

REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

UNIVERSITY OF NAIROBI

FOR THE YEAR ENDED
30 JUNE, 2025



UNIVERSITY OF NAIROBI

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

TABLE OF CONTENTS

1. Acronyms and Defination of Key Terms	ii
2. Key University information and Management	iii
3. The Council of the University of Nairobi	viii
4. The University of Nairobi Key Management Team	xv
5. Chairperson’s Statement	xviii
6. Report of the Vice Chancellor	xxi
7. Statement of the University’s Perfomance against Predetermined Objectives for FY 2024/2025.....	xxiii
8. Corporate Governance Statement	xxv
9. Management Discussion and Analysis.....	xxix
10. Environmental and Sustainability Reporting.....	xxxiii
11. Report of the University Council.....	xxxvii
12. Statement of Council Members’ Responsibilities	xxxix
13. Report of the Auditor General for the Financial Statement of the University of Nairobi	xli
14. Statement of Financial Performance for the year ended 30 June 2025	1
15. Statement of Financial Position as at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025	3
17. Statement of Cash Flows for the year ended 30 June 2025.....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025.....	5
19. Notes to the Financial Statements	9
20. Appendices.....	40

1. ACRONYMS AND DEFINATION OF KEY TERMS

A: Acronyms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Medical Doctor
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
VC	Vice Chancellor
DSP	Direct Service Providers
ICT	Information Communication & Technology
CUE	Commission of Universities Education
UEB	University Executive Board
MOU	Memoranda of Understanding
IGU	Income Generating Unit
IGA	Income Generating Activities
UON	University of Nairobi
CBA	Collective Bargaining Agreement
EPMIS	E- Procurement Management Information System
KUCCPS	Kenya Universities and Colleges Central Placement Service
CSR	Corporate Social Responsibility

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

2. KEY UNIVERSITY INFORMATION AND EXECUTIVE BOARD

a) Background information

The University of Nairobi (UoN), Kenya's oldest and largest university, was formally established under the Universities Act of 2012 on 1st March 2013. Its origins date back to 1956 with the founding of the Royal Technical College. It became University College Nairobi in 1964 under the University of East Africa, and in 1970, it became Kenya's first national university, officially named the University of Nairobi.

The university is domiciled in Kenya and operates ten faculties across various campuses:

- Faculty of Education - Kikuyu
- Faculty of Health Sciences - Kenyatta Hospital
- Faculty of Agriculture - Upper Kabete Campus –
- Faculty of Veterinary Medicine – Upper Kabete Campus
- Faculty of Science & Technology - Chiromo Campus
- Faculty of Arts & Social Sciences - Main Campus
- Faculty of Engineering- Main Campus
- Faculty of Built Environment & Design – Main Campus
- Faculty of Law - Parklands Campus
- Faculty of Business & Management Sciences - Lower Kabete Campus

Additionally, UoN has regional campuses in Mombasa and Kisumu, offering multidisciplinary courses.

From an initial enrolment of 215 students in 1956, the university now hosts over 65,000 students, making it the largest university in East and Central Africa. It offers a broad spectrum of academic programs across fields such as humanities, sciences, engineering, computing, law, medicine, agriculture, veterinary sciences, and education.

UoN holds the highest concentration of scholars in Kenya, with around 50% of all professors in the country. It remains a premier center for research, intellectual life, and professional development. The university has consistently achieved excellent performance ratings in government evaluations.

b) Principal Activities

The Mandate of the University of Nairobi is Teaching and Learning, Research and



UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Innovation, Consultancy and Community Service. The objectives and functions of the University are given in detail in the University of Nairobi Charter 2013.

Our Vision

“A globally competitive university transforming society”

Our Mission

“To provide quality university education that embodies the aspirations of the Kenyan people and the global community through teaching, research, innovation, and community service”

Motto

The motto of the University is: In Unity and Work

Our Core Values

The University shall be bound by the National Values and Principles of Governance in Articles 10 and 232 of the Constitution. The University shall be further guided by the following core values:

- **Freedom of thought and expression:** We shall promote and defend freedom of thought and expression in all our academic inquiry and activities.
- **Innovativeness:** We shall be innovative in solving our day-to-day problems and carry out our activities in order to deliver new value to our customers.
- **Commitment:** We are committed to the mission of the University and always act in the best interests of the University.
- **Trust:** We trust the good intentions of others, view conflicts as positive and resolve them creatively and effectively to meet the vision and mission of the University.
- **Care:** We foster a leadership culture that cares, is people-focused, that connects to and is responsive to the needs of internal and external customers, and promotes stewardship over University resources.
- **Teamwork:** We work together as a team to realize the collective results that the University wishes to achieve.
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UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

c) University of Nairobi Key Management

The University's day-to-day management is under the following key organs:

No.	DESIGNATION	NAME
1.	Chairperson of Council	Prof. Chacha Nyaigotti- Chacha
2.	Member of council	Dr. John O. Kakonge
3.	Member of council	Mr. Samuel Njuguna Kimani
4.	Member of council	Dr. Jonathan Ltipalei Lodompui
5.	Member of council	Dr. Mary Amuyunzu
6.	Rep. PS. The National Treasury	Dr. Kenrick Ayot
7.	PS. State Department of higher Education and Research	Dr. Beatrice Inyangala
8.	Secretary to the Council and Vice-Chancellor(Ag)	Prof. M. Jesang Hutchinson
9.	Deputy Vice-Chancellor (Academic Affairs)(Ag)	Prof. Ayub Gitau
10.	Deputy Vice-Chancellor (Research, Innovation and Enterprise)(Ag)	Prof. Francis Mulaa
11.	Deputy Vice-Chancellor (Finance Planning & Development)(Ag)	Prof. Jackson Maalu
12.	Deputy Vice-Chancellor (Human Resource & Administration)(Ag)	Prof. John K. Mande

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

d) University of Nairobi Fiduciary Management

The key management personnel who held office during the financial year ended 30 June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice-Chancellor(Ag)	Prof. M. Jesang Hutchinson
2.	Deputy Vice-Chancellor (Academic Affairs) (Ag)	Prof. Ayub Gitau
3.	Deputy Vice-Chancellor (Research, Innovation and Enterprise)(Ag)	Prof. Francis Mulaa
4.	Deputy Vice-Chancellor (Finance Planning & Development)(Ag)	Prof. Jackson Maalu
5.	Deputy Vice-Chancellor (Human Resource & Administration)(Ag)	Prof. John K. Mande
6.	Registrar Administration (Ag)	Mr. Keneth K. Sawe
7.	Director Finance (Ag)	Mr. Michael K. Menza
8.	Managing Director, UNES Ltd	Mr. Seith O. Abeka
9.	Director Corporate Affairs	Mr. John A. O. Orindi
10.	Director ICT	Mr. Paul N. Kariuki

e) Fiduciary Oversight Arrangement

- Finance and Strategy Committee of the council
- Audit and Risk Management Committee of the council
- Human Resource and Administration Committee of the council
- Academic Research & Student Affairs 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 & HELB

f) University of Nairobi Headquarters

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

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

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

Central Bank of Kenya

Haile Selassie Avenue

P.O box 60000 - 00200

Nairobi, Kenya

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

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

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

3. THE UNIVERSITY OF NAIROBI COUNCIL



Prof. Chacha Nyaigotti-Chacha HSC, OGW
B.Ed(Hons), MA, M.Phil, PhD

Prof. Chacha Nyaigotti – Chacha, is the Chair of the Council appointed on 25th July 2025

Prof. Chacha Nyaigotti- Chacha, a distinguished Kenyan playwright and educationist. Prof. Chacha brings with him a wealth of experience in higher education policy and institution leadership. He served as the Chair of the Commission for University Education (CUE) and was an executive secretary of the Inter-University Council for East Africa. Prof. Chacha received a Bachelor of Education and Masters of Arts from the University of Nairobi and later studied at Yale University for a Masters in Philosophy and a PhD. As the first CEO of the Kenyan Higher Education Loans Board, his leadership is expected to take the University towards new levels of academic excellence and institutional transformation.



Ambassador Dr. John O. Kakonge
M.A, MBA, PhD Africa Studies

Ambassador Dr. John O. Kakonge, appointed on 25th July 2025 is an Independent Member of the Council and chairs the Academic, Research & Student Affairs committee. He is a member of the Audit and Risk Committee.

Ambassador Dr. John O. Kakonge is a seasoned diplomat and development expert. He is currently President of the Association of Former International Civil Servants of the United Nations (AFICS) in Kenya. He has served as Kenya's Permanent Representative to the United Nations in Geneva. Previously, he was UNDP/UN Resident Coordinator in a number of African countries and held other leadership roles in the United

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	Nations Development Programme (UNDP). Dr. John holds a PhD in African Studies, a Masters in Land Economy from University of Cambridge, an MA in Development Sociology from Howard University and a Bachelors Degree in Education from the University of Nairobi. He is recognized for his contributions to policy and environmental governance.
 <i>Mr. Samuel Njuguna Kimani</i> <i>BSC, MBA Strategic Management</i>	Mr. Samuel Njuguna Kimani, appointed on 25th July 2025 is an Independent Member of the Council and chairs the Audit and Risk Committee. He is a member of the Human Resource and Administration committee. Mr. Samuel Njuguna Kimani, is a highly accomplished financial and Banking professional. Mr. Kimani has previously served as the CEO of Jamii Bora Bank (now Kingdom Bank) and has held senior roles at the KCB Group including Finance Director, Finance Controller and Deputy Chief Executive Officer. He has served at the Central Bank of Kenya in various capacities like Deputy Chief Banking Manager, Deputy Director Finance Markets, Principal Financial Accountant and the Chief Internal Auditor. Mr. Kimani also headed the Surveillance Division of the Deposit Protection Fund and served as a Senior Auditor at Price Waterhouse Coopers (PWC). He sits in various boards including the Nairobi Securities Exchange which he chaired for 4 years. He holds a Bachelor of Science Degree in Civil Engineering and an MBA in Strategic Management. He brings strong financial acumen and corporate governance experience to the Council

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025



Dr. Jonathan Ltipalei Lodompui
B.A, MBA International Relations

Dr. Jonathan Ltipalei Lodompui, appointed on 25th July 2025 is an Independent Member of the Council and chairs the Finance Planning and Strategy Committee. He is a member of the Human Resource and Administration committee.

Dr. Jonathan Ltipalei Lodompui, is a respected scholar and public policy advisor was also appointed. He served as a Commissioner of the Independent Policing Oversight Authority (IPOA) a position he held since 2018. He was also a Director of Enabling and Macro Directorate and Infrastructure Development at the Kenya Vision. Mr. Jonathan was also the Chief Research Officer at the Teachers Service Commission (TSC). He holds a Masters in International Relations, a Bachelor of Arts in Public Administration and Political Science all from the University of Nairobi. He has made significant contributions to community development and indigenous knowledge systems. His academic background and grassroots engagement make him a valuable addition to the Council's Leadership.



Dr. Mary Amuyunzu
B.A, PhD Social Anthropology

Dr. Mary Amuyunzu, appointed on 25th July 2025 is an Independent Member of the Council and chairs the Human and Resource Committee. She is a member of the Academic Research and Student Affairs committee.

