accountability from the Universities Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide University Education and training in addition to participation in discovery, transmission and preservation of knowledge.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with international Public Sector Accounting Standards (IPSAS) Accrual basis of accounting which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University of Nairobi's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are appropriately disclosed.

The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the University of Nairobi rounded to the nearest thousand (Ksh.000).

The financial statements have been prepared in accordance with the Public Financial Management Act (PFM) , the State Corporations Act, the University Act and the International Public Sector Accounting Standards (IPSAS) Accrual . The accounting policies adopted have been consistently applied to all the years presented.

The cash flow statement is prepared using the direct method.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>(The management has assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will have a significant impact on the company's financial statements.)</i></p>

ii. New and amended standards and interpretations issued but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users</p>

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Standard	Effective date and impact:
	<p>of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The management does not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(The management does not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial</i></p>

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Standard	Effective date and impact:
	<i>statements.)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(The management does not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.)</i></p>

iii. Early adoption of standards

The University did not early adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

i. Changes in accounting policies and estimates

The University recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

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 years 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 year unless it is impracticable to do so.

ii. Revenue recognition

a. Revenue from non-exchange transactions

Revenue from non exchange transactions are mainly Government of Kenya grants for both the recurrent and development expenditure. Revenue is recognized when it becomes due and the transfers are free from conditions and it is probable that the economic benefits or service potential related to the asset will flow the University and can be measured reliably.

b. Revenue from exchange transactions

Students Fees

Income derived from rendering services includes fees from graduate and undergraduate programs, mandatory students' fees, fees from accommodation and catering services.

Tuition revenue is recognized over the course of the semester for which it is earned, regardless of when it is received.

Mandatory fees such as registration fees, Lab fees, Activity fees, SONU fees and Computer fees relate to services provided by the University over the Course of the semester and similar to tuition, are recognized over the course of semester to which they apply.

Accommodation and Catering services Revenue is recognized during the year in which the students reside on campus and make use of campus residences and dining facilities.

Students' Caution Monies are recognized as liability and separated under Current and Non Current portions in the Statement of Financial Position.

Sales and Services of related Enterprises

Sales and Services of related enterprises such as UNES Ltd and UoN Press are limited to revenues directly from operations of the enterprises.

Sales and Services revenue is recognized when earned, that is, at the time goods or services are provided.

NOTES TO THE FINANCIAL STATEMENTS cont'd
Summary of Significant Accounting Policies cont'd

Research Grants

Payments received in advance from sponsors of research projects are reported as deferred income on the statement of financial position until such times as the revenue has been earned, which is when the expense is incurred.

Interest income

Interest Income is recognized when earned using the applicable rate.

Dividends

Dividends or a similar distribution from subsidiary company such as UNES Ltd is recognized when the University's right to receive payments is established.

Rental income

Rental income arising from staff houses and other University premises are recognized when earned arising from occupancy and on a pro rata basis.

Disposal Gains and Losses

Any gain or loss on disposal of property, plant and equipment is recognized at the date the control of the asset is passed on to the buyer and it is determined after deducting from the proceeds the net book value of the asset at the time of disposal.

Revaluation gains and Surpluses

Revaluation decreases are debited first against the revaluation surplus related to the same class of assets and any excess against surplus or deficit. When the revalued asset is disposed of, the revaluation surplus is transferred directly to accumulated surpluses or deficits.

iii. Taxes

The University is exempt from taxation under the PFM Act Regulation No.34, Section 219. This regulation requires corporations exempted from Income Tax to remit 90 percent of surplus to the National Treasury.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

iv. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or revalued amount less cost of accumulated depreciation at the end of the period. The valuation is carried out after every five years. Valuation was last done in the year 2016/2017 by registered, licensed and practicing valuers from the Department of Real Estate and Construction Management of the University of Nairobi.

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 depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount. Upon disposal of an asset, the gain or loss in disposal is calculated by subtracting the net book value from the proceeds from sale of assets, where the net book value is calculated by subtracting the accumulated depreciation of the asset from the cost. Such assets will be derecognized from the books of accounts by removing the whole cost of purchase of the asset and the accumulated depreciation.

Revaluation decreases are debited first against the revaluation surplus related to the same class of assets and any excess against surplus or deficit. When the revalued asset is disposed off, the revaluation surplus is transferred directly to accumulated surpluses or deficits.

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. The depreciation rate of different classes of property, plant, and equipment are as follows:

- Furniture and Equipment - 10% on straight line basis
- Motor Vehicles - 20% on straight line basis
- Academic gowns - 5% on straight line basis
- Buildings - 2% on straight line basis
- Computers and software development – 33.3% on straight line basis

v. Leases

The University has entered into several operating leases with owners of premises for provision of teaching spaces. Since these contracts do not transfer substantially all the risks and benefits incidental to ownership of the leased premises to the University, lease payments are recognized as an operating expense in the statement of performance on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

vi. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the statement of performance in the year in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets are amortized at 20% on a straight line basis.

vii. Research Grants

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

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.

viii. Endowment and Trust Fund

Endowment and Trust Fund are funds set-up through special donations, the principal amount being invested and the income accruing being applied to scholarships, academic research, and academic chairs.

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.

Investments are stated at market value in accordance with performance of securities in market and advice from relevant professionals.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

ix. Financial instruments

Financial assets and Liabilities

Initial recognition and measurement

The University recognizes Receivables on the date when they are originated and derecognizes a financial asset when the contractual rights to the cash flows of the asset expire.

The University derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets

Receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortized cost.

Impairment of financial assets

At each reporting date the University assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably. Objective evidence that financial assets including equity securities are impaired can include:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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. Interest earned thereof are recognized in the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

x. Inventory Valuation

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

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.

xi. Employee benefits

Retirement Benefits

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 year under review. The University's contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate.

xii. Foreign Currency Conversion

Assets and Liabilities in foreign currencies are converted into Kenya shillings at the rates of exchange ruling at the Statement of Financial Position date. Conversion differences are accounted for in the appropriate fund accounts.

xiii. Provisions

Bad Debt Provision

Provision for bad debt has been made at 5% on sundry debtors which include sundry receivables and receivables arising from non exchange transactions such as from GoK and other Public Institutions.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

Other liabilities and provisions

Other liabilities and provisions are recognized for future expenditure of uncertain amount or timing. When there is a present obligation as a result of a past event and 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.

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 crystallize is not remote.

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.

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

Employee benefits 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.

xiv. Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. The following reserves are maintained University:

IGU'S and UNES Funds

The IGU's and UNES Fund are created out of revenue surpluses from the financial performance of the college based income generating activities and UNES limited. This fund represents the financing contribution of IGUs and UNES to the University. The IGU'S and UNES Limited surplus/(deficit) is charged to this fund.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

General Fund

The general fund caters for capital development receipts as well as capital grant donations in form of assets from government and development partners eg research projects. The depreciation of such donated assets is charged to this fund and expenditure incurred for the capital development receipts from government is transferred from this fund as deferred income to the statement of performance.

Koitalel Samoei University Fund

This fund represents the money the University of Nairobi holds on behalf of the proposed Koitalel Samoei University .The University of Nairobi was appointed to mentor the proposed Koitalel Samoei University.

Special Capital Development Fund

This fund holds funds set aside for special capital development in the University.

Capital Reserve

The capital reserve was created to cater for the increases of the revaluations of property, plant and equipment carried out after every five years. The revaluation decreases and depreciation of the revalued property, plant and equipment are first charged to this reserve and any excess charged to the statement of financial performance.

Revenue Reserve

The Revenue reserve is created out of revenue surpluses, which arise out of the normal business activities of the University and is used to meet future expenses or deficits.

xv. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in 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 and any bank overdrafts that may have been acquired in the period. Bank account balances include amounts held at various commercial banks at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

xvi. Budget information

The original budget for FY 2019-2020 was approved by the Ministry of Education. Subsequent revisions or additional appropriations were made to the approved budget in accordance with the specific approvals from the Ministry Education and the National Treasury. The revisions to appropriations are made to the original budget by the University upon receiving the respective approvals in order to conclude the final budget.

The University's budget is prepared on a different basis to the actual statement of performance disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the functions with nature of expenses disclosed for each functional unit in the the statement of financial performance , whereas the budget is prepared on a commitment (cash) basis using nature of expenses. The amounts in the financial statements were recast from the accrual basis to the commitment (cash) basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under XIX(2) of these financial statements.

xvii. Comparative figures

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

xviii. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Significant Accounting Policies cont'd

Significant Judgments and Sources of Estimation Uncertainty

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the University
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 57.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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NOTES TO THE FINANCIAL STATEMENTS cont'd

INCOME	2020/2021	2019/2020
	Kshs'000	Kshs'000
5. Capitation Grant		
Jul-2020	435,323	424,289
Aug-2020	435,323	424,289
Sep-2020	435,323	424,289
Oct-2020	435,323	424,289
Nov-2020	435,323	424,289
Dec-2020	435,323	424,289
Jan-2021	435,323	424,289
Feb-2021	435,323	424,289
Mar-2021	435,323	424,289
Apr-2021	435,323	424,289
May-2021	435,323	424,289
Jun-2021	435,323	424,289
	5,223,882	5,091,471
6. Special Capitation	75,000	-
	75,000	-
7. Doctors/Lecturers Allowance Arrears	-	931,750
	-	931,750
8. CBA 2017-2021-Arrears	-	1,201,675
	-	1,201,675
9. Tuition and other fees Module 1		
Student Finance-Tuition Fees &Other Charges	320,657	284,115
CAVS- Tuition Fees &Other Charges	34,084	57,310
CHSS Tuition Fees &Other Charges	71,732	125,520
CHS Tuition Fees &Other Charges	17,613	36,766
CAE Tuition Fees &Other Charges	39,218	57,657
CEES Tuition Fees &Other Charges	39,493	39,518
CBPS Tuition Fees &Other Charges	56,624	69,612
KCS Tuition Fees &Other Charges	14,594	19,914
	594,015	690,412
10. Modulue11 Tuition Fees and other charges		
Tuition fee from Integrated programmes	1,458,196	1,554,133
Tuition fee from Evening Programmes	1,647,441	2,314,392
Registration Fees	19,441	33,221
Medical Fees	36,324	82,678
ID Card Fees	6,753	10,337
Exam Fees	20,786	36,484

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NOTES TO THE FINANCIAL STATEMENTS cont'd

	2020/2021	2019/2020
	Kshs'000	Kshs'000
Application Fees	40,895	38,537
Library Fees	19,490	40,277
Computer Fees	58,149	90,312
Project Fees	78,730	130,825
Activity Fees	17,686	33,151
Practicum Fees	650	1,214
Field Work Fees	3,654	4,522
Lab Fees	12,450	17,817
Workshop Fees	1,253	1,492
Practical Fees	505	630
Project Supervition Fees	8,421	20,581
Student Organisation Fees	7,405	11,477
Electronic Material Devt	547	604
Teaching Practice Fees	90	225
Re-Sit Fees	1	6
Retake Fees	12,811	24,436
Thesis Fees	3,038	4,818
Special Exams Fees	19	-
Program Development Fees	-	50
French Lab Fees	92	236
Hospitality Lab Fees	171	347
Simulation Excercise Fees	400	1,660
Research Paper Fees	-	396
	3,455,397	4,454,855
11. Income from University of Nairobi Press		
University of Nairobi Press	206	485
	206	485
12. Accomodation , Catering and other income		
House Rents	142,506	143,967
Sale of Tender Documents	196	238
Income from endowment fund	8,460	3,875
Agency fees (Insurance & Hire purchase)	6,090	5,537
Staff Education Support Fund	54	80
Certificate Storage & Certification	-	3
Rental Income - Commercial & Billboards	21,143	28,527
Lease Income	2,039	-
Income from IGAs	9,567	27,820
Revenue from Stationery, Airtickets and Water	4,075	12,423
ICT Revolving Fund	2,191	5,090
Accomodation and Catering	59,311	156,668
Accrued rent -KPLC	773	8,000

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NOTES TO THE FINANCIAL STATEMENTS cont'd

	2020/2021	2019/2020
	Kshs'000	Kshs'000
Decrease in provision for bad debts	355	-
	256,758	392,226
13. Research Grants overhead charges		
Income from Grants Overheads Charges	133,327	78,827
Decrease in provision for bad debts	-	1,148
	133,327	79,975
<i>N.B The decrease in provision for bad debt reported in comparative year has been reclassified from Note 13. To Note 12 in the current year. This was to classify correctly the decrease in provision for bad debts.</i>		
EXPENDITURE		
14. Salaries and Wages		
Academic Departments		
Basic pay	4,960,610	4,731,821
Clinical Allowance	787,063	534,517
House allowance	1,439,202	1,447,667
	7,186,874	6,714,005
Administration and Central Services		
Basic pay.	1,153,283	1,154,935
House Allowance.	334,597	353,344
	1,487,881	1,508,279
Academic Services		
Library: Basic pay	152,337	142,683
Computer Services:		
Basic pay	83,759	71,082
	236,096	213,765
General Educational expenditure		
House to Office Transport Allowance	505,629	749,822
Passages and Leave Travelling Expenses	58,203	54,790
	563,832	804,612
	9,474,684	9,240,661
15. Salary Arrears		
Salary Arrears -CBA 2017-2021	-	1,201,675
Doctors/Lecturers allowance arrears	-	931,750
	-	2,133,425
16. Module II Direct Service Provider(DSP)	623,112	-
	623,112	-

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NOTES TO THE FINANCIAL STATEMENTS cont'd

	2020/2021	2019/2020
	Kshs'000	Kshs'000
Other Operating Expenses		
17. Academic Departments		
Teaching Practice C.E.E.S. Kikuyu	34,198	25,516
Teaching and Office Expenses	54,992	93,391
Travelling and Transport	5,891	28,324
Expenditure from service units	222	542
	95,302	147,773
18. Administration and Central Services		
Travelling and Transport.	6,825	7,874
Publishing and Printing	322	3,325
Purchase of Uniforms	796	3,427
Purchase of Stationery & Office Expense	13,716	44,013
Postal Expenses	322	398
Telephones	10,170	10,528
ICT, Internet service and licences	128,438	116,396
Insurances	26,292	94,123
Senate Expenses	-	611
Tender Expenses	80	742
Conference and Seminars	803	6,491
Membership Subscriptions	6,192	1,493
Finance Charges-Loan Interest and Bank Charges	17,525	163,681
Provision for Audit Fees	4,640	4,640
Fees, Commission & Honoraria	15	323
Official Entertainment	-	70
Transport Operating Expenses	12,424	31,685
Graduation Expenses	11,312	14,916
University Choir Expenses	105	2,047
Funeral Expenses	2,521	3,079
Legal Fees	101,471	38,408
Contracted Security Services	125,045	195,235
Performance Contracting activities	708	3,223
ISO Expenses	76	2,289
Depreciation	540,786	110,248
Alumni	29	51
Public relations expenses	-	2,721
Integrity Programs	-	61
UON Advancement	30	1,766
Environmental Management	73,255	84,173
Other Expenses	572	2,592
Intellectual Property Expenses	153	819
Industrial Relations	2,324	1,866

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
Fixed Assets Tagging and Valuer Expenses	-	227
National Values and Cohesion	-	257
Placement Fees	47,220	32,700
Work plan Key Initiatives	-	11,442
Rent Expense	34,347	-
Unremitted Pension Interest Charge	620,478	-
	1,788,990	997,941
Depreciation for the period	579,520	593,557
Less: Grants Assets depreciation	(38,734)	(42,242)
Buildings depreciation	-	(441,067)
	540,786	110,248
19. Academic Services		
Books and Periodicals	37,415	23,053
Sundry Charges	2,178	4,690
Computer Services:		
Consumables	57	286
	39,650	28,029
20. General Educational expenditure		
Examinations stationery	6,208	23,193
External Examiners	9,038	19,845
Postgraduate Programmes	65,788	4,755
Research and Publications	244	19,104
Staff Development	758	4,975
	82,036	71,873
21. Maintenance of Premises		
Rents and Rates	15,376	5,495
Electricity, Water and Conservancy	247,448	392,096
Maintenance of Buildings	14,814	37,292
Maintainance of Equipment	14,935	15,257
	292,573	450,140
22. Staff and Students facilities and welfare		
University Medical Scheme	317,076	264,366
Recruitment Expenses	6,040	7,481
Travelling outside Kenya	244	5,953
Sports and Games (Inter-University)	631	1,972
Needy Students	6,295	3,885
Students Associations	15,565	18,282
	345,851	301,939
23. S.W.A (Catering & Accomodation Services)		
Purchase of Food stuff	9,966	56,922

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
Gas and Fuel	2,870	9,985
Transport Operating Expenses	380	697
Travelling and Accommodation expenses	79	2,015
Telephones	37	1,457
Publishing and Printing Expenses	79	636
Purchase of Uniforms and Clothing	1,027	9,503
Purchase of Stationery & Office expenses	1,946	5,853
Miscellaneous Other Charges	1,422	3,744
Bank Charges	552	1,761
Staff Development	-	673
University Medical Scheme	14,836	3,081
Performance Contracting Expenses	-	874
Maintenance of plant, Machinery and Equipment	8	383
Maintenance of Buildings and Station	1,246	38,362
Halls Expenses	279	1,303
Cleaning Materials	1	296
	34,729	137,544
24. Miscellaneous Expenditure		
Nairobi A.S.K. Show	-	2,625
	-	2,625
25. Council Expenses		
Council Members GPA	463	39
Council Expenses	9,587	19,773
	10,051	19,812
26. Module II Operating Expenses		
Module II Direct Service Provider(DSP)	-	884,347
Staff Training and Development	-	104
Staff Medical Expenses	-	513
Staff Travelling & Accommodation	-	714
Seminars & Workshops	-	440
Outsourced Services	-	1,348
Subscriptions to Professional Bodies	-	113
Transport Operating Expenses	-	280
Telecommunication	-	503
Water	-	27
General Office consumables	-	3,823
Bank charges	-	131
Maintenance of Motor vehicles	-	140
Repair & Maintenance of equipment	-	70
Maintenance of Buildings & Grounds	-	121