Dr. Mary Amuyunzu, is a prominent public health researcher and social scientist. Dr. Mary is the Founder of the African Institute for Health and Development. She provides consultancy services for institutions such as the World Bank, World Health Organization (WHO), UNICEF, the Food and Agriculture Organization of the United Nations, and the Government of Kenya. She serves on international and national committees and boards, including the Immunization and Vaccines-

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	Related Implementation Research Advisory Committee, the Regional Programme Review Group for WHO, and the Mectizan Donation Program, and chairs the National Biosafety Authority of Kenya. She holds a PhD in Social Anthropology from Cambridge University and a B.A. in Anthropology from the University of Nairobi. She has worked extensively in gender health systems, and policy formulation. Her insights into community – focused development and social equity will be crucial to the university’s inclusive agenda
<i>Dr. Beatrice Inyangala</i> <i>B.Ed, MA Planning Economics, PhD</i>	Dr. Beatrice Inyangala, Executive member of Council. She a member of the Finance Planning & Strategy Committee and Academic Research & Student Affairs Committee. Dr Beatrice Muganda Inyangala is the Principal Secretary, State Department for Higher Education and Research, Ministry of Education, Kenya Government. Her areas of expertise are public policy, gender inclusivity, quality assurance, teaching methodology, governance and fundraising. Prior to her current appointment, she served as the Deputy Executive Director and the Director of Higher Education at the Partnership for African Social and Governance Research (PASGR). Dr Muganda led the Pedagogical Leadership in Africa (PedaL) project, working closely with multiple partners in distinct contexts to drive sustainable change in the delivery of university programmes to strengthen graduate competencies. She oversaw the training of more than 1000 teaching staff in 60 universities on the African continent in innovative pedagogies. Dr Muganda is an accomplished educationist with programme planning, design and implementation

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	expertise. She has facilitated formal partnerships among African universities, with Northern partner universities and international knowledge networks around innovative projects that promote excellence, relevance and access in higher education at both masters and doctoral levels. Dr Muganda has extensive knowledge of issues, challenges and opportunities in African higher education and has proactively engaged various policy actors in higher education transformation. She has also been involved in education policy debates globally: EU-Africa policy dialogues, Wilton Park dialogues, The Africa-America Institute, London School of Economics Africa Summit, Africa Sciedev, University World News, Guardian Global Development Professionals Network, and the Association of African Universities. She has contributed to Kenya's national policy documents such as the Medium Term Framework on Education and Training for Vision 2030, and the National Manpower Survey. She holds a B.Ed and M. Phil in Planning and Economics of Education from Moi University, a PhD from the University of Athens, and has received further training at the International Institute of Educational Planning in Paris.
	Dr. Kenrick Ayot, appointed on 3rd September 2024 is an Alternate member of Council. He is a member of the Finance Planning & Strategy Committee and the Audit & Risk Committee. Dr. Ayot is a member of the council representing the Principal Secretary, The National Treasury. He is a Senior Economist, Public Debt Expert, Macroeconomic Analyst & Policy Analyst, Blended Expertise in Public Debt Management, Public Finance

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Dr. Kenrick Ayot <i>PhD (Cape Town), CPA(K)</i>	Management, Capacity Development & Program-based Budget Preparation. He is a Seasoned Economist with over 10 years of experience executing public policy formulation and analysis, strategic planning, program-based budgeting, and monitoring and evaluating development programs at the National Treasury of Kenya. Currently, I hold the positions of Principal Economist, Project Coordinator for the Public Debt Management Support Project/National Treasury Capacity Strengthening Project, and Reporting Coordinator for the Public Debt Management Office (PDMO) on the Kenya-IMF ECF/EFF Program.
 Prof. M.J. Hutchinson, PhD <i>BSc, MSC, PhD (Horticulture)</i>	Prof. M. Jesang Hutchinson, appointed on 2nd August 2024 is the Vice Chancellor (Ag) and Secretary to the Council. She is a member of the Human Resource & Administration Committee, Finance Planning & Strategy Committee and Academic Research & Student Affairs Committee. Professor M.J. Hutchinson is the Vice-Chancellor (Ag.), of the University of Nairobi. She is a Horticulturalist and Professor at the University of Nairobi with over 40 years' experience in the Agriculture sector. Her research and outreach work cover most areas of Horticulture and more so Floriculture, from policy to programming and the entire value chain of several commodities. She has provided strong leadership in several areas and institutions such as the first Female Vice Chancellor at the University of Nairobi, one of the longest serving Board Member for the Horticultural Crops Development Authority; Faculty of Agriculture Representative to the Senate; Chairman, Faculty of Agriculture Postgraduate Studies Committee and Head of the Horticulture Unit of the Department of Plant Science and Crop Protection.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

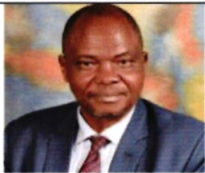
	She served in the Taskforce for Higher Education in Kenya (TAHEST) Science, Technology and Innovation, with the Ministry of Higher Education which sought to harmonize the higher education sector with the new Kenya Constitution (2010) and Vision 2030. Professor Hutchinson has published widely in refereed journal and conferences Prior to her appointment as the Vice Chancellor, she was the Deputy Vice-Chancellor (Research, Innovation and Enterprise) of University of Nairobi, Professor Hutchinson also served as the Deputy Vice-Chancellor in charge of Finance, Planning and Development. Professor Hutchinson has served in several administrative positions in the University. In addition, she has exhibited remarkable gift in people management, eye for detail and possesses exemplary skills in financial management, networking, fundraising and resource mobilization. She is a member of several professional bodies such as the African Crop Science Society, Horticultural Association of Kenya, Kenya Professional Association of Women in Agriculture and Environment, the Agricultural Society of Kenya and Institute of Directors among others. Prof. Hutchinson is a highly motivated, self-driven, results-focused person who is passionate about economic, social and spiritual and societal transformation of individuals, persons, Country and the African Continent.
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The above current members of the Council were appointed on 25th July 2025.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

4. THE UNIVERSITY OF NAIROBI KEY MANAGEMENT

	Name	Details
1.	 <i>Prof. M. Jesang Hutchinson</i> Bachelor of Science in Agriculture, Master of Science in Agronomy(Nairobi), Doctor of Philosophy in Horticulture, (Guelph)	Vice-Chancellor (Ag)
2.	 <i>Prof. Ayub Gitau</i> Bachelor of Science in Agriculture Engineering, Masters of Science in Mechanization Engineering(UoN)	Deputy Vice-Chancellor (Academic Affairs) (Ag)
3.	 <i>Prof. Francis Mulaa</i> Master of Science in Biochemistry (Nairobi), PhD in Biochemistry, (Obafemi Awolowo)	Deputy Vice-Chancellor (Research, Innovation and Enterprise) (Ag)

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	Name	Details
4.	 Prof. Jackson Maalu PhD in Entrepreneurship and Strategic Management.	Deputy Vice-Chancellor (Finance, Planning and Development)(Ag)
5.	 Prof. John D. Mande Bachelor of Veterinary Medicine(UON), MSc.in Clinical Studies(UON), PhD in Clinical Studies (UON)	Deputy Vice- Chancellor (Human Resource Administration)(Ag)
6.	 <i>Mr. Keneth K. Sawe</i> Bachelor of Arts in Communication (Daystar University) Master of Art in Public Policy and Administration (Kenyatta University) MPRSK	Registrar, Administration (Ag)
7.	 <i>Mr. Michael K. Menza</i> Bachelor of Commerce, Master of Business Administration, (University of Nairobi), Certified Public Accountants of Kenya	Director Finance (Ag)

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	Name	Details
8.	 <i>Mr. Seith O. Abeka</i> Bachelor of Economics, Master of Arts Gender and Dev. Studies (Nairobi)	Managing Director, UNES Ltd
9.	 <i>Mr. John A.O. Orindi</i> Bachelor of Arts, Master of Arts-International Relations (Nairobi)	Director Corporate Affairs
10.	 <i>Mr. Paul .N. Kariuki</i> Bachelor of Science in Computer Science, Masters in applied Computer Science. (Nairobi)	Director ICT

5. CHAIRPERSON'S STATEMENT



The Annual Report and Financial Statements for the year ended June 30, 2025 reflect the University of Nairobi's continued progress, resilience, and transformation in pursuit of its mission of delivering world-class teaching, research, innovation, and community service. On behalf of the University of Nairobi Council, I am honoured to present this statement, which affirms the Council's unwavering commitment to advancing the University's strategic objectives. Guided by the University Strategic Plan, Kenya Vision 2030, the Bottom-Up Economic Transformation Agenda, the Council has continued to provide oversight and policy direction that strengthen postgraduate training, research dissemination, innovation and commercialization, community engagement, and digital transformation. We remain steadfast in mobilizing resources, renewing infrastructure, and cultivating partnerships that will sustain the University's leadership role in higher education and research.

The year under review was marked by notable achievements across teaching, research, outreach, and innovation, demonstrating the University's determination to create knowledge and deliver societal impact. At the same time, the Council recognizes the persistent challenges of limited resources, infrastructure gaps, and weak industry linkages, which call for even greater strategic focus. On behalf of the Council, I commend the Vice Chancellor, University Management, faculty, staff, students, and stakeholders for their tireless contributions to the University's success. It is through such collaborative efforts that the University of Nairobi continues to position itself as a premier institution of higher learning, research, and innovation in Africa and beyond.

Financial Performance

During the financial year 2024/2025, the University registered a deficit of Kshs 1.6 billion compared to a deficit of Kshs 1.2 billion in the previous year. Total revenue amounted to Kshs 16.2 billion compared to Kshs 12.1 billion the previous year. The University will continue to innovate revenue-generating activities and implement prudent financial measures to manage and reduce expenditure.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Strategic Alignment

During the reporting period, the University successfully aligned its programmes and operations with the University Strategic Plan 2023/2027, Kenya Vision 2030, and the Bottom-Up Economic Transformation Agenda (BETA). This was achieved through structured monitoring and evaluation systems which ensured accountability and consistency in reporting to the Ministry of Education and the State Department for Performance and Delivery.

Key Achievements

The University registered impressive milestones across its key result areas. In postgraduate training, the University produced sixty-two PhD and fellowship graduates against a target of fifty, translating to a 124 percent achievement. Community engagement also expanded significantly, with five outreach programmes conducted compared to the target of three. In the area of research and knowledge dissemination, the University produced forty-three outputs in the form of policy briefs, journal publications, and conference presentations, surpassing the target of twenty-seven.

Furthermore, the innovation and commercialization ecosystem was strengthened through the registration of three intellectual property rights and the successful commercialization of one innovation. These achievements are a clear demonstration of the University's determination to advance knowledge, create meaningful societal impact, and nurture innovation for national development.

Challenges

Despite the progress, the University faced a number of challenges that constrained optimal performance. Limited financial resources hampered large-scale research, innovation, and infrastructure development, while delays in exchequer disbursements affected timely implementation of projects. Bottlenecks in postgraduate supervision and throughput in certain disciplines remained a concern. The University also grappled with weak industry linkages, limited venture financing to support innovation commercialization, ageing infrastructure, and incomplete digitization of academic and administrative processes, compounded by fragmented management information systems.

Future Outlook

Looking ahead, the Council is committed to providing strategic leadership to transform the

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

University further. The focus will be on expanding postgraduate training capacity and strengthening supervision to enhance throughput. The University will scale up innovation and commercialization activities through stronger industry partnerships, incubators, and accelerators. Emphasis will also be placed on increasing research dissemination with a greater focus on policy and community impact. In addition, resource mobilization will be intensified through competitive grants, consultancies, alumni engagement, and income-generating projects. The Council also remains committed to digital transformation by automating academic and administrative processes, while prioritizing the renewal of infrastructure and the completion of flagship projects such as the Science and Engineering Complex and stalled student hostels. Finally, the Council also wishes to express its sincere appreciation to the Government of Kenya for its continued support to the University of Nairobi. The commitment of the Government, through policy direction, funding, and collaboration, has been instrumental in enabling the University to deliver on its mandate of teaching, research, innovation, and community service. We value this partnership, which not only sustains the University's operations but also strengthens its role as a key driver of national development and a contributor to the realization of Kenya Vision 2030 and the Bottom-Up Economic Transformation Agenda.