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
Promotion and Marketing	-	30,231
Security expenses	-	1,118
ICT Services	-	129
Performance Contracting	-	20
Salaries and Wages	-	17,721
Electricity	-	334
	-	942,223
<i>N.B Module II operating expense has been absorbed in the administration expenses and DSP expense has been reclassified as part of personnel expenses due to changes in the organizational structure that disbanded the CESSP department.</i>		
27. Finance Charges		
Loan Interest	85,599	-
	85,599	-
28. Other Gains/(Losses)		
Increase/(Decrease) in Value of Dental Materials	11,841	-
Gain/(Loss) in Foreign Currency Translation	7,135	6,943
Gain on Disposal OF Fixed Assets	4,540	-
	23,516	6,943
29. Cash and Cash Equivalents		
Central Cash at Bank	1,207,634	1,359,638
Cash in Hand	-	2
University Press Cash at Bank	6,825	6,268
SWA Cash at Bank	2	32,955
Colleges Cash at Bank	26,477	294,226
Module II Cash at Bank	45,962	26,699
UNES Cash at Bank	76,389	74,669
	1,363,287	1,794,457
30. Short Term Deposits		
Specific purposes revenue grants	150,660	-
Trust and Endowment funds	415	403
	151,075	403
Trade and other Receivables		
31. Receivables From Non-Exchange Transactions		
GOK 2010-2013 CBA	1,232,934	1,232,934
Other Public Universities	194,758	194,758
	1,427,692	1,427,692
Less: Provision for bad & doubtful debts	71,385	-
	1,356,308	1,427,692
32. Receivables From Exchange Transactions		
Sundry Debtors	440,522	447,561

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
GOK 2013-2017 CBA Capitation	-	1,201,675
Deans Committee Research Grants	25,524	25,401
Bank Guarantees	17,636	17,848
Receivables -IGUs held by UNES	232,924	235,192
Accrued rent	1,365	8,000
UNES Receivables	291,028	276,072
UON PRESS Receivables	92	240
Student Debtors	1,156,355	1,053,749
Students Welfare Authority (SWA)-Receivables	-	87,617
	2,165,445	2,064,063
Less: Provision for bad & doubtful debts	22,026	-
	2,143,419	2,064,063
	3,520,336	4,687,283

N/B: Students Welfare Authority (SWA)-Receivables were established to be internal debts which were expensed during previous years that were recognized as both debtors and liabilities therefore providing a canceling effect.

33. Inventories

General Stocks	145,149	116,699
Dental Materials	48,365	36,524
UNES IGUs & Cafeterias	3,945	4,015
UNES Bookstore	55,288	58,841
UON PRESS Stocks	19,418	19,094
SWA Stocks	8,093	9,667
	280,257	244,840

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34. Property, Plant And Equipment - 2020/2021	Land		Buildings		Work in Progress		Furniture and Equipment		Computers		Motor Vehicles		Academic Gowns		Totals
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	
Cost Valuation															
July 1 2020	186,447,265	22,053,346	1,994,422	2,577,202	1,342,948	725,400	60,200	215,200,782							
Additions	-	-	5,429	20,637	44,461	-	-	70,528							
Disposal	-	-	-	-	-	(21,605)	-	(21,605)							
Completed Project	-	-	(1,741,351)	-	-	-	-	(1,741,351)							
30 June 2021	186,447,265	22,053,346	258,500	2,597,839	1,387,409	703,795	60,200	213,508,354							
Depreciation															
July 1, 2020	-	1,307,747	-	1,988,872	1,192,520	708,153	38,863	5,236,155							
Acc. Depreciation on disposal	-	-	-	-	-	(21,605)	-	(21,605)							
Charge for the period	-	441,067	-	99,148	19,549	16,723	3,010	579,498							
30 June 2021	-	1,748,814	-	2,088,020	1,212,068	703,271	41,873	5,794,047							
Net Book Value															
30 June 2021	186,447,265	20,304,532	258,500	521,579	163,580	524	18,327	207,714,307							
UNES Balances	-	-	-	10,116	748	2,575	-	13,439							
UoN Press	-	-	-	515	97	-	-	611							
Fully Depreciated Assets	-	-	-	410,290	575,241	171,246	-	1,156,778							
Acc. Depreciation	-	-	-	(410,290)	(575,241)	(171,246)	-	(1,156,778)							
30 June 2021	186,447,265	20,304,532	258,500	532,210	164,425	3,099	18,327	207,728,358							
30 June 2020	186,447,265	20,745,599	1,994,422	597,188	151,181	21,110	21,337	209,978,102							

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Property, Plant And Equipment -2019/2020

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Motor Vehicles	Academic Gowns	Totals
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cost Valuation								
July 1 2020	186,447,265	22,053,346	1,919,683	2,478,412	1,333,327	719,896	60,200	215,012,130
Additions	-	-	74,739	98,789	9,621	5,503	-	188,653
30 June 2020	186,447,265	22,053,346	1,994,422	2,577,202	1,342,948	725,400	60,200	215,200,782
Depreciation								
July 1, 2020	-	866,680	-	1,879,211	1,177,044	683,809	35,853	4,642,598
Charge for the period	-	441,067	-	109,661	15,476	24,343	3,010	593,557
30 June 2020	-	1,307,747	-	1,988,872	1,192,520	708,153	38,863	5,236,155
Net Book Value								
30 June 2020	186,447,265	20,745,599	1,994,422	588,330	150,428	17,247	21,337	209,964,627
UNES Balances	-	-	-	8,287	680	3,863	-	12,830
UoN Press	-	-	-	572	73	-	-	645
Fully Depreciated Assets	-	-	-	281,023	566,029	154,751	-	1,001,803
Acc. Depreciation	-	-	-	(281,023)	(566,029)	(154,751)	-	(1,001,803)
30 June 2020	186,447,265	20,745,599	1,994,422	597,188	151,181	21,110	21,337	209,978,102
30 June 2019	186,447,265	21,186,666	1,919,683	608,657	156,754	41,922	24,347	210,385,293

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35. Investments	2020/2021	2019/2020
Trust and Endowment Funds Investments	Kshs'000	Kshs'000
Gandhi Memorial Academy Society		
East Africa Breweries Limited		
33,380 Ordinary shares of Shs.2/- each	6,033	5,424
Car and General (Kenya) Limited		
15,222 Ordinary shares of Shs.5/- each	403	346
C.M.C. Holdings Limited*		
125,920 Ordinary shares of Shs.0.5/- each	0	1,700
Unga Limited		
28,782 Ordinary shares of Shs.5/- each	800	858
Kenya Power and Lighting Co. Limited		
8944 Ordinary shares of Shs.2.50 - each	13	17
	7,249	8,345
Kamala Gold Memorial Fund		
Kenya Power & Lighting Co. Limited		
7904 Ordinary shares of Shs.2.50 - each	11	15
Tom Mboya Memorial Fund		
East Africa Breweries Limited		
42,635 Ordinary shares of Shs.2/- each	7,706	6,928
Total of Trust Fund Investments	14,967	15,288
Investment Not Attributable To Any Particular Fund		
Investment in University of Nairobi Enterprises and Services Limited (UNES)	100	100
Guarantee for University Press	3,809	3,809
Total of Endowment Fund Investments	3,909	3,909
Total Trust and Endowment Fund Investments	18,876	19,197
Note		
a) 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		
b) Investment in C.M.C. Holdings Limited was liquidated.		
36. Intangible Assets		
1-Jul-2020	114	114
30-Jun-2021	114	114

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	2020/2021 Kshs'000	2019/2020 Kshs'000
Depreciation		
1-Jul-2020	91	68
Acc.Depreciation on disposal		
Charge for the period	23	23
30-Jun-2021	<u>114</u>	<u>91</u>
Net Book Value	-	23
UNES Ltd Balances	249	-
	<u>249</u>	<u>23</u>

The Student Management Information System(SMIS),Human Resource Management Information Sysytem(HRMIS),University Management Information System(UMIS) and Hostel Accomodation Mangement Information System(HAMIS) were developed internally and their expenditure charged to the statement of performance in the period the expenditure was incurred.

The Sage module was acquired many years back in 2006,and its expenditure recognised together with ICT investment whose exepnditure was capitalise to Computers.This module is now fully amortised and will be recognised seprately as an intangible asset upon revaluation.

Creditors and Other Payables

37. Payables From Non-Exchange Transaction

CBA 2017-2021 Capitation	-	1,201,675
Doctors/Lecturers Allowances	-	931,750
	<u>-</u>	<u>2,133,425</u>

38. Payables From Exchange Transactions

UoN Payables	671,931	19,180
UNES Payables	245,691	187,212
Utalii College	-	6,500
KUCCPS	37,580	-
Federation of Kenya Employers	2,805	-
Accrued Expenses	80,000	-
Refundable deposits to Customers	173,329	179,555
	<u>1,211,336</u>	<u>392,447</u>

39. Statutory Deductions - Payroll

9,709,886 **7,014,515**

40. Provisions

426,245 **276,861**

11,347,467 **7,683,823**

41. Bank Overdraft

BBK-Queensway Branch	-	194,694
	<u>-</u>	<u>194,694</u>
	<u>11,347,467</u>	<u>10,011,942</u>

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
42. Non-Current Liabilities		
Amounts Held by UNES Ltd	254,343	256,611
	254,343	256,611

There was a change in classification of amounts held by UNES Ltd on behalf of the University during the year from current liabilities to non-current liabilities.

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43. Special Accounts and Grants	Balance as at 01 July 2020 Ksh'000	Received FY 2020/2021 Ksh'000	Expenditure FY 2020/2021 Ksh'000	Balance as at 30 June 2021 Ksh'000
Ford Foundation	75,709	3,515	5,720	73,505
Rockefeller Foundation	7,197	3,611	2,726	8,082
International Development Research Center	51,957	43,139	64,867	30,229
National Commission for Science and Technology	171,664	51,596	55,217	168,043
World Health Organisation	42,132	33,343	21,315	54,161
International Aids Vaccine Initiatives	43,429	113,879	143,278	14,029
World Trade Organization	4,147	-	-	4,147
CIAT	(541)	-	-	(541)
Centre for Disease Control (CDC)	388,699	619,425	784,554	223,570
African Economic Research Consortium (AERC)	14,185	16,261	11,265	19,180
National Institute of Health	91,629	233,056	167,931	156,753
Other Grants	944,147	1,454,157	1,002,945	1,395,359
	1,834,354	2,571,983	2,259,819	2,146,518

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44. Trust and Endowment Funds	2020/2021	2019/2020
Trust funds	Ksh'000	Ksh'000
Joint Admission Board	-	35,869
Gandhi Academic Society	23,742	18,680
Kenya Railways	663	663
A.C.I. De Souza Memorial	24	24
R.G. Amin Bursary	393	393
Kamala Gold Memorial	40	212
Tom Mboya Memorial	15,479	17,410
M.M. Bhatt Trust	104	104
UoN Alumni	51,419	41,220
UON Alumni Centre Project Funds	2,000	2,000
Eng.Carry Oregge - Civil Engineering Prizes	110	(958)
Meteorology CBPS - IGAD climate Prediction	325	325
Prof J.O.Agumbah-Therigenology Award	90	90
Total Trust Funds	94,389	116,033
Endowment Funds:		
Sasakawa Fellowship	92,544	98,723
Others	9,017	9,017
Non Attributable Funds	3,676	3,676
Total Endowment Funds	105,237	111,415
Total Funds	199,626	227,448
45. Endowment for General Purposes	16,181	16,181
Designated Funds set aside for applications as determined by the University e.g. Students' prices, Students' Scholarships		
46. Barclays Bank Term Loan		
Principal Payable	738,889	844,444
	738,889	844,444
47. General Fund		
Balance As At 1 July 2020	16,071,135	16,063,365
Capital Receipts:		
Research Grants	28,614	50,012
Total Fund	16,099,749	16,113,377
Less:		
Depreciation on Donated Assets	23,435	42,242
Depreciation on Research Grants Assets	15,299	
Balance As At 30 June 2021	16,061,015	16,071,135

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48. Income Generating Activities -IGAs

Income Generating Activities - College Based	Surplus/ (Deficit) 01 July 2020	Income 2020/ 2021	Expenditure 2020/ 2021	Surplus/ (Deficit) 30 June 2021
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
College of Agriculture and Veterinary Sciences	9,461	81,277	51,652	29,625
College of Architecture and Engineering	(3,324)	29,523	26,530	2,994
College of Biological and Physical Sciences	5,587	43,037	72,256	(29,219)
College of Education and External Studies	8,409	5,795	3,594	2,201
Open Distance & e-Learning (ODEL)	16,959	539	640	(101)
College of Health Sciences	(35,162)	11,537	11,312	225
College of Humanities and Social Sciences	(18,875)	41,246	25,998	15,248
Sub- Total	(16,946)	212,954	191,981	20,973
Income Generating Units -UNES				
Chiromo Parlour	4,386	30,403	30,565	(162)
UNES Consultancy	93,289	765,191	672,988	92,203
Chiromo Conference and Arziki	(12,460)	11,805	30,063	(18,257)
Diagnostic Radiology	(460)	2,880	4,732	(1,852)
UNES Bookstore-Nairobi	(172)	54,281	51,528	2,752
UNES Bookstore-Kisumu	(668)	3,565	2,667	898
UNES Bookstore-Mombasa	(1,669)	3,218	1,022	2,196
Other IGUs	376	34,810	35,064	(254)
UNES Head Office	(82,663)	4,300	90,926	(86,626)
Sub- Total	(41)	910,453	919,555	(9,102)
GRAND TOTAL	(16,987)	1,123,407	1,111,536	11,871
Balance brought forward	(765,088)			(782,075)
Balance carried forward	(782,075)			(770,204)

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	2020/2021	2019/2020
	Kshs'000	Kshs'000
49. Capital Reserves		
Balance as at 1 July 2020	191,351,641	191,792,708
Prior Year Adjustments	(1,741,351)	-
Less Incremental Depreciation on bulidings	(61,468)	(441,067)
Balance as at 30 June 2021	189,548,822	191,351,641

N/B: Prior year adjustments relate to completed projects taken into account during the revaluation but still remained in the Work in Progress vote. The effect of revaluation of the completed projects had been included in the value of buildings and the increase recognized in the capital reserve.

50. Special Capital Development Fund	25,378	25,378
	25,378	25,378

Funds Designated for a Special Capital Development in the University

51. Revenue Reserve (movement in the year)		
Accumullated Surplus/(Deficit) brought forward	(3,420,474)	(1,796,281)
Add: Prior Year Adjustment	(284,375)	-
Adjusted Balance brought forward	(3,704,852)	(1,796,281)
Surplus/(Deficit)for the period	(3,110,473)	(1,624,193)
Add: Incremental Depreciation	61,468	
Accumulated Surplus Reserves	(6,753,856)	(3,420,474)

Prior year adjustments relate to understated expenses for Gratuity and Pension for FY 2019/2020 of Ksh. 157,441,600, Ksh. 104,639,141 for pension payable from DSP, Recorgnition of staff advances amounting to Ksh. 2,424,595 and increase in provision for leave that was not recorgnized in the FY 2019/2020 of Ksh. 24,719,197.

52. Koitalel Samoei University Grants Fund

Balance as at July 01,2020	287,723	490,495
Less Disbursments	60,072	202,772
Balance as at 30 June 2021	227,651	287,723

53. Cash Generated from Operations

Deficit for the year before	(3,395,442)	(1,624,195)
Adjusted for:		
Depreciation	540,786	579,671
Deacrese in Provision for Doubtful debts	(476)	(1,145)
Gains and losses on disposal of assets	(23,516)	6,943
Research Grants Income	2,571,983	2,034,320
Research Grants Expense	(2,259,819)	(1,693,077)
Working Capital adjustments		
Increase in inventory	(35,417)	(13,421)
Increase in receivables	1,188,150	(304,097)
Increase in payables	1,336,997	2,900,202
Net cash flow from operating activities	(76,633)	1,690,507

NOTES TO THE FINANCIAL STATEMENTS cont'd

54. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's does not hedge any risks and has in place policies through its statute xxx which states among other things:

- All fees and other charges due shall be paid at the commencement of the semester they are due and not beyond the third week of the semester. No student shall be allowed into the lecture, examination room or participate in activities which they have not fully paid for.
- The University shall withhold any and all services, examination results, conferment of any degree, certificate and diploma until all outstanding fees are settled and further reserve the right to institute legal recovery proceedings against students with outstanding fees and also surcharge an interest at a rate to be determined by the council from time to time.

The University has endeavored to enforce the above statute in order to reduce the student debtors. The University secured a written undertaking from the Government of Kenya with respect to the outstanding debt relating to the Pension Component of the CBA.