PROF. CHACHA NYAIGOTTI – CHACHA, HSC, OGW

B.Ed(Hons), M.A(UoN), M.Phil(Yale) PHD(Yale)

Chairman of Council

16 December 2025



UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

6. REPORT OF THE VICE CHANCELLOR



I am pleased to present the Annual Report and Financial Statements of the University of Nairobi for the year ended 30 June 2025.

The University's financial performance during the reference year was influenced by many internal factors and a number of unavoidable events on the national and global scenes. The eruption of the war in Europe was also a major global economic challenge. At the national level, the effect of the anticipated general elections also created some degree of uncertainty within the business environment. In the higher education sector, the University had to contend with challenges like dwindling capitation from the exchequer, high competition for students, and declining enrolment of self-sponsored students among other issues. On a more positive note, however, the University recorded a number of improvements as a result of the deepening of the Vice-Chancellor's reform agenda that focused on the aspects of governance, financial discipline, and data management. The new efforts led to positive changes such as cost reduction and a reduced budgetary deficit. The adjustments to the governance system in order to do away with redundant structures greatly reduced the cost of running the numerous offices that we had in place and released and in the process released some funds towards the improvement of services and the fulfilment of other priority financial obligations. The financial discipline introduced through activities like the use of vehicle tracking systems, better enforcement of the fuel card, and the continued use of virtual meetings and holding key university events virtually, such as graduation, translated to more savings. We were also able to transfer to a cashless system and this introduced greater efficiency and accountability in our transactions. Through data reforms, whose emphasis is evidence-based decision making, the University is in a position to more accurately project its revenue and match the same with the work that needs to be done. The University has also implemented the CBAs (2021/2025).

A look at the figures

During the FY 2024/2025, the University registered a deficit of Kshs 1.6 billion compared to a deficit of Kshs 1.2 billion registered in FY 2023/2024. Total revenue amounted to Kshs 16.2 billion compared to Kshs 12.1 billion the previous year, whereas total expenditure amounted to



UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Kshs 17.9 billion compared to Kshs 13.2 billion in FY 2023/2024.

Going forward

The University will sustain the financial reforms as we continue to pursue new avenues to achieve an even better financial outlook in the next financial year. We shall target more strategic partnerships, expansion of the grants portfolio, higher rate of international students, and investment in science, technology and engineering including bringing on board industry partners. The University will also continue to strengthen links with the Alumni Association and also grow the University of Nairobi Foundation which was launched at the end of the year. The UoN Foundation will support our fundraising activities in a targeted manner. The University will also implement people reforms in order to effectively drive the planned improvements in all areas. We are also planning to invest in the refurbishment of the University's aging infrastructure whose repair and maintenance costs are taking up resources that could be put to other uses.

I will conclude by thanking the University staff, students, and other stakeholders for their support and cooperation which made it possible to make the strides being reported here. We look forward to a better financial performance in the next year

PROF. M. J. HUTCHINSON,

BSC, MSC(Nbi), PhD(Guelph)

Vice Chancellor (Ag) & Secretary to Council

16 December 2025

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

7. STATEMENT OF THE UNIVERSITY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

The University of Nairobi had 3 strategic pillars and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars were as follows:

Pillar/theme/issue 1: Teaching, Learning & Creative works

Pillar/theme/issue 2: Research & Community Service

Pillar/theme/issue 3: Innovation and Commercialization Ecosystem

The University of Nairobi developed its annual work plan based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan was done on a quarterly basis. The University achieved its performance targets set for the FY 2024/2025 period for the 3 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Teaching, Learning & Creative works	To produce 40 quality graduates in specialized areas	Number of Graduates	To design and implement relevant and innovative teaching and learning programmes	78 graduates in specialized areas produced.
Research & Community Service	To mount 3 community outreach programmes	Number of community outreach programmes mounted	Implement mechanisms for community outreach programmes	To mount 3 community outreach programmes
Research & Community Service	To disseminate 27 research outputs in form of policy briefs,	Research outputs disseminated	Disseminate research findings to peer institutions and communities	43 research outputs disseminated in form of policy briefs, high impact

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

	journal publications and conference presentations			journal articles and conference papers
Innovation and Commercialization Ecosystem	To register 3 intellectual property and commercialize 1 innovation	Number of research and Innovations commercialized	Establish structures for technology transfers to accelerate IP registration and commercialization	3 IPs registered and 1 innovation commercialized

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

8. 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 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.

NO	NAME	DESIGNATION
1.	Prof. Chacha Nyaigotti - Chacha	Chairperson of Council
2.	Dr. John O. Kakonge	Member of council
3.	Mr. Samuel Njuguna Kimani	Member of council
4.	Dr. Jonathan Ltipalei Lodompui	Member of council
5.	Dr. Mary Amuyunzu	Member of council

COMMITTEES OF THE COUNCIL

The main standing committees of the Council that were in place in the year under review include;

Finance and Strategy Committee

Terms of Reference:

- i. To review, evaluate and recommend for approval, the budget, financial forecasts and procurement plans.
- ii. To review, evaluate and recommend for approval major resource allocations and capital investments for execution of the functions of the University.
- iii. To review, evaluate and recommend for approval the operating and financial results and to ensure effective, accurate, timely and transparent disclosure of pertinent information on operations and performance.
- iv. To review on a quarterly basis, the attainment of targets and objectives set out in the finance, procurement, planning and development, legal, performance contracting functions on the agreed performance measurement framework.
- v. To review and recommend for approval rules and procedures for control of expenditure and administration of financial matters.
- vi. To exercise such other functions as the Council may confer from time to time.

The Audit and Risk Committee.

Terms of Reference:

- i. Assist the Vice-chancellor in enhancing internal controls, governance and compliance in order to improve efficiency, transparency and accountability
- ii. Review audit issues raised by both internal and external auditors.
- iii. Resolve unsettled and unimplemented Public Accounts and Investment Committees (PAC/PIC) recommendations.
- iv. Enhance communication between management, internal and external audit and fostering effective internal functions.
- v. Evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance.
- vi. Review and approve the audit charter where applicable, and internal audit work plan.
- vii. Review the internal and external audit findings and recommendations and proposing corrective and preventive actions where necessary.
- viii. Review the systems established to ensure financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- ix. To exercise such other functions as the Council may confer from time to time.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Human Resource and Administration Committee

Terms of Reference:

- i. To review and recommend the method and processes of recruitment, appointment, promotion and discipline of all staff.
- ii. To review, evaluate and make recommendations on the overall University structure, staff establishment, remuneration structure, terms and conditions of service, and to provide for the welfare of staff as and when necessary from time to time.
- iii. To review, evaluate and make recommendations for approval matters touching and relating to academic programs, student affairs, policies, statutes, procedures and processes.
- iv. To exercise such other functions as the Council may confer from time to time.

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.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

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.

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.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

9. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

i. University's Operational and Financial Performance

During the period ended 30 June 2025, the University registered a deficit of Ksh 1.6 billion compared to a deficit of Ksh. 1.2 billion registered in the similar year ended 30 June 2024.

The operational and financial performance of the University for the last five years is illustrated below

a) Revenues

Government Capitation

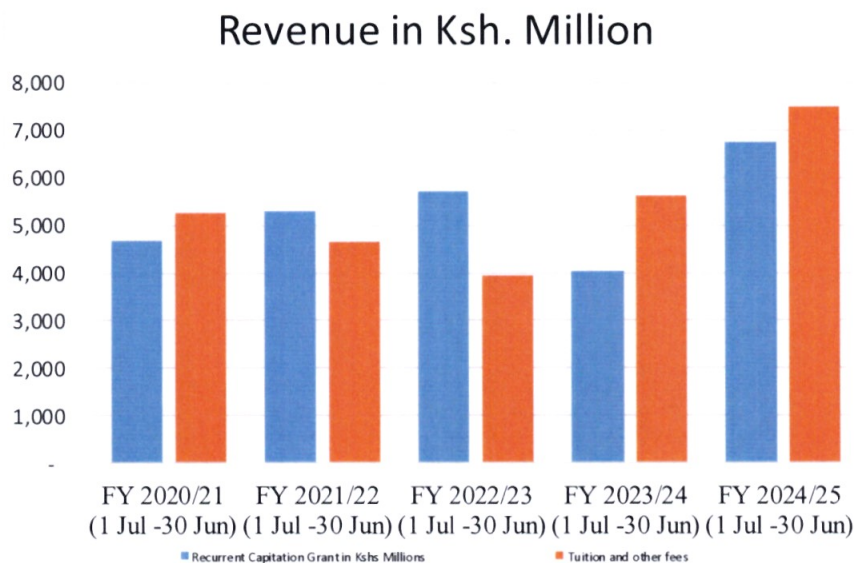
The University of Nairobi being a Government owned entity is supposed to be allocated Recurrent and Development Capitation to finance its operations each year.

As in other years, Government funding in the FY 2024/2025 was insufficient to finance university activities and only catered for 12% of the budget, and covers only 23% of the payroll costs. In the year ended 30 June 2025, the capitation accounted for 13% of the total revenue.

The capitation grant received was Ksh. 2.1 billion in the period ended 30 June 2025. This included ksh.635 million for CBA arrears 2021-2025.

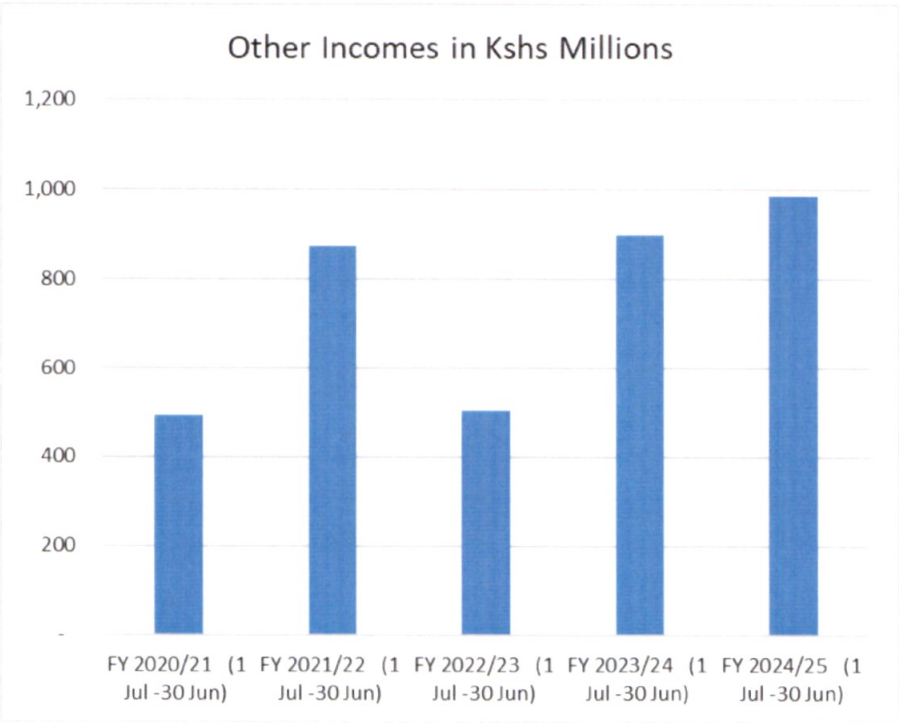
Tuition Fees

These comprise of fees from Government sponsored students (Module I) and Self-Sponsored Students (Module II) which accounted for 47% of the total revenue and 45% of the budget.



Other Incomes

Other incomes include income from grants administrative fees, students’ accommodation and catering, staff house rent and other miscellaneous sources. This formed 6% of total revenue in the year ended 30 June 2025 and financed 6% of the budget.

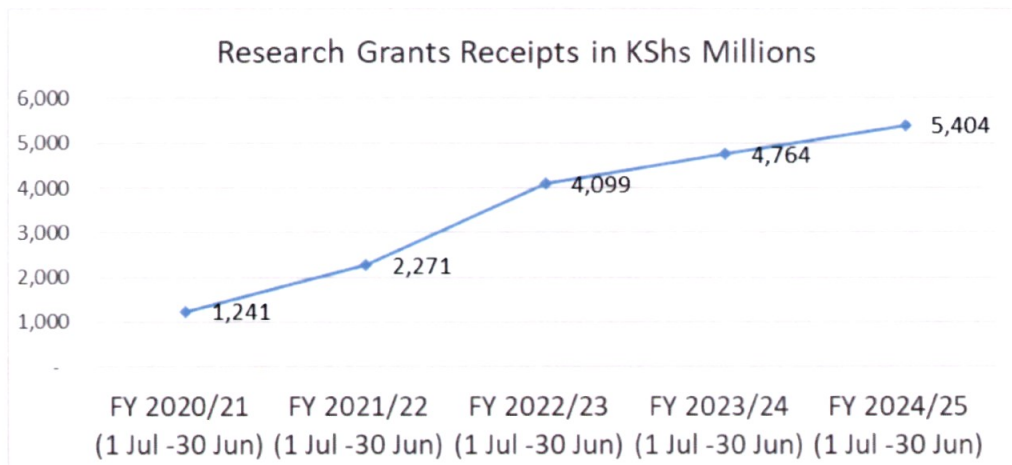


Research Grants Portfolio

The University has a vibrant Research culture, providing leadership in creativity and innovation. The University continues to attract Research grants and currently has a high grant portfolio. In the year ended 30 June 2025 we received Research grants amounting to Ksh. 5.4 billion.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025



b) Expenses

Staff Costs

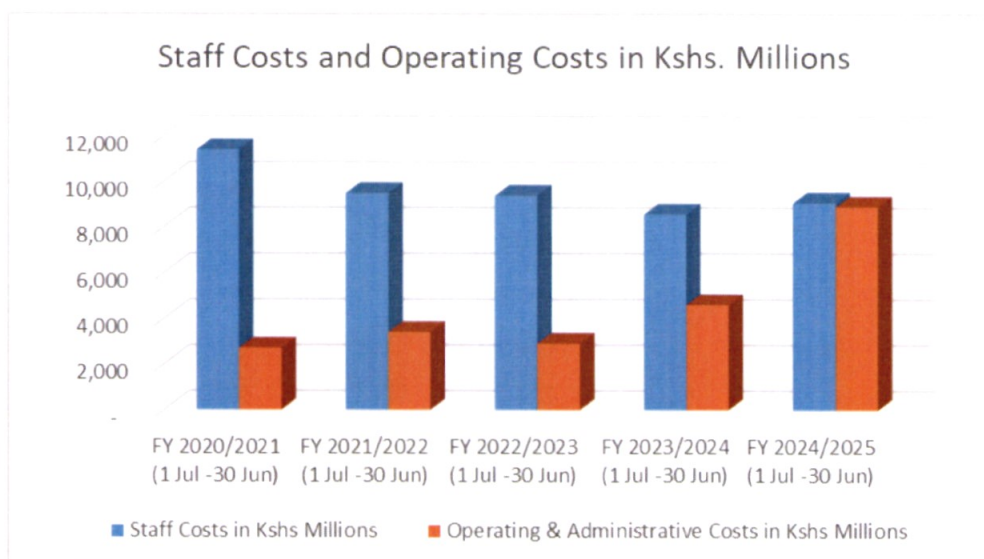
In the year ended 30 June 2025, the staff costs accounted for 52% of the total expenditure and 53% of budget. Capitation from Government financed about 23% of the payroll costs.

Operating and Administrative Expenses

This accounts for about 9% of the total expenditure. Included under this category are Teaching and Office running expenses, Transport and travel, ICT expenditure, Medical expense and Utilities. The University has formulated and implemented robust financial reforms that have resulted in reduction of operating expenses. The reforms include, efficient and participatory budget formulation mechanisms, fiscal and budgetary discipline, efficient payment and banking services, systems to stop revenue leakage, wastage and optimize utilization of resources, review of financial viability of income generating units, re-engineering grants management to effectively support research, and reforming procurement functions to maximize efficiency, increase transparency and accountability and deliver value for money.

Operations and administrative expenditure has remained comparatively low due to increased use of online platform where necessary. The university also continues to put in place financial reforms which contributed to the reduction of operation expense

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025



c) Assets Base

The Campuses of the University are strategically located within the City of Nairobi and in the Satellite locations. The University boasts of a well-developed state of the art physical infrastructure which is organized into campuses that include the University Towers lecture halls and offices, teaching and research laboratories in Chiromo Campus, Lower and Upper Kabete Campuses, and Faculty of Health Sciences, student amenities as well as sports and health facilities.

ii. Current Strategic Direction

In order to address the above challenges, the University in its 2023-2027 Strategic Plan has purposed to pursue the following strategic goals:-

1. To create a technologically advanced and integrated environment that enhances quality teaching and learning, fosters efficient campus services, and facilitates seamless collaborations and partnerships for research.
2. To increase the vibrancy of research activity and community services at the university.
3. To harness, nurture, and motivate the free flow of knowledge, resources, and opportunities towards the creation and growth of innovative industry-relevant products and services.
4. To ensure that the university is people-focused in all its undertakings.
5. To transform the university into an environmentally and financially sustainable institution.
6. To strategically provide relevant, attractive, sustainable, and responsive curricula in compliance with all the regulatory requirements of university education.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

10. 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.

i. 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 programs in sciences, applied sciences, social sciences, technology, humanities and the arts.

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 2023-2027 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.

ii. Environmental Performance

The university put into practice the commitment to environmental protection and sustainability by planting over 7,000 tree seedlings to mark the Annual Tree Planting Day observed on 13 May 2025. This activity also drew the participation of the Loresho community and partners of the University such as Equity Group Foundation, County Government of Nairobi, the National Government, Shamba Café and Association of Green Champions. Further, the research week and Nairobi innovation week also captured environmental concerns through themes, papers, and projects that emphasized the importance of environmentally sustainable solutions.

iii. Employee welfare

The recruitment of staff into the University of Nairobi is guided by the University of Nairobi Recruitment Policy, the Public Service Commission Human Resource and Procedures Manual, Collective Bargaining Agreements (CBAs) with the respective staff unions, and the Employment Act. The University also observes gender parity and non-discrimination in the recruitment process through adherence to the relevant policies and advertisements for vacancies.

University policies on employees take into account the views of key stakeholders including the Ministry of Education, Ministry of Labor, Salaries and Remuneration Commission, the Kenya Federation of Employers (FKE) and the three staff Unions representing the interests of university employees. The management has always consulted staff directly for feedback and sensitizations on various actions including policy development. The University human resource policies are reviewed every five years or as is deemed appropriate to make them relevant to the prevailing employment environment. During the year under review, the University introduced two policies on employee welfare namely Workplace Policy on Gender-Based Violence and Policy on Gender and Development 2022.

The Training and Development Policy covers staff development issues, career progression and training. The policy takes into account the schemes of service for the various cadres of staff and also the CBAs with the respective unions. Staff who wish to advance in their careers are always reminded to apply for support under the Staff Training and Development Fund (STDF). Those undertaking their PhD programs in the University benefit from fee waivers. The University further supports staff in their career development by granting study leave and paid leave to attend conferences as well as opportunities for staff exchange with leading universities in the world. Staff are continuously sensitized to enhance their knowledge and skills for career development and progression. The Staff Performance Appraisal is conducted every year for all staff and is implemented alongside the Sanction and Reward Framework. The University implements the relevant provisions of the Occupational Safety and Health Act, 2007 (OSHA).

iv. Market place practices

a) Responsible competition practice

The University applies for and is allocated government-sponsored students by the KUCCPS under the laid down procedures. Under the self-sponsored programme, the university has an elaborate marketing plan that lays out comprehensive strategies for (including anti-corruption, fair competition, responsible political involvement, and respect for competitors)

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

b) Responsible supply chain and supplier relations

The University supply chain operations are streamlined to prevent undesirable conduct from internal and external sources. Some of the measures that were implemented to achieve best practices in supply chain operations were as follows: 1) Transparency of operations through open competitive bidding, uploading of procurement opportunities on the UON website and public procurement information portal and use of the Electronic Procurement Management Information System (EPMIS; 2) a supplier rotation policy to cover a wide supplier base; 3) minimizing bid rigging vices; 4) use of generic specifications rather than brand names; 5) observing reasonable timelines in the procurement of goods and services; and 6) conducting regular market surveys so that the award of tenders is in line with prevailing market conditions.

The University policy on payment of suppliers is based on the first in, first out principle with a commitment to pay within sixty days subject to the successful delivery and acceptance of goods/services. The procurement of goods and services by any department in the University is strictly tied to the availability of funds and confirmation of the same by the Finance Department. In case of a delay in paying suppliers due to unavoidable circumstances resulting to pending bills, these become the first charge before undertaking new procurement obligations.

c) Responsible marketing and advertisement

The University of Nairobi Marketing Plan (2023-2027) contains comprehensive strategies for marketing and advertising to achieve the objectives of enhancing visibility and brand awareness, increasing the number of students applying to join the university, and enhancing customer experience. The plan outlines the nature of academic programs to be marketed, to whom, the avenues to use for marketing and advertising, and how the planned activities will be financed. The marketing plan is also aimed at ensuring that the marketing of academic programs is aligned to the draft policy on marketing, other university policies, and provisions by external regulators such as the Commission for University Education (Standards and Guidelines) among others.

d) Product stewardship

The rights and interests of consumers are safeguarded by providing accurate, comprehensive, and easily available information about all the University programs and the use of open communication channels online or in person in the event that more information is required.

v. Corporate Social Responsibility

Corporate Social Responsibility (CSR) was an important component of the activities of the University during the year under review. The Directorate of Corporate Affairs oversaw the

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

implementation of CSR activities by students and staff of the University in conjunction with partners. A free medical camp was held to commemorate Annual Mental Health Awareness Day under the theme “Making mental health and well-being for all a global priority.” on 7 October 2024. The UoN held a Tree Planting Day on November 2024 during which 11,000 trees were planted with the support of partners including: Qwetu student residences, Platinum Credit Limited, Heard of Green, Kenya Forest Service (KFS), Kenya Forest Research Institute (KEFRI), National Environmental Management Authority of Kenya (NEMA), and Primary Schools neighboring the Upper Kabete campus.

A Free Medical Camp was held during the University Annual Sports Day conducted on 14-15 October 2024 and also a 16 Days of Activism against gender based violence (WOSWA) targeting children was held at the Lower Kabete Rehabilitation Centre on December 2024 As a way to assist the needy students a Compassion Day was held on 7 December 2024 to mobilize resources to support needy students.

The University, through the College of Education and External Studies organized 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, sanitary 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 activities to cultivate their talents, balance and competence.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

11. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits its report together with the financial statements for the year ended 30 June 2025, 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 2025 are set out on pages 1 to 46.

Council Members

During the year Prof. Hutchinson was appointed as the Secretary of the council with effect from 2nd August 2024. The appointment of all the council member were revoked and new council members appointed as indicated on the tables below.