The University's financial risk management objectives and policies are detailed below:

Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University has significant concentration of credit risk on amounts due from students

The Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

UNIVERSITY OF NAIROBI
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For the year ended 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS cont'd

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's Council, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

	Note	Total amount Kshs'000	Fully performing Kshs'000	Past due Kshs'000	Impaired Kshs'000
At 30 June 2021					
Receivables from exchange transactions	32	2,186,054	2,164,028	-	(22,026)
Receivables from non exchange transactions-GoK	31	1,427,691	1,427,691	1,427,692	(71,385)
Inventories	33	280,257	280,257	-	-
Short Term Deposits	30	151,075	151,075	-	-
Bank balances	29	1,363,287	1,363,287	-	-
Total		5,408,364	5,408,364	1,427,692	(93,411)

	Note	Total amount Kshs'000	Fully performing Kshs'000	Past due Kshs'000	Impaired Kshs'000
At 30 June 2020					
Receivables from exchange transactions	32	2,094,681	2,086,681	-	-
Receivables from non exchange transactions-GoK	31	3,053,657	1,868,214	1,427,692	(93,411)
Inventories	33	244,840	244,840	-	-
Short Term Deposits	30	403	403	-	-
Bank balances	29	1,794,457	1,794,457	-	-
Total		7,188,039	5,994,595	1,427,692	(93,411)

	Note	2020/2021 Kshs'000	2019/2020 Kshs'000
Trade and Other Payables			
UoN Payables	38	675,671	19,180
UNES Payables	38	500,034	443,823
Utalii College	38	-	6,500
CBA 2017-2021 Capitation	37	-	1,201,675
Doctors/Lecturers Allowances	37	-	931,750
KUCCPS	38	37,580	-
Federation of Kenya Employers	38	2,805	-
Accrued Expenses	38	80,000	-
Statutory Deductions – Payroll	39	9,709,886	7,014,515
Provisions	40	426,245	276,861
Refundable deposits to Customers	38	173,329	179,555
Bank Overdraft	41	-	194,694
		11,605,548	10,268,552

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Financial Ratios.

The university uses financial ratios to measure the performance of profits, liquidity and leverage. The analysis indicate that the University's performance has been deteriorating over the past five years putting concern over the sustainability of its operations in the future.

Management has arrested the issues underlying the ailing of the university, which include, but not limited to; reduction in capitation remitted from the Government, high wage bill that is dictated by staff unions, and reduced revenue from declining numbers of students registered for module II programs. Measures have been put in place to aid in the recovery which will see reduced operational costs, settlement of outstanding credits and increased revenues.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
	Ksh. Million	Ksh. Million	Ksh. Million	Ksh. Million	Ksh. Million
Total Revenue	12,959	13,752	12,312	12,843	9,738
Surplus/ (Deficit)	582	(1,406)	(1,305)	(1,624)	(3,111)
Total Assets	215,774	215,181	215,866	216,724	213,048
Total Liabilities	5,877	7,482	10,055	13,191	14,698
Current Assets	4,085	4,289	5,458	6,727	5,310
Current Liabilities	4,082	5,724	7,368	10,269	11,565
Cash & Cash Equivalents	574	416	843	1,795	1,510
Inventory	365	255	231	245	280
Financial Ratios					
Profitability Ratios					
Profit Margin	4.49%	-10.22%	-10.60%	-12.65%	-31.95%
Return on Assets	0.27%	-0.65%	-0.60%	-0.75%	-1.46%
Liquidity Ratios					
Current Ratio	1.00	0.75	0.74	0.66	0.46
Acid Test Ratio	0.91	0.70	0.71	0.63	0.43
Cash Ratio	0.14	0.07	0.11	0.17	0.13
Leverage Ratios					
Debt Ratio	0.03	0.03	0.05	0.06	0.07

The University has registered negative profit margins from FY 2017/2018 to the current financial year. In FY 2020/2021 the university registered profit margins on negative 31.95%. The negative Return On Assets ratio from FY 2017/2018 to FY 2020/2021 above indicates that the institution in not using its assets effectively to generate income. The current ratio and acid test ratios of less than 1.00 as recorded from FY 2017/2018 to FY 2020/2021 indicates difficulty in settling short term liabilities as and when they fall due. Despite the adverse profitability position, the University has maintained a healthy debt ratio of less that 0.5 from FY 216/2017 to the current financial year which gives room for addition of more debt to finance the institution's operations.

UNIVERSITY OF NAIROBI
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NOTES TO THE FINANCIAL STATEMENTS cont'd

55. Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the University on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The University's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the University's exposure to market risks or the manner in which it manages and measures the risk.

56. Capital Risk Management

The objective of the University's capital risk management is to safeguard the Council's ability to continue as a going concern. The University's capital structure comprises of the following funds:

	Note	2020/2021 Kshs'000	2019/2020 Kshs'000
General Fund	46	16,061,015	16,071,135
Net funds from IGUs and parallel programs	47	(770,204)	(782,075)
Capital Reserves	48	189,548,822	191,351,641
Special Capital Development	49	25,378	25,378
Revenue Reserves	50	(6,754,450)	(3,420,476)
Koitalel Samoei Fund	51	227,651	287,723
Special Accounts and Grants	42	2,146,518	1,834,354
Trust and Endowment funds	43	195,886	227,448
Endowment for General Purposes	44	16,181	16,181
Barclays Bank Term Loan	45	738,889	844,444
Total Funds		201,435,686	206,455,753
Total Borrowings		11,605,548	10,073,858
Less: Cash and Bank Balance		1,363,287	1,794,457
Net Debt/(ExcessCash and Cash equivalent)		10,242,261	8,279,401
Gearing		5%	4%

57. Related parties

University of Nairobi Enterprises (UNES) is a related company by virtue of it being wholly owned by University of Nairobi.

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NOTES TO THE FINANCIAL STATEMENTS cont'd

	2020/2021	2019/2020
	Kshs'000	Kshs'000
Related party Transactions		
Transfers from GoK		
University of Nairobi Capitation		
Recurrent Capitation	5,223,882	5,091,471
CBA 2017-2021 Capitation	-	2,133,425
	5,223,882	7,224,896
Amount Due from GoK		
CBA 2010-2013 Pension Arrears	1,232,934	1,232,934
CBA 2010-2013 Other Public Institutions	194,758	194,758
	1,427,692	1,427,692
Amount Due from UNES		
Bookstore taken over	23,472	-
Amount held by UNES on behalf of UoN	232,924	235,192
	256,396	235,192
Council Expenses		
Remuneration of Chairperson	1,560	1,444
Remuneration of Council Members	4,520	14,773
Council Members GPA	463	39
Travelling, Office expenses and Catering	3,427	2,914
Training & Development	80	642
	10,051	19,812
58. Provisions		
Provision for Audit fees	4,640	4,640
Provision for leave days	329,567	196,967
Provision for Gratuity.	92,037	75,254
	426,245	276,861
59. Refundable deposits to Customers		
UNIPLAZA-Rent deposits	1,192	1,192
CBPS- Module I Caution money	1,322	2,823
CHS -Module I Caution money	1,270	478
CAVS-Module I Caution money	710	1,948
CHSS-Module I Caution money	306	1,349
CAE-Module I Caution money	5,055	-
CEES- Module I Caution money	-	1,222
CESSP-Module II Caution money	163,474	170,543
	173,329	179,555

These are funds held on behalf of customers , mainly rent deposits and students caution money

60. Legal Status

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

UNIVERSITY OF NAIROBI
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NOTES TO THE FINANCIAL STATEMENTS cont'd

61. Contingent Liabilities

There is a pending law suit against the University 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 defense.

The University has accumulated pending bills due to contractors amounting to Ksh. 532,436,805. As at 30.06.2006. One contractor, N.K. Brothers, has sued the University to recover the outstanding amount.

62. Statutory Deductions payable	Kshs'000	Kshs'000
Kenya Revenue Authority (Paye and VAT)	4,893,221	3,793,955
National Hospital Insurance Fund	6,426	-
National Security Social Fund	1,915	-
UoN Pension	4,807,936	3,220,560
Higher Education Loans Board	388	-
	9,709,886	7,014,515

63. Supplementary Accounts

Summary of service units income and expenditure for the period ended 30 June 2021

	Income	Expenditure	Surplus/ (Deficit 2020/2021	Surplus/ (Deficit 2019/2020
	Kshs'000	Kshs'000	Ksh'000	Ksh'000
Nairobi University Press	206	222	(16)	250
Surplus/(Deficit) for the year	206	222	(16)	250

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NOTES TO THE FINANCIAL STATEMENTS cont'd

64. Summary of Approved Estimates for the Quarter ended 30 June 2021

	Approved Estimates	Actual	Actual
	2020/2021	2020/2021	2019/2020
	Kshs'000	Kshs'000	Kshs'000
Basic pay	5,003,194	4,864,789	4,916,388
Direct Service providers/Management support	729,471	623,112	884,347
Clinical Allowance	843,798	787,063	534,517
Gratuity and Pension Contribution	953,034	961,545	653,266
House Allowance	1,921,976	1,826,893	1,851,089
Other Personal Allowances	324,545	468,998	480,788
House to Office Transport allowance	775,078	505,629	749,822
Passage and Leave Expenses	55,165	58,203	54,790
Salary Arrears	-	-	2,133,425
University Medical Scheme	297,900	317,076	264,366
Transport Operating Expenses	18,172	12,424	31,685
Travelling and Accommodation Expenses	8,000	12,716	36,198
External Travelling and Accommodation	1,000	244	5,953
Teaching Practice	33,000	34,198	25,516
Postal and Telegram Expenses	500	322	398
Telephone Expenses	10,618	10,170	10,528
Official Entertainment	100	-	70
Electricity, Water and Conservancy	250,000	247,448	392,096
Purchase of Supplies for Teaching & Production Materials	107,554	61,200	116,585
Publishing and Printing Expenses	1,000	322	3,325
Purchase of Uniforms and Clothing	5,000	796	3,427
Library Expenses	40,000	39,593	27,743
Quality Assurance /Accreditation	500	-	-
Purchase of Stationery	18,000	13,716	44,013
Advertising and Publicity (Recruitment)	11,000	6,040	7,481
Sports and Equipment (Inter-University)	6,600	631	1,972
Audit Fees	5,250	4,640	4,640
Payments of Rent and Rates Residential	65,854	49,723	5,495
ICT, Internet services and Licences	130,465	128,495	116,682
Computer Based SMIS/ICT Consumables	500	-	-
Hire of Transport, Plant & Machinery	150	-	-
Legal Fees	106,797	101,471	38,408
Finance costs-Loan Interest and Bank Charges	202,854	103,124	163,681
Insurance	78,000	26,292	94,123
Membership Subscriptions	7,556	6,192	1,493
Nairobi A.S.K. Show	500	-	2,625
Students amenities/Activities,Associations	23,100	15,565	18,282
Needy Students	3,885	6,295	3,885

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NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Approved Estimates for the Period ended 30 June 2021 cont'd

	Approved Estimates 2020/2021 Kshs'000	Actual 2020/2021 Kshs'000	Actual 2019/2020 Kshs'000
Alumini	-	29	51
Contracted security services	180,000	125,045	195,235
Fees, Commission and Honoraria	300	15	323
Staff Development	4,000	758	4,975
Audit Committee & Council Expenses	15,000	10,051	19,812
Graduation Expenses	13,000	11,312	14,916
Conference and Seminars	1,000	803	6,491
Postgraduate Programmes	63,050	65,788	4,755
University Research Programme	5,719	244	19,104
Maintenance of Plant, Machinery and Equipment	60,000	14,935	15,257
Maintenance of Buildings and Stations	15,000	14,814	37,292
Students Welfare Authority	104,000	34,729	137,544
University Press	-	222	542
Performance contracting	750	708	3,223
Depreciation	-	540,786	110,248
Integrity Programs	300	-	61
UON Advancement	-	30	1,766
Module II Operating Expenses	-	-	57,876
Public relations office	2,400	-	2,721
External Examiners	15,000	9,038	19,845
Environmental Management	107,767	73,255	84,173
ISO Expenses	500	76	2,289
Tender Committee Members Expenses	400	80	742
Other Expenses	1,750	572	2,592
Intellectual Property Expenses	-	153	819
Industrial Relations	1,820	2,324	1,866
Fixed Assets Tagging and Valuer Expenses	-	-	227
National Values and Cohesion	500	-	257
Work Plan Expenses	2,750	-	11,442
Senate & UMB Expenses	1,000	-	611
University Choir Expenses	1,500	105	2,047
Funeral Expenses	3,250	2,521	3,079
Placement fees for Module I	9,640	47,220	32,700
ICT Consumables	1,500	-	-
Staff Education Support	4,531	-	-
CUE	65,000	-	-
Unremitted Pension Interest Charge	-	620,478	-
	12,721,544	12,871,016	14,473,985

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NOTES TO THE FINANCIAL STATEMENTS cont'd

Summary of Approved Estimates for the Period ended 30 June 2021 cont'd

	Approved Estimates 2020/2021 Kshs'000	Actual 2020/2021 Kshs'000	Actual 2019/2020 Kshs'000
Capital Expenditure			
Purchase of Motor Vehicles	-	-	5,503
Purchase of Plant and Equipment	23,722	16,948	98,789
Capital Development-WIP	28,537	5,429	74,739
Purchase of Computers	35,000	19,536	9,621
	87,259	41,914	188,653

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APPENDIX 1: 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	Status:	Timeframe:
1. Property, Plant and Equipment	Two parcels of land, LR.No.11645 & LR.No.22378 without title documents	The Management is in constant engagement with the Ministry of Lands regarding the processing of the title deeds. The said two parcels of land are fully developed and occupied by the University.	Mr. Thuita (Estates Manager)	In progress	June 2021
2.Going Concern	Deteriorated Financial Performance	Reduced Capitaion by GoK (30% reduction)		In progress	June 2021
3.Student Debtors	Long outstanding debts	Pursuing students for settlement of fee balances		In progress	June 2021
4.Investment in CMC Holdings	CMC Holdings was delisted from NSE in 2015	Management is following up the issue with the nominated Custody and Registrars Services Ltd of the shares.		Resolved	June 2021



PROF. STEPHEN G. KIAMA,
BVM, MSC(Nbi), PhD(Bern)KNAS
Vice Chancellor
University of Nairobi Council
25 April 2022

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APPENDIX II: STATUS OF PROJECTS COMPLETION

APPENDIX IV: Capital Budget (Project Feasibility Study Data) Figures in Kshs.000								
No.	Projects in Order of Priority and Justification	Initial Project Cost	PROJECT LOCATION	TIMELINE		%age of completion of ongoing projects as at 30th June 2021	Approved Budget 2020/2021	Source of Funds (GoK, A.I.A., Dev. Partners, Borrowings)
				Start Date	Expected completion Date			
Capital Projects:		KSH 000					KSH 000	
1	Completion of Lower Kabete Halls of Residence Phase II (West Wing)	450,000.00	Lower Kabete	8-Nov-14	22-Sep-17	100%	-	GoK
2	Contact Centre	35,000.00	Main Campus	10-Sep-18	18-Apr-19	80%		A.I.A
3	Soweto Hostels	18,970.84	Upper Kabete	21-Jul-14	20-Sep-16	100%		A.I.A
4	Install solar energy systems in selected University buildings	200,000.00	All Colleges			100%	200,000	Dev't Partners
5	Proposed Confucious Institute Building	1,141,350.00	State hse rd	20-Jun-16	13-Nov-18	100%	-	Dev't Partners
6	Implement a system for management of space in the University	17,000.00	All Colleges			100%	-	A.I.A.
7	Audit Management System	53,000.00	Audit				-	A.I.A
8	Renovation of SWA Central Halls	885,000.00	SWA			100%	-	Alumni 30% / AIA 70%
9	Reroofing of Tana Kitchen - CAVS	10,000.00	Upper kabete	30-May-11	4-May-13	100%		A.I.A.
10	School of Pharmacy Building Phase 11 - CHS	180,000.00	Kenyatta Hosp	21-Apr-14	14-Aug-17		-	GoK
11	Establishment of Petroleum Laboratory			1-Jul-20			26,000	A.I.A.
New Projects								
1	PPP Financing of Projects(Feasibility Study and Concept Notes) Kilimani Hotel and Conferencing Complex	5,000.00	Kilimani	1-Jul-19	30-Jun-20			A.I.A
3	Develop Hostels for International Students(Feasibility Study)	66,000.00		1-Jul-19	30-Jun-20		66,000	Dev't Partners
4	Feasibility study innovation park	135,000.00					-	Dev't Partners

UNIVERSITY OF NAIROBI
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5	Implement a system for management of space in the University	10,000.00						A.I.A.
6	Implement a biometric system for students and staff for two colleges	50,000.00					-	A.I.A.
10	College of Architecture and Engineering - ADD Prefabs Projects	325,000.00	ADD					A.I.A.
11	Engineering Complex(Feasibility Study)	12,000.00		1-Jul-19	30-Jun-20	100%	-	A.I.A.
12	Renovation of CHS Library	175,000.00	Kenyatta Hosp					A.I.A.
13	Supply and installation of Generator at CEES	9,800.00	Kikuyu					A.I.A.
14	Renovation of SWA Central Halls	885,500.00	SWA	1-Jul-19	30-Jun-20	100%		A.I.A.
15	Disability Mainstreaming of Lifts	25,000.00					-	A.I.A.
17	Drilling and equipping of boreholes - CEES	5,500.00	Kikuyu					A.I.A.
18	Green Energy Project(Feasibility Study)	200,000.00						Dev't Partners
20	Vertical Extention of Engineering Block	100,000.00	Main Campus	1-Jul-19	30-Jun-20			A.I.A.
21	Conversion of Pharmaceutical Chemistry Hall into a students laboratory	30,000.00	Chiromo	1-Jul-19	30-Jun-20			A.I.A.
22	Proposed Mombasa Campus Renovations	50,000.00	Mombasa	1-Jul-19	30-Jun-20			A.I.A.
23	Lift Installation at CEES library	20,000.00	Kikuyu	1-Jul-19	30-Jun-20			A.I.A.
24	Develop graduate student centre	5,000.00		1-Jul-19	30-Jun-20			A.I.A.
25	Removing and replacement of Asbestos Roofs-CAVS	20,763.00	Upper Kabete	1-Jul-19	30-Jun-20			A.I.A.
28	Alumni Centre	900,000.00		1-Jul-19	30-Jun-20			Dev't Partners
29	Commissioning of a generator at dental school	5,429,490.00	Dental school	1-Jul-20	30-Jun-21	80%		A.I.A.