The following were the Council members during the FY 2024–2025 until their appointments were revoked as follows:-

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NO	NAME	DESIGNATION	DATE OF REVOCATION OF APPOINTMENT
1	Prof. Amukowa Anangwe	Chairperson of Council	February 22, 2025
2	Mr. Ahamed Sheikh Abdullahi	Member of council	April 11, 2025
3	Dr. Parmain Ole Narikae	Member of council	April 11, 2025
4	Ms. Caren K. Omwenga	Member of council	April 11, 2025
5	Dr. Sally Toroitich	Member of council	April 11, 2025
6	Mr. Joel Kibe	Member of council	December 13, 2024

The following are the current Council members appointed on 25th July 2025.

NO	NAME	DESIGNATION
1.	Prof. Chacha Nyaigotti - Chacha	Chairperson of Council
2.	Dr. John O. Kakonge	Member of council
3.	Mr. Samuel Njuguna Kimani	Member of council
4.	Dr. Jonathan Ltipalei Lodompui	Member of council
5.	Dr. Mary Amuyunzu	Member of council

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 2024/2025 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.



PROF. M. JESANG HUTCHINSON,

BSC, MSC(Nbi), PhD(Guelph)

Vice Chancellor (Ag) & Secretary to Council

16 December 2025

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of The Public Finance Management Act 2012 require the Council to prepare Annual Financial statement in respect of the University, 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 result 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 true and fair view of the state of affairs of the University for and as at the end of the financial year ended 30 June 2025. This responsibility includes:

- Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting year.
- Maintaining proper accounting records which disclose with reasonable accuracy at any time, the financial position of the University.
- Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statement and ensuring that they are free from material misstatements, whether due to error or fraud.
- Safeguarding the assets of the University.
- Applying the appropriate accounting policies.
- Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statement, 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 PFM Act 2012 and the Universities Act No. 42 of 2012. The Council is of the opinion that the entity's financial statements give a true and fair view of the state of the University's transactions during the financial year, and of the University's financial position as at 30 June 2025. The Council further confirm the completeness of the accounting records maintained for the University which have been relied upon in the preparation of the University's financial statement 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 12 months from the date of this statement.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Approval of the financial statements

The University of Nairobi financial statement were approved by the council on _____
and signed on its behalf by:



PROF. CHACHA NYAIGOTTI-CHACHA HSC, OGW
B.Ed (Hons), MA(UoN), M.Phil (Yale), PhD (Yale)
Chairman of Council
16 December 2025



PRO. M. JESANG HUTCHINSON
BSC, MSC(Nbi), PhD (Guelph)
Vice Chancellor(Ag) & Secretary to Council
16 December 2025

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

Qualified Opinion

I have audited the accompanying financial statements of University of Nairobi set out on pages 1 to 81, which comprise of the statement of financial position as at 30 June, 2025

and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of University of Nairobi as at 30 June, 2025 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 comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Personnel Costs

The statement of financial performance reflects personnel costs totalling Kshs.9,060,598,448 as disclosed in Note 13 to the financial statements. However, review of records provided revealed the following;

1.1 Variances Between the Financial Statements, Vote Summary Report and Payroll

Review of the financial statements and amounts generated from the payroll system revealed unreconciled variances as tabulated below;

Category	Financial Statements Amount (Kshs.)	Main Payroll Amount (Kshs.)	Variance (Kshs.)
Basic Pay	4,801,912,538	4,671,636,561	130,275,977
Leave Allowance	42,054,910	42,054,910	-
Gratuity	93,433,997	99,279,135	(5,845,138)
Doctors/Clinical Allowance	629,256,947	232,459,935	396,797,012
House Allowance	1,550,299,287	1,560,376,076	(10,076,789)

Further review of the financial statements reveal variances with the A.I.E system as detailed below;

Category	Financial Statements Amount (Kshs.)	A.I.E System Amount (Kshs.)	Variance (Kshs.)
Basic Pay	4,801,912,538	4,638,713,985	163,198,553
Leave Allowance	42,054,910	42,048,678	6,232
Gratuity	93,433,997	95,819,754	(2,385,757)
Doctors/Clinical Allowance	629,256,947	629,256,947	-
House Allowance	1,550,299,287	1,549,423,551	875,736

1.2 Overlapping Allowances

Review of the payroll records for the period under audit revealed that seventy-nine (79) staff members were paid overlapping allowances totaling Kshs.39,897,554. The affected staff were either paid two (2) allowances or three (3) allowances at one given time. As at the time audit in the month of October, 2025, Management had not resolved provided the pay roll reconciliation.

1.3 Irregular Payment of Entertainment Allowance as Part of Salary

Review of payroll records for the year under review revealed that entertainment allowances totalling Kshs.38,648,604 was paid to two hundred and forty-seven (247) employees as a monthly benefit. The payments appeared as a separate line item in the payroll and were not processed through the imprest or reimbursement system. No supporting documentation was provided to justify these as reimbursable entertainment expenses under the operations and maintenance budget.

In the circumstances, the accuracy and completeness of personnel costs totalling Kshs.9,060,598,448 could not be confirmed.

2. Unsupported Council Expenses

The statement of financial performance and Note 16 to the financial statements reflects Council expenses of Kshs.20,015,330. However, the expenditure was not supported with the Council minutes, invitations to the meeting and meetings attendance registers. Management explained that the Council documents were in custody of the Ethics and Anti-Corruption Commission (EACC).

In the circumstances, the accuracy, completeness and regularity of the Council expenses totalling Kshs.20,015,330 could not be confirmed.

3. Unsupported Motor Vehicles Net Book Value

The statement of financial position and as disclosed in Note 30 to the financial statements reflects property, plant and equipment balance of Kshs.210,914,047,429. Included in the balance is Kshs.86,678,168 in respect to motor vehicles. However, the assets register indicated eighty-one (81) vehicles with a total cost of Kshs.238,347,869 and total a net book value of Kshs.104,237,654. No explanation was provided on the inconsistencies. It was also not explained how the net book value was arrived at given that the vehicles had been fully depreciated. No revaluation report was provided in support of the same.

In the circumstances, the accuracy and completeness of motor vehicles net book value of Kshs.86,678,168 may not be confirmed.

4. Failure to Provide Board of Survey Report

The statement of financial position and as disclosed in Note 25 to the financial statements reflects cash and cash equivalents balance of Kshs.3,979,344,298. However, the bank

balances were not supported by a board of survey report as the University did not appoint a board of survey to confirm and verify the cash books balances.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,979,344,298 could not be confirmed.

5. Gaps in Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.3,322,416,201 as disclosed in Note 28 to the financial statements. Included in the amount is a balance of Kshs.2,575,655,830 in respect to twenty-nine thousand, nine hundred and thirty (29,930) students, with five thousand and fifty-one (5,551) debtors carrying debts over twenty (20) years old amounting to Kshs.401,360,000. The ageing analysis indicated that eleven thousand, five hundred and sixty-six (11,566) students within 0 – 4 years have unpaid balances totalling Kshs.1,169,000,000. Further, the audit review confirmed that the University did not correctly apply its impairment methodology in both the 2024/2025 and 2023/2024 financial years. The University only provided 5% provision to sundry debtors and student debtors totalling Kshs.161,772,617. The receivables from exchange transactions balance totalling Kshs.248,736,472 was not subjected to impairment as per IPSAS 41.

In the circumstances, accuracy and full recoverability of receivables from exchange transactions balance of Kshs.3,322,416,201 could not be confirmed.

6. Anomalies in Trade and Other Payables

The statement of financial position and Note 34 to the financial statements reflects trade and other payables of Kshs.3,933,553,618. However, review of records provided revealed the following;

6.1 Long outstanding Trade and Other Payables

Included in the trade and other payables balance of Kshs.3,933,553,618 are payables amount of Kshs.726,800,275 that have been outstanding for over two (2) years. Further review of records provided revealed that included in the payables amount is Kshs.1,304,013,827 under general payables which had increase by Kshs.428,716,556 or 49% from the prior year balance of Kshs.875,297,271. In addition, out of the total general payables of Kshs.1,304,013,827, payables totalling Kshs.869,353,261 relates to pending bills to suppliers and institutions of which payables totalling Kshs.562,118,371 have been outstanding for over 90 days. Further, included in the payables amount is audit fee totalling Kshs.19,598,800 which has been outstanding for over five (5) years. Management did not provide any reason for failure to pay the audit fee over the years. Failure to settle bills when they fall due or in the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the pending bills form a first charge to that year's budget provision.

6.2 Unsupported Balances - General Payables

Review of a sample of general payables revealed that payables totalling Kshs.117,598,409 were not supported. It was also noted that other payables although supported, the supporting documents provided lacked contract and procurement documents. Further, payment amounting to Kshs.10,223,809 were not included in the payables balance.

In the circumstances, the accuracy, completeness and existence of trade and other payables balance of Kshs.3,933,553,618 could not be confirmed.

7. Unreconciled Special Accounts and Grants Funds Balances

The statement of financial position reflects special accounts and grants balance of Kshs.3,286,426,538 as disclosed in Note 40 to the financial statements. However, the special accounts and grants ledger reflects a balance of Kshs.3,314,580,436 leading to a variance of Kshs.28,153,898 which has not been explained or reconciled. In addition, the special accounts and grants cashbook /bank statements reflected a balance of Kshs.3,166,148,716 resulting to another variance of Kshs.120,277,822 which has also been explained or reconciled .

8. Gaps in Inventory Management

The statement of financial position reflects inventory balance of Kshs.276,858,194 as disclosed in Note 29 to the financial statements. Review of documents submitted for audit and physical verification of inventory revealed the following concerns;

8.1 Unaccounted For Inventory

Review of stores records for Faculty of Law, Faculty of Business Management and Repairs and Maintenance revealed items of undisclosed value dispatched to Kisumu and Mombasa campuses during the year under review. However, there were no stores records in the two (2) campuses to show when the items were actually received in the stores, including respective quantities and how they were issued to end users.

8.2 Inadequate Storage for Inventory

Physical inspection of stores revealed that most departments store consumables in the Chairman's or Secretary's office within the department. There was no designated, adequate and secure storage space for inventory items. Further, Faculties and Campuses had no dedicated store keepers, responsible for safeguarding the inventory items and maintaining stores records. In the circumstances, items may have been misplaced or mishandled by any members of staff other than those in charge of inventory and related records this is an indication of weak internal controls in regards to inventory management. There is a possibility loss and misappropriation of inventory items.

In the circumstances, the accuracy, completeness and existence of inventories balance of Kshs.276,858,194 could not be confirmed.

9. Inconsistencies in Research Grants

The statement of financial performance reflects Government capitation and other grants totalling Kshs.6,771,083,947 which as disclosed in Note 6 to the financial statements includes research grants totalling Kshs.4,571,934,754. However, the amount varies with receipts totalling Kshs.5,403,644,469 disclosed in Note 40 to the financial statements and the amount of Kshs.5,390,868,069 reflected in the statement of comparison of budget and actual amounts. The variances of Kshs.831,729,715 and Kshs.818,933,315 were not explained or reconciled. Further, the prior year grants receipts and expenditure amounts of Kshs.4,831,333,584 and Kshs.4,379,283,376 respectively were not disclosed in the statement of financial performance.

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

10. Inaccuracies in the Financial Statements

The statement of changes in net assets reflects UNES Consolidation amount of Kshs.312,767,193 as disclosed in Note 45 to the financial statements. However, details on what the amounts represents were not provided. Further, the statement of financial position reflects receivables from exchange transactions balance of Kshs.3,322,416,201 which as disclosed in Note 28 to the financial statements includes UNES receivables totalling Kshs.227,435,196. However, the University of Nairobi Enterprises and Services financial statements reflects liability to the University totalling Kshs.264,777,401 resulting to an unreconciled variance of Kshs.37,342,205.