UNIVERSITY OF NAIROBI
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APPENDIX III: INTER-ENTITY TRANSFERS

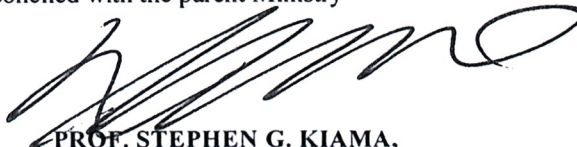
ENTITY NAME	UNIVERSITY OF NAIROBI		
Break down of Transfers from the State Department University Education			
FY 2020/2021			
UNIVERSITY OF NAIROBI			
a. Recurrent Grants			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	07.08.2020	435,323,491.00	Q1 - 2020/2021
	31.08.2020	435,323,491.00	Q1 - 2020/2021
	01.10.2020	435,323,490.00	Q1 - 2020/2021
	30.10.2020	435,323,491.00	Q2 - 2020/2021
	07.12.2020	435,323,491.00	Q2 - 2020/2021
	04.01.2021	435,323,491.00	Q2 - 2020/2021
	04.02.2021	435,323,491.00	Q3 - 2020/2021
	10.03.2021	435,323,491.00	Q3 - 2020/2021
	09.04.2021	435,323,491.00	Q3 - 2020/2021
	10.05.2021	435,323,491.00	Q4 - 2020/2021
	16.06.2021	435,323,491.00	Q4 - 2020/2021
	25.06.2021	435,323,491.00	Q4 - 2020/2021
	Q4 - UON sub-total	5,223,881,891.00	
	06.07.2020	1,201,675,206.00	CBA - 2019/2020
	10.09.2020	75,000,000.00	SPECIAL CAPITATION
	Q4 - UON sub-total	1,276,675,206.00	
		6,500,557,097.00	
GRAND TOTAL - RECURRENT FUNDS			
b. Development Grants			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		0.00	
	TOTAL	-	
c. Direct Payments			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		0.00	
		-	

TOTAL TRANSFER 2020/2021

6,500,557,097.00

The above amounts have been communicated to and reconciled with the parent Ministry


CPA DAMARIS KAVOI
B.Com,MBA (Nairobi),CPA(K)
ICPAK Member Number 4468
Ag. Finance Officer
University of Nairobi.
25 April 2022


PROF. STEPHEN G. KIAMA,
BVM, MSC(Nbi), PhD(Bern)KNAS
Vice Chancellor
University of Nairobi Council
25 April 2022

UNIVERSITY OF NAIROBI
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor transferring Funds	date rec'd (as per bank stmt)	nature : recurrent/Dev /Others	Total Amount - KES	

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APPENDIX V: DETAILED ANALYSIS OF CASH AND CASH EQUIVALENT

DESCRIPTION	2020/2021	2019/2020
Current Account	Kshs'000	Kshs'000
Absa Deposit Account Number 094-8245531	15,446	-
Bbk - Barclays Plaza Cavs Coll.A/C.5053984	-	25,308
Bbk - Barclays Plaza-Cees Collection A/C. 775053917	-	12,491
Uon – Confucius Institute- 0775000503	8,393	6,260
Bbk - Hurlingham A/C C.H.S. 451029878	-	1,330
Bbk - Hurlingham-Chs 457000111	-	3,192
Bbk - Hurlingham-Chs 451039385	-	10,982
Bbk - Hurlingham - Unitid Chs A/C 1543520	-	3,124
Bbk - Hurlingham - Unitid Chs2 A/C 1544314	-	5,871
Bbk - Mkt Branch - Cae Coll.A/C.5053941	-	2,660
Bbk - Queensway Br.- Deposits A/C. 094-8245523	-	13,103
Bbk - Uon Branch - Cae Coll.A/C.083-1000805	-	586
Bbk - Uon Marps Project A/C 2022586893	-	1,918
Bbk - Westlands - Cbps 0731100187	-	3,105
Bbk - Westlands A/C - Cbps. 0731066922	-	56,663
Bbk - Westlands A/C C.H.S.S. 0731100217	-	9,281
Bbk - Westlands Igu Cosol. A/C C.B.P.S. 0732255222	-	28,111
Bbk - Westlandslands – Cbps 0731067082	-	7,586
Bbk A / C - Uon Central Stores 094-8203626	-	658
Fahari Ya Jamii Bank Account No. 2024689274	62,702	966
Bbk Deposits/Gen Pyts Sweeping Call Account A/C 094-8213923	-	988,077
Bbk Queensway - Dollar Account 03-022-7023791	-	411
Bbk Salaries Sweeping Call Account 094-8214377	-	185
Bbk Stores Sweeping Call Account 094-8215373	-	1,506
Bbk Uhs-Corporate Branch 831016213	-	7,155
Confucius Institute (Usd)- 227103302	18,083	13,848
Bbk-Queensway Branch	-	9,250
UON Press	6,825	6,268
Cash In Hand	-	2
Consolidated Fixed Deposit - Central Swa 0110560029100	-	1
Eq- Equity Account(School Of Pharmacy Infrastructure Fund) 810262268556	-	5,085
Kcb A/C - Odel 1102999164	-	2,878
Kcb - Anniversary – Cae 1104701146	-	41,387
Kcb - Kibwezi Branch – Cavs 1102824992	-	2,336
Kcb - Kikuyu – Cees 1102999059	-	12,591
Kcb - Ksc A/C. No.230-660-280	-	18,717
Kcb - Ksc Igu. A/C. No. 230-661-715	-	15,856
Kcb Pact Project Account No: 1121857426	11,344	3,712
Kcb - Pact Us Dollar A/C.No.1121857884	-	651
Kcb - Sarit Centre – Cavs 775053984	-	47

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Kcb - Sarit Centre – Cavs 775012927	-	2,356
Kcb - University Way - Dollar A/C. 1104828960	161,925	158,28
Kcb - University Way - J.A.B. A/C. 1104801426	-	89
Kcb - University Way - Pacn A/C.No.271-970-412	-	4,542
Kcb - University Way - Research Grants A/C. 1104657112	208,055	4,095
Kcb - University Way - Uon Alumni A/C. 1108316638	-	6,585
Kcb - University Way - Uon Endowment Fund 1103123513	-	355
Kcb- Edcctp (Hiv Vaccine) A/C 1139801554	121,654	64,032
Kcb- University Way - Uhs A/C.227790898	-	11,613
Kcb Uon Igu Account No: 1104698676	33,513	-
Kcb Us Dollar Application Account 1177976374	-	1,617
Kcb-University Way Uon-Criss Project -1137133120	21,172	20,207
Mpesa - Alumni Association	-	3,937
Mpesa - Examination Centre Utility A/C	6,810	1,497
Nbk Bank - Central Swa A/C 01020120710100	1	593
Scb - Koinange St-Kavi Dollar A/C. 8702097842300	74,284	6,861
Stan Chart Koinange Str - Uon Instapa Project A/C. 9302097834101	137,180	21,905
Standard Chatered Bank - Ksh A/C.01020-063212-00	-	116
UNES Cash At Bank	76,389	74,669
Absa Module I Account No: 2032770838	8,745	2,611
Uon Cessp Application Fee Account 2032770749	-	1,458
Uon Cessp Collection Account 2032771362	44,176	17,926
Absa Usd Account Account No: 2032770625	1,786	1,107
Uon Cessp Dsp Account 2032770749	-	297
Uon Cessp Operations Acc 2032770803	8,970	1,682
Uon Swa Bbk Comcare Special Account 0948245604	-	26
Uon Swa Bbk Comcare Main Account A/c 0942593503	-	3,287
Uon Swa Bbk Chiromo Main Account 0835000265	-	191
Uon Swa Bbk Chiromo Special Account 0837000181	-	8
Uon Swa Bbk Kenya Science Main Account 0942593791	-	89
Uon Swa Bbk Lower Kabete Main Account 0835000052	-	906
Uon Swa Bbk Students Centre Main Account 942593643	-	253
Uon Swa Bbk Students Centre Special Account 0837000114	-	7
Uon Swa Bbk Upper Kabete Main Account 0835000168	-	764
Uon Swa Hqs Bbk Halls Account 948245590	-	20,806
Uon Swa Hqs Bbk Halls Special Account 0837000238	-	253
Uon Swa Hqs Bbk Main Account 0837000335	-	1,542
Uon Swa Hqs Bbk Main Special Account 0948245604	-	363
Uon Swa Kcb Kikuyu Smu 1102999318	-	497
Uon Swa Kcb KmsH Smu 1104658917	-	103
Uon Swa Kcb Lower State House Smu 1104801507	-	202
Uon Swa Kcb Mamlaka Smu 1104658739	-	181
Uon Swa Kcb Parklands Smu 1104785692	-	762
Uon Swa Kcb Ushr Smu 1104658631	-	330

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Uon Swa Kcb Varsity Catering Services 1104658321	-	1,623
Uon Swa Kcb Womens Hall Smu 1104785528	-	170
Uon-Bbk Pound Sterling 2029090443	163,577	15,332
Uon-Endowment Fund 2034715907	105,952	5,353
Uon-Fasu Games (Kes) Account 1154622738	-	926
Uon-Fasu Games (Usd) Account 1154640027	-	8,894
Kavi- Ksh Account No: 451413414	44,147	-
Kcb Ksh. Uon Application Account Account No: 1177475707	827	-
General Payments Current A/C 094-8245515	21,331	-
	1,363,287	1,794,457

Short Term Deposits

Alumni- Short term Investment	53,681	-
Short Term Investments- Treasury Bills	96,979	-
Savings & Loans (K) Ltd Dpst. A/C	415	403
	151,075	403

Overdrawn Cashbook

General Payments Current A/C 094-8245515	-	194,694
	-	194,694

CLOSED BANK ACCOUNTS WITHIN THE YEAR

Account Title	Account Number	Bank Name
Univ Of Nairobi Staff + Student Hospital	0831016213	Absa Bank
Uon Cessp Dsp Account	2032770749	Absa Bank
Endowment	1103123513	Kenya Commercial Bank
Jab	1104801426	Kenya Commercial Bank
Uon Pacn Project	1104824116	Kenya Commercial Bank
Pact Project	1121857884	Kenya Commercial Bank
Fasu Games	1154622738	Kenya Commercial Bank
Fasu Games	1154640027	Kenya Commercial Bank
D' /Gen. Pyts Sweep A/C	094-8213923	Absa Bank Ltd
Salaries Curr. A/C	094-8245523	Absa Bank Ltd
Uon - Salaries A/C	094-8214377	Absa Bank Ltd
Stores Curr. A/C	094-8203626	Absa Bank Ltd
Stores Sweep A/C	094-8215373	Absa Bank Ltd
Univer.Of Nbi-Sasakawa Endowment	2802094985300	Standard Chartered Bank
Uon - Sasakawa Endowment Fund	2851094985301	Standard Chartered Bank
University Of Nairobi (Cees)	0775053917	Absa Bank Ltd
College Of Health Sciences - Sweep A/C	451029576	Absa Bank Ltd
Uon Chs(Paedriatics)	451025430	Absa Bank Ltd
Uon Marps Project	2022586893	Absa Bank Ltd
Uon Ctr Chivpr - Sweep A/C	451031317	Absa Bank Ltd
Uon Chs - Unitid - Sweep A/C	451029878	Absa Bank Ltd

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Unitid Chs -2	451030272	Absa Bank Ltd
Uon Chs(Paedriatics)	457000111	Absa Bank Ltd
Uon Kavi Project - Sweep A/C	455000041	Absa Bank Ltd
Uon Kavi Project	451543881	Absa Bank Ltd
Uon(Swa) Lower Kabete Smu	0835000052	Absa Bank Ltd
Uon (Swa) - L Kabete Smu	0837000076	Absa Bank Ltd
Uon (Swa) -U Kabete Smu	0837000092	Absa Bank Ltd
Uon (Swa) - Upper Kabete Smu	0835000168	Absa Bank Ltd
U.O.N.S.W.A Comcare	0942593503	Absa Bank Ltd
Uon Student Welfare Authori	0837000335	Absa Bank Ltd
U.O.N.S.W.A Student Centre	0942593643	Absa Bank Ltd
Uon Student Welfare Authori	0837000114	Absa Bank Ltd
U.O.N.S.W.A-Kenya Science	0942593791	Absa Bank Ltd
Uon Student Welfare Authori	0837000238	Absa Bank Ltd
U O N Students Welfare Authority	0948217090	Absa Bank Ltd
U O N Students Welfare Authority	0948216604	Absa Bank Ltd
Uon (Swa) - Chiromo Smu	0835000265	Absa Bank Ltd
Uon (Swa) - Chiromo Smu	0837000181	Absa Bank Ltd
Uon Swa Lower State Hse Unit	1104801507	Kenya Commercial Bank
Uon Swa Kikuyu Campus Smu	1102999318	Kenya Commercial Bank
Uon Swa Catering Dept	1104658321	Kenya Commercial Bank
Uon Swa Upper State Hse	1104658631	Kenya Commercial Bank
Uon Swa Mamlaka Strategic	1104658739	Kenya Commercial Bank
Uon Swa Kenyatta Medical Unit	1104658917	Kenya Commercial Bank
Uon Swa Womens Hall	1104785528	Kenya Commercial Bank
Uon Swa Parklands Smu	1104785692	Kenya Commercial Bank
Uon Kibwezi Field Stn Coll A/C	1102824992	Kenya Commercial Bank
Uon College Of Biological & Physical Sciences	731100187	Absa Bank Ltd
Uon College Of Biological & Physical Sciences	731066922	Absa Bank Ltd
Uon.Cbps Consolidated Igu	732255222	Absa Bank Ltd
Uon.Cbps Consolidated Igu	731067082	Absa Bank Ltd
Uon-Industrial Electronics Unit	731067236	Absa Bank Ltd
Uon-Department Of Chemistry	731119066	Absa Bank Ltd
Uon-Department Of Chemistry	731067341	Absa Bank Ltd
College Of Architecture & Engineering (Uon)	0831000805	Absa Bank Ltd
Barclays Plaza Corporate Service Centre	0775013222	Absa Bank Ltd
Barclays Plaza Corporate Service Centre	0775053941	Absa Bank Ltd
Uon Health Services	1104659034	Kenya Commercial Bank
Kcb Uon Cessp (Usd)	1177976374	Kenya Commercial Bank
Uon - { Odel Campus }	1102999164	Kenya Commercial Bank
Bbk -Usd \$ Dollar A/C	227023791	Absa Bank Ltd
University Of Nairobi-Kshs A/C	102006321200	Standard Chartered Bank
University Of Nairobi-Main Dollar	8702094985300	Standard Chartered Bank
Uon Cees - Income	1102999059	Kenya Commercial Bank
College Of Health Sciences	451039385	Absa Bank Ltd
Uon Ctr Chivpr	451008633	Absa Bank Ltd
Uon Chs - Unitid	451543520	Absa Bank Ltd

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Uon Unitid Chs - 2	451544314	Absa Bank Ltd
Uon Kavi Project - Sweep A/C	451030973	Absa Bank Ltd
Uon Kavi Project - Sweep A/C	451030604	Absa Bank Ltd
Uon S.W.Authority-Halls Department	0948245590	Absa Bank Ltd
U O N Students Welfare Authority	0948245604	Absa Bank Ltd
U O N Students Welfare Authority	0110560029100	Consolidated Bank Of Kenya
U O N Students Welfare Authority	01020120710100	National Bank Of Kenya
Kcb Uon Kenya Science Campus	1107229030	Kenya Commercial Bank
Uon Kenya Science Campus Igu,	1107231477	Kenya Commercial Bank
Uon Cavs Pilot Plant Imprest A/ C	1106652177	Kenya Commercial Bank
Uon College Of Agr Vet Sci A/C	1106918967	Kenya Commercial Bank
Col Of Agr + Vet(Current A/C)	775053984	Absa Bank Ltd
Col Of Agr + Vet(Sweeping A/C)	775012927	Absa Bank Ltd
Chss Current A/C	0731100217	Absa Bank Ltd
Chss Bbk Sweep A/C	0731066639	Absa Bank Ltd
Uon-Industrial Electronics Unit	731264775	Absa Bank Ltd
U.O.N. College Of Architecture & Engineering	1104701146	Kenya Commercial Bank
Uon School Of Pharmacy Infrastructure Fund	810262268556	Equity