In the circumstances, the accuracy and completeness of the financial statements 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 the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Material Uncertainty in Relation to Sustainability of Services

The statement of financial performance revealed a deficit of Kshs.1,626,891,714 compared to a deficit of Kshs.1,178,074,861 reported in the previous financial year. Further, the statement of financial position reflects current liabilities balance of Kshs.17,182,988,966 and current assets of Kshs.8,935,408,871 resulting to a negative working capital of Kshs.8,247,580,095. In addition, the financial statements reflect cash and cash equivalents and current liabilities balance of Kshs.3,979,344,298 and

Kshs.17,182,988,966 resulting to unhealthy acid test ratio 0:5. The University is, therefore, not in a position to meet its financial obligations as and when they fall due.

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

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.17,208,589,883 and Kshs.16,060,723,329 respectively resulting to an under-funding of Kshs.1,147,866,554. Similarly, the University spent Kshs.17,283,642,176 against actual receipts of Kshs.16,060,723,329 resulting to an over-utilization of Kshs.1,222,918,847. Management did not support or provide an explanation for the excess expenditure, beyond the approved supplementary III budget.

The under-funding affected the planned activities of the University and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion and Material Uncertainty in Relation to Sustainability of Services section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the University in 2024/2025 revealed that numerous matters remained unresolved as detailed in **Appendix I**.

Other Information

The Management is responsible for the Other Information set out on page iii to xl which comprise of Key Entity Information and Executive Board, the Chancellor and the Council of the University of Nairobi, the University of Nairobi Key Management, Chairperson's Statement, Report of the Vice Chancellor, Statement of University's Performance against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the University Council and Statement of Council Member's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the University's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Dormant Endowment for General Purpose Fund

The statement of financial position reflects endowment for general purpose fund balance of Kshs.16,181,338. Audit verification disclosed that the Fund had been dormant for a long period of time and no disbursements or activities were recorded during the year under review which has been a persistent issue in the previous audit reports. Further, there was no documented evidence of an updated strategic plan, fund management policy or Board resolution outlining reasons for non-utilization or reallocation of the Fund.

In the circumstances, value for money in the endowment for general purpose fund balance of Kshs.16,181,338 could not be confirmed.

2. Outstanding Kenya Universities and Colleges Central Placement Services Placement Fees

Kenya Universities and Colleges Central Placement Services (KUCCPS) issued invoice No. 13112, dated 27 March, 2024 amounting to Ksh.45,561,000 for the placement of six thousand and ninety-nine (6,099) students at the University of Nairobi for the 2023/2024 academic year. Partial payment of Ksh.100,000 was acknowledged under receipt number PY00000003, alongside multiple historical payments for previous years.

On 12 September, 2024, KUCCPS issued a formal reminder letter indicating that the full balance remained unpaid. The transaction statement accurately recorded prior receipts and invoices but these did not offset the 2023/2024 outstanding amount. The persistent

outstanding balances could affect the University's credibility and future student placement allocations amount.

In the circumstances, the accumulation of unpaid balances could lead to penalties or interest charges, increasing future liabilities.

3. Compliance Review on Fees Charged by the University

The 2021 Handbook introduced a fee increment exceeding 200% for MMed Programmes without evidence of prior stakeholder engagement or public participation. The Court found this process irregular, citing procedural flaws and directed the University to remove the DUC-based fee booklet and revert to previous criteria. There is no documented evidence that similar stakeholder consultations were conducted for other academic programmes, indicating a possible wider procedural and compliance gap in the overall fee-setting process.

Evidence from the University of Nairobi – Kenya Medical Practitioners Dentist Union (KMPPDU) Agreement in May, 2023 shows that KMPDU returned to Court citing non-compliance with the earlier judgment, which had ordered a reversion to pre-DUC criteria. This indicates that full compliance with the Court directive was not immediate, as litigation continued until the May, 2023 negotiated settlement. The revised fees were agreed at Ksh.247,000/year for continuing students and Ksh.345,000 (Year 1) / 300,000 (subsequent years) for new students. Internal memo instructed SMIS updates by 5 June, 2023.

In the circumstances, University is exposed to future litigation across all programmes due to procedural deficiencies.

4. Quality Assurance Fee Billing and Compliance with Commission for University Regulations

Invoices amounting to Ksh.50,242,000, were issued to the University based on the documentation provided for verification. Notable inconsistencies include missing invoices for certain fiscal years and the presence of multiple add-on invoices.

The University formally responded to the Commission for University Education (CUE) letter dated 11 September, 2024 vide Ref: CUE/3/1/1/598. The response, dated 5 November, 2024 and signed by the Acting Deputy Vice-Chancellor, Academic Affairs, confirmed the submission of bona fide data for newly admitted students for the 2024/2025 academic year. However, the response did not specify the number of enrolled students or the unit QA charge amounts, indicating that these details may have been provided as separate attachments or through a different communication channel.

In the circumstances, there was a possibility of overbilling or unfair charges leading to financial losses and budgeting and planning uncertainty due to inconsistent billing.

5. Statement Movement on Commission for University Education Charges

Two statements from CUE one dated 22 October, 2022 and another 4 July, 2024 both reflected opening balances of Kshs.58,547,000. The closing balance as of 31 December, 2022 was Kshs.210,599,300 and Kshs.198,277,300 as of 4 July, 2024 resulting in an excess expenditure of Kshs.12,322,000. Further, payments recorded between 2022 and 2024 include QA charges for year 2022/2023 and 2023/2024, multiple programme evaluations and University establishment contributions. The QA charges paid in the year 2022/2023 were recorded as multiple instalments totalling over Kshs.19,000,000 including QA charges and Quality Audit fees. Programme evaluation fees were also charged for Masters and Bachelors programs and the establishment of Nyandarua University.

The funds were likely used to settle QA invoices and programme evaluation fees, yet they were not explicitly tied to credited obligations or receipts, hence treated as “excess” under audit trail evaluation. Without proper tagging, QA charges may be misclassified across fiscal years.

In the circumstances, the non-core University payments including booths and participation fees paid during the period may dilute QA-related expenditure tracking.

6. Employees Cost Exceeding the 35% Budgetary Limit

The statement of financial performance reflects personnel costs of Kshs.9,060,598,448, as disclosed in Note 13 to the financial statements. Further, the statement of financial performance reflects total revenue amounting to Ksh.16,194,404,186 as disclosed in the financial statements. Analysis of these disclosures shows that the wage bill represents approximately 75% of total revenue for the year, an increase from the prior year rate of 70%. This level is significantly above the recommended 35% ceiling, indicating that the University's personnel expenditure is not aligned with statutory public finance sustainability guidelines.

In the circumstances, Management was in breach of law.

7. Staff Earning Special Responsibility Allowance

Review of the main payroll for the period July, 2024 to June, 2025 revealed that sixty (60) staff members received both a basic salary and a special responsibility allowance. However, it was noted that none of these staff members fell within the categories for which the Salaries and Remuneration Commission (SRC) has approved rates for the allowance. In the circumstances, the accuracy, validity and compliance of the rates applied could not be confirmed.

8. Staff Earning Below One Third of Basic Pay

Analysis of payroll for the period from July, 2024 to June, 2025 identified some staff whose net pay was less than one third of their basic salary. No documented approval or exception was provided to justify exceeding of the statutory deduction limit. Further, the

Report of the Auditor-General on University of Nairobi for the year ended 30 June, 2025

payroll system did not have adequate controls to prevent deductions exceeding the legal limit. This Exposes the University to legal sanctions and penalties for violating the Employment Act.

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

9. Acting Allowance Paid Beyond Stipulated Period

During the year under audit, a total of 24 (twenty-four) staff were paid acting allowances. The acting period exceeded the maximum six (6) months duration permitted by policy without extension or regularization of the substantive appointment. Further, instances were noted where acting allowance was paid despite the substantive post not being vacant or prior to formal approval.

In the circumstances, Management was in breach of law.

10. Persons with Disability (PWD) Inclusion

Analysis of staff records indicates that only 4% or 123 out of 3,295 employees are registered as Persons with Disabilities (PWD). This number falls below the recommended minimum threshold of 5%, as stipulated by National Employment Equity Guidelines and Disability Inclusion Policies. The under-representation of PWD within the University highlights a significant gap in achieving diversity and inclusivity objectives, particularly in providing equitable employment opportunities to individuals with disabilities. While some efforts have been made to create a supportive working environment, the data suggests that additional measures are required to bridge the 1% gap between the current representation and the expected standard.

The University was therefore non-compliant with the legal minimum for PWD representation.

11. Variances in Staff Establishment and the Actual Occupancy

Analysis of the University's staff establishment against the actual staff occupancy revealed notable variances. The approved staff establishment stands at six thousand and eighty-nine (6,089) positions, while the actual number of occupied positions is three thousand three hundred and eleven (3,311) resulting in an overall variance of two thousand seven hundred and seventy-eight (2,778) positions. A detailed breakdown shows that four hundred and thirty (430) positions are overstaffed, indicating that the number of staff in certain cadres exceeds the approved establishment levels. Conversely, there are three thousand nine hundred and forty-seven (3,947) vacancies across various departments and cadres, signifying a substantial shortfall in filling approved positions.

In addition, seven hundred and thirty-nine (739) positions are classified as unapproved, meaning they did not appear in the sanctioned staff establishment but are nonetheless occupied and remunerated. Only three hundred and ninety (390) positions are fully compliant, meaning they are both approved and currently filled in accordance with the sanctioned establishment. This situation points to significant misalignment between the

approved establishment and the actual staffing levels, raising potential concerns around workforce planning, budget control, and compliance with the University's human resource policies and statutory requirements.

In the circumstances, the University is exposed to inefficiencies in operations as a result of gaps in guiding policies and is exposed to loss of funds through irregular personell costs.

12. Recovery of Overpaid Salaries

The statement of financial performance reflects personnel costs amount of Kshs.9,060,598,488 (2023/2024 Kshs.8,553,523,333) an increase by Kshs.507,075,155 or (6%) as disclosed in Note 13 to the financial statements. In November, 2019, salary overpayments totalling Kshs.52,599,239 were made to one thousand and forty-one (1,041) members of staff due to payroll irregularities. As at 30 June, 2025, the University had recovered Kshs.3,483,772 from these overpayments through periodic payroll deductions. However, a balance of Ksh.5,480,041 remained outstanding as at the same date, indicating that full recovery had not yet been achieved.

The slow pace of recovery increases the risk of non-recovery, particularly in cases where affected staff may exit the University before the amounts are fully settled.

13. Statutory Deductions

During the review period, statutory deductions were made from employees' salaries, including PAYE, NSSF, Pension Contributions to the UoN Pension Scheme, Housing Levy, HELB and NHIF/SHIF contributions amounting to Kshs.2,090,893,188. The total outstanding debt as at 30 June, 2025 after remitting Kshs.2,742,424,526 stood at Kshs.13,312,882,556 as analysed.

Statutory Obligation	Payroll Deductions (Kshs.)	Remitted Amount (Kshs.)	Statutory Debts (Kshs.)
PAYE	1,904,375,788	1,689,554,950	5,221,027,417
Pensions	80,272,502	432,965,621	8,004,705,470
NSSF	112,211,747	210,744,708	25,607,336
Statutory Obligation	Payroll Deductions (Kshs)	Remitted Amount (Kshs)	Statutory Debts (Kshs)
SHIF	183,665,949	170,862,020	19,198,544
Housing Levy	106,244,898	233,273,969	41,973,169
HELB		5,023,258	370,620
Total	2,090,893,188	2,742,424,526	13,312,882,556

In the circumstances, the University was in breach of Section 19(1) and (4) of the Employment Act, 2007, Income Tax Act (Cap. 470) and National Social Security Fund Act, 2013 – Section 20.

14. Appointment of Staff Outside the Approved University Staffing Structure

14.1 Irregular Establishment of Position

The position of Chief Operations Officer (COO) was not included in the University of Nairobi's approved staff establishment and had not been formally created or approved by the Public Service Commission (PSC), as required under Section 27 of the Public Service Commission Act, 2017. This indicates non-compliance with statutory requirements for the establishment of public service offices.

14.2 Non-Compliance with Recruitment Procedures

The appointment of a staff member to the position of COO was effected without adherence to the prescribed competitive recruitment process, contrary to the provisions of the Public Service Commission Regulations, 2020 (Regulation 16 and Regulation 17). There was no evidence of advertisement, shortlisting, or merit-based selection to ensure fairness and transparency in the recruitment process.

14.3 Unverified and Unrecognized Academic Credentials

The academic qualification presented by the appointee, Bachelor of Philosophy from Pontifical Urbaniana University, Rome, was not recognized by the Kenya National Qualifications Authority (KNQA). This rendered the appointee unqualified for the position, thereby contravening the requirement for validation of academic credentials prior to appointment to senior public office.

14.4 Irregular Remuneration Payments

Despite a Court ruling in April, 2024 nullifying the appointment, and subsequent warnings issued by the Ethics and Anti-Corruption Commission (EACC), the University Council continued to retain and remunerate the appointee, resulting in irregular expenditure amounting to approximately Ksh.32,000,000. This payment constituted a breach of the Public Finance Management Act, 2012, as it involved public funds disbursed for a position deemed unlawful.

14.5 Possible Abuse of Office and Governance Failures

In May, 2025, the EACC took enforcement action against several members of the Council on allegations of abuse of office, forgery and violation of Public Service Regulations relating to this appointment. This points to potential governance weaknesses, lack of oversight and possible collusion in the appointment and retention of an unqualified individual in an unconfirmed position.

In the circumstances, the University may have incurred financial loss of Kshs.32,000,000 in public funds disbursed irregularly as a result of unauthorized appointment.

15. Irregular Payment of Lunch Allowances

Scrutiny of the sampled payment vouchers revealed that staff in the VC's office and UON casuals were paid an amount of Kshs.6,067,150 as breakfast and lunch allowances in the year under review. The payments were made on a monthly basis. Review of the staff data revealed that some of the staff were on permanent and pensionable terms. This amounts to staff getting double remuneration. No authority was provided to explain the benefits.

In the circumstances, the authenticity and validity of lunch allowance expenditure of Kshs.6,067,150 could not be confirmed.

16. Unused Dental Materials in Inventory

The statement of financial position reflects inventory balance of Kshs.276,858,194 as disclosed in Note 29 to the financial statements. Included in this balance is Kshs.106,880,120 which relates to dental materials in form of gold at market value. However, the audit revealed that the stocks have remained unused for a long period, posing the risk of holding unnecessary stocks. Further, the risks associated with holding gold in stores are significantly high and may exposes the stocks to theft.

In the circumstances, value for money for dental materials held in form of gold amounting to Kshs.106,880,120 could not be confirmed.

17. Property, Plant and Equipment

17.1 Proposed Construction of School of Pharmacy

As previously reported, in 2023/2024 audit, 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 project implementation status report dated 28 July, 2025, the project period was planned for ninety-seven (97) weeks with the expected completion date being in August, 2025. The report further revealed that the building was 95% complete with most of the works having been done except for some minor internal finishing works. The University did not provide details of the 5% remaining works and its value. The new completion date was 28 July, 2025 which has since passed.

It was further revealed that the University issued a subcontract for the works valued at Kshs.25,000,000. The sub contract was completed and handed over and the main contractual work is still not completed. According to the project implementation committee report, the University had requested a total of Kshs.100,000,000 to complete the entire project but only received Kshs.25,000,000. The report further indicated that the balance of Kshs.75,000,000 is required to fully complete the project. It was not confirmed or explained how the 5% works remaining relate to the required balance of Kshs.75,000,000.

The report further indicated that the source of funding was the Government of Kenya and Alumni Contribution Fund. The University did not indicate how the Alumni Contribution Fund channeled the funds to the University, how much had been received and how it was utilized. It is not clear how and when the University intends to complete the project.

Management Work in Progress (WIP) status report provided by the University's capital projects section, indicated that the initial cost of the project was Kshs.152,903,393 against the expenditure to date of Kshs.167,684,077. The variance of Kshs.14,780,684 was not supported. In view of the foregoing, it is apparent that the University records and information do not reconcile thus may not be relied upon.

17.2 Proposed Construction of UoN Engineering and Science Complex

As previously reported in the project status completion report, the project was 19% complete with an amount of Kshs.95,550,342 expended to date out of a total estimated cost of Kshs.4,000,000,000 of which Kshs.500,000,000 was to be spend on preliminary items. The project implementation status report shows that only Kshs.95,550,342 has been spend of the preliminary grant component. According to the status report, the project started in 2023 and is to be completed in 2027. The University has not explained how the remaining works will be completed within the remaining two (2) years. Further, the implementation status report indicated that Kshs.500,000,000 is sourced from Grant while the Kshs.3,500,000,000 is from the main loan component.

Although a total of Kshs.457,572,759 of the loan component was disbursed on 9 July, 2024 and Kshs.224,000,000 from the grant disbursed in February, 2024, the 1st component which included construction work and acquisition of equipment and which was to be funded from the Loan has not commenced. It was not explained why the University requested for the drawdown of the loan disbursement since the money lies in the bank unutilized.

Further, on 30 July, 2024 a total of Kshs.22,456,111 was transferred from the grant bank account. Explanation obtained from the Finance Department indicated that the amount was spent in the financial year 2023/2024 before the grant 1st disbursement was done. No requisition and approval were provided to spent the money before the grant was disbursed.

In the circumstances, the completion and use of the projects within the stipulated period was doubtful and value for money may not be obtained if the projects are not put to the intended use.

18. Irregularities in Projects Works in Progress

18.1 Proposed Studios School of Journalism

According to the project implementation status report, the project started in 2015 and was supposed to be completed in 2020. The report further show that the project was to cost a total of Kshs.75,000,000 with a total of Kshs.62,789,380 having been spent to date. Details of when and how the expenditure was incurred were not provided. Although the

project is shown as 100% complete, the final account and handing over report was not provided.

18.2 Stalled Student Accommodation Hostels at Lower Kabete Campus

As previously reported, the Project for construction of a students' accommodation hostel comprising five hundred (500) bed hostels, kitchen and dining and a common room at Lower Kabete Campus undertaken by a contractor in 1990 and 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.70,000,000 which was paid in the Month of July, 2022 through budgetary support from The National Treasury. The contractor had sued the University claiming the outstanding payment of Kshs.70,000,000 inclusive of interest and costs. Although the University Management indicated that they had requested for funding amounting to Kshs.450,000,000 to finance completion of the stalled project, audit inspection of the project in July, 2025 revealed that the building is deteriorating due to roof leakages, termite's invasion, visible cracks in the columns and beams, chemical and physical damage on the stalled building.

The completion of the hostels would provide secure accommodation for University students who are currently seeking accommodation in the surrounding areas.

In the circumstances, value for money on the expenditure incurred so far on the project could not be confirmed.

19. Un-Surveyed Land

The statement of financial position reflects property, plant and equipment balance of Kshs.210,914,047,429 which as disclosed in Note 30 to the financial statements include land valued at Kshs.188,035,650,000. Review of records provided revealed that the University has one hundred and sixteen (116) parcels of land some of which are developed while others are not. However, the University has not surveyed its parcels of land since the 1960s when the land was handed over by the white settlers. The University is therefore unable to defend the land boundaries and has since been losing land to encroachers and grabbers and sometimes through clandestine internal operatives and collusion.

In the circumstances, the University risk losing the Institution land and the basis of the land value of Kshs.188,035,650,000 could not be confirmed.

20. Lease of Land without Authority

Review of records revealed that the University of Nairobi which is a non-commercial Institution has illegally leased out several parcels of land held in trust for the Republic of Kenya. However, no evidence was presented for audit to prove that the said leases were authorized by the University Council, the Cabinet Secretary for Ministry of Education and The National Treasury as required by the law. In addition, there was no evidence that the proceeds of the leases are accounted for in the revenue stream of the University. The leases sampled are as detailed below;

20.1 Ring Road Parklands Parcel No.1870/102

This property measures approximately two (2) acres and has a staff house contracted on it. The parcel has been leased out for twenty-five (25) years and the lease is registered on the title of the land at a monthly rent of Kshs.900,000. The lessee has since demolished the University staff house which was on the parcel and erected new structures on the land. Although the lease period is twenty-five (25) years, the lessee is constructing some permanent buildings on the property. Further, there was no information provided on how the lessee was identified. In addition, no information on whether the land was valued before the lease and whether the University gets value for money in terms of the rent amounts in relation to the value of the land.

The lessee was to pay a deposit equivalent to six (6) months' rent being Kshs.5,400,000 as well as first payment calculated at two (2) years rent being Kshs.21,600,000 at the rate of Kshs.900,000 per month totalling Kshs.27,000,000 plus VAT. Records provided for audit revealed that the lessee paid the amount of Kshs.27,000,000 but did not pay the VAT amount of 16% and the legal fee of Kshs.200,000 all totalling Kshs.3,056,000. It was not been explained how the lessee was handed over the leased property without honoring the lease agreement.

Further, explanation for procuring legal services from private service providers when the University has its own legal department was not provided and similarly no documents were provided for review on how the legal services were procured.

A visit to the parcel of land on August, 2025 by a team of auditors and the University staff noted that construction was ongoing.

20.2 Lower Kabete Road L.R. NO:1870/III/71

The property measuring approximately one acre and had in place a staff house. The parcel has been leased out for twenty (20) years and the lease is registered on the title of the land at a monthly rent of Kshs.700,000. The lessee has since demolished the University staff house which was on the parcel and erected new structures on the land. While the lease period is twenty (20) years, the lessee has since built permanent structures with a lifespan of more than 100 years including a petrol station, residential apartments and chain store building. It is not clear how these developments will be treated at the end of the lease period. Records provided for audit revealed that lessee owes the University Kshs.24,414,123 being unpaid monthly rent on leases as from October, 2022 to April, 2025 at the rate of Kshs.844,804 per month.

Further, the lessee owes the University an additional Kshs.4,500,000 being the cost of the demolished building on the leased land. No evidence of compensation of the demolished house as agreed between the lessor and lessee was provided for audit review.

In addition, information on whether the land was valued before the lease and whether the University gets value for money in terms of the rent amounts in relation to the value of the land was not provided. In a letter dated 7 April, 2025 from the Ag. Vice Chancellor

addressed to Managing Director, of the leasing company on rent arrears and notice of termination on the above lease due to non-payment of Kshs.24,414,123, the lessee was to pay the outstanding amount within 30 days and hand over the premises in accordance with the lease agreement. Audit inspection carried out on August, 2025 on the above premises revealed that the lessee is still on the premises and the payments have not been made.

20.3 Upper Kabete L.R No 13057/2

The parcel consists of 115.9 hectares used as an Agricultural Field Station and staff residence. Five (5) acres of the parcel is leased out as shamba café and shamba events. Further, minutes approving the lease and the lease agreement was not provided for audit and the lease is not registered on the title. It has not been confirmed when the leases were signed and the amounts expected from the lease. In addition, there is no evidence of any receipt of income from this property by the University.

20.4 Kilimani Road House-Land Reference Number. 212nd Ngong Road–Rent Arrears

The house was let out to one an individual as per the tenancy agreement dated August, 2023. However, it was noted that the tenant was evicted from the premises and while having rent arrears of Kshs.5,033,418 which was payable before end of April, 2025. A letter to the tenant was done by the Director of Facilities Management at the Institution but no response from the tenant had been received as at the time of audit.

In the circumstances, the Institution risks losing the outstanding rent, and may incur litigation costs that may be occasioned by the recovery exercise. Further, without clear contractual engagement and policy on lease of property, the University is exposed to loss of its assets.

20.5 Expired Leases

20.5.1 American Wing - LR. NO. 209/7138

A portion of this parcel has been leased out at Kshs.520,000 per annum. The lease expired on 15 February, 2025 and there is no evidence of renewal. Further, the rent income from the rented-out property could not be identified in the University's income records as having been properly received and recorded. The University may not have obtained value for money for the leased property and there is no communication from the University whether the lease had been terminated or not.

20.5.2 UON Towers LR NO 209/346/18319

A portion of this parcel has been leased out at Kshs.200,000 per annum and the lease expired on 31 December, 2024 with no evidence of renewal. Further, the income stream from the rented-out property could not be identified in the University's income as having been received and recorded. In addition, the University may not have obtained value for

money for the leased property and there is no communication from the University on whether the lease had been terminated or not.

20.5.3 Hyslop L.R.NO 209/18319

A portion of the building has been leased for ATM space at a monthly rate of Kshs.46,656. The lease expired on 30 November, 2024 and no evidence of renewal was provided for audit review. Further, the rent income from the rented-out property could not be identified in the University's income records. In addition, the University is not getting value for money for the leased property and there is no communication from the University on whether the lease had been terminated or not.

In the circumstances, the University risk losing of Institution property or possible use of public property for private gain. The University may not have obtained value for money in the lease transactions.

21. Payment for Non-Delivered Materials

The Department of Food Science sought to procure GC/MS Machine under the Food Leader Project. The estimated cost was Euros 64,848.80 (approximately Kshs.9,740,290) excluding duties and taxes. An advance payment of Kshs.9,143,690 was made to the supplier. However, the material had not been delivered as at the time of the audit.

In the circumstances, the delivery and usage of the material in the intended purpose is doubtful thus no value for money.

22. Irregularities in Maintenance of Buildings and Equipment Expenditure

22.1 Procurement of ICT Items – Deans Office

Analysis of payment voucher referenced AIE 72288 dated 28 March, 2025 for the procurement of ICT items for the Dean's office awarded at an amount of Kshs.626,400 revealed that the awarded bidder did not submit a tax compliance certificate, which was also noted by the evaluation committee during the mandatory requirements evaluation, however, the bidder was still awarded the bid upon noting the missing certificate. This bidder was recommended to be the successful candidate in the evaluation report and even in the professional opinion which indicates a weakness in the procurement internal controls of the University.

22.2 Procurement of Academic Dress for V.C

Payment voucher AIE-75946 20136/1 dated 16 September, 2024 for the procurement of academic dress for the V.C for the 71st Graduation amounting to Kshs.220,000 was not supported with the inspection and acceptance certificate.

22.3 Procurement of Live Broadcasting 72nd Graduation

Provision of live broadcasting/streaming services for the 72nd graduation ceremony amount is Kshs.1,160,000 awarded vide P.V AIE-79470 22016/4 dated 17 March, 2025 revealed that according to the professional opinion, the request for quotations were invited on 12 December, 2024 and they were opened in 11 December, 2024, which was a day before after the quotations had been invited. It was not clear how the quotations were opened even before they were invited.

22.4 Unsupported Procurement of Security Services

Advance of Kshs.350,000 given to a University officer surrendered under payment voucher AIE-78619 21176/1 dated 9 December, 2024 for the 72nd graduation ceremony security services revealed that this included hire of police band, police officers to reinforce security, flags, police K9 units, traffic police officers, police horse riders and NYS personnel. However, there was no confirmation from the National Police Services and NYS on the rates charged.

22.5 Lack of Approved Policy for Purchase of Uniforms

The audit noted that the University spent Kshs.6,547,209 to purchase uniforms for certain cadre of staff members. Review of the documents submitted for audit revealed that the University purchased suits and official shoes for male and female employees, yet the same is not provided for in the 2013-2017 CBA. However, the approved uniforms policy detailing eligible staff categories and specifications of uniforms to be procured was not provided for audit review.

In the circumstances, the validity of the expenditure could not be confirmed and Management was in breach of the law.

23. Irregularities in Water Bill Payments

Review of documents submitted for audit revealed that the University incurs expenses in relation to water and sewerage expenses. However, the following anomalies were noted in regard to water and sewerage payments made to Nairobi City Water and Sewerage Company;

23.1 Failure to Adhere to Approved Tariffs

Recalculation of sampled payments made for certain meter numbers revealed a variance of Kshs.1,782,856 between the calculation done at the point of billing, and recalculation using the approved tariffs provided in the gazette notice. Management could not provide sufficient explanation for the difference of tariffs used, resulting in the overpayment.

24. Irregularities in Postgraduate Programs

Review of documents submitted for audit review revealed that the University offers yearly scholarships to postgraduate students, upon meeting certain minimum requirements set

by Management. During the year under review, a total of two hundred and sixteen (216) applications were received. However, the following anomalies were noted;

- i. In a Deans Committee meeting held virtually on 15 October, 2024, Deans of Faculties reviewed the applications and recommended seventy-seven (77) applicants who had met the minimum requirements. However, the academic registrar awarded one hundred and fifteen (115) scholarships. This led to a variance of thirty-eight (38) scholarships, which were awarded without the recommendation of Deans of Faculties.
- ii. The above awards consisted of students who were admitted before September, 2024, those who graduated more than two (2) years before September and 4 years for Faculty of Health Sciences contrary to the above minimum requirements.
- iii. There was no evidence of an approved scholarship policy to guide the process of scholarship application, selection and award.

In the circumstances, the authenticity and regularity of scholarships awarded could not be confirmed.

25. Unsupported Award of Post Graduate Scholarships

The audit noted that the University through the Grants office, offers students scholarships to undertake post graduate studies in various fields. This includes research allowances, book allowances and monthly student stipends. However, analysis of related documents submitted for audit revealed that payment vouchers amounting to Kshs.95,963,384 were not supported with the following documents;

- i. Records showing scholarships awarded under various projects during the year under review, including list of beneficiaries and criteria used to select the beneficiaries was not provided for audit review.
- ii. Minutes of committee meetings awarding scholarships to above beneficiaries were not provided for audit review.

In the circumstances, the validity and authenticity of the above grants' expenditure totalling Kshs.95,963,384 could not be confirmed.

26. Procurement Using Invalid Compliance Certificates from Suppliers

Analysis of procurement documents amounting to Kshs.458,200 revealed that the awarded bidders were awarded after presenting invalid tax compliance certificates;

- i. Payment voucher PV.13616/20 AIE.71060 dated 16 December, 2024 for the procurement of a paper shredder amounting to Kshs.156,600 had the KRA tax compliance certificate KRAEON1293938422 for the awarded bidder indicate an expiry of 12 July, 2025. However, a search on the same through the KRA website indicated it had expired on 12 July, 2023 which might indicate it was altered to

appear valid as at the time of procurement. This indicates a lapse in the evaluation of the bids by the evaluation committee not to detect the alterations.

- ii. Payment voucher PV.13616/20 AIE.71059 dated 16 December, 2024 for the procurement of 2 HP laptops amounting to Kshs.301,600 had the KRA tax compliance certificate KRAEON1293938422 for the awarded bidder indicate an expiry of 12 July, 2025. Similarly, a search on the same through the KRA website indicated it had expired on 12 July, 2023 which might indicate it was altered to appear valid as at the time of procurement.

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

27. Unsupported Procurement of Conference Facility

Payment voucher of reference AIE 69188 dated 1 October, 2024 was paid for provision of accommodation and conference facilities between 2 and 6 September, 2024 for project team under the Monitor and Prevent Antimicrobial Resistance in Kenya (MAP-AMR Kenya) project amounting to Kshs.1,814,950. However, there was no documentation to show how the accommodation and conference facility was procured.

During the period Management also procured the services for Car hire between Nairobi and Nyeri to attend the conference under payment voucher AIE-69183 dated 25 September, 2024 amounting to Kshs.150,000. There were also no procurement proceedings.

In the circumstances, Management was in breach of procurement law and the expenditure may be irregular.

28. Unsupported Mileage Supervision Allowances - Fieldwork Expenses

Review of documents submitted for audit revealed that an amount of Kshs.2,207,857 was paid to University lecturers as supervision allowances during clinical attachment via payment voucher No. 21822 dated 3 March, 2025. However, the following anomalies were noted;

- i. Evidence to show that the staff travelled to stated destinations, such as signed attendance were not provided for audit review.
- ii. The mileage allowances were calculated using one flat rate of Kshs.43.15 per kilometer regardless of the vehicles' engine capacity. The rate used was not the rate recommended by the SRC, and there was no approved policy on mileage allowance in the University. Further, copies of logbooks were not provided to confirm the actual engine capacity of the vehicle used.
- iii. The payment vouchers were not supported with travel approvals and supporting schedules.

In the circumstances, it was not possible to confirm whether the expenditure of Kshs.2,207,857 was utilized for the intended purpose and accounted for.

29. Motor Vehicle Repairs and Maintenance

29.1 Irregular Procurement of Fuel, Oil and Lubricants

During the year under review the University procured fuel amounting to Kshs.49,716,088 from a supplier, However, the following supporting documents were not provided for audit and were noted;

- i. Requisite procurement documents which include, the advertisement, tender opening minutes and register, tender evaluation committee reports, letters appointing both opening and evaluation committee and evidence of regret letters sent to the unsuccessful bidders.
- ii. The contract agreement in place binding the suppliers with the procuring entity.

Inspections and acceptance committee was not formed to inspect, review, accept or reject goods received and services to ensure compliance with the terms and specifications of the contract.

- iii. University issued a bank guarantee from a local bank of Kshs.6,000,000 which expired on 30 June, 2025 after extension of contract letter dated 2 July, 2025 extending the contract for another one month from 3 July, 2025 to 2 August, 2025. It was not explained how the contract was extended without the necessary procurement records.

29.2 Grounded Motor Vehicles

Audit inspection of the University vehicles revealed that the University has a fleet of one hundred and eighty-eight (188) motor vehicles. serviceable - eighty-seven (87) and unserviceable - one hundred and one (101). However, there were no reports provided on the action the University has taken on the grounded vehicles. Further, physical verification carried out on 21 July, 2025, from a sample of grounded motor vehicles provided for audit by the Fleet Department revealed that most vehicles were grounded on various mechanical grounds. No explanation was provided for failure to dispose the motor vehicles to avoid further deterioration due to wear and tear. It was noted that some vehicles were grounded as a result of accidents on various dates. However, no compensation from the insurance companies was received.

Further, review of the University Human Resource records provided as at 30 June, 2025 revealed that the University had a total of eighty-nine (89) drivers for one hundred and eighty-eight (188) vehicles owned by the University. This is an indication that had all motor vehicles been serviceable there could be a shortfall of ninety-nine (99) drivers.

In the circumstances, Management was in breach of procurement law and may not have obtained value for money from the expenditure.

30. Non-Availability of Budget Approval Documents

The audit noted that the University failed to provide key documents necessary to confirm whether the budget-making process adhered to the provisions of the Public Finance Management Act, 2012. The below documents were not provided for audit review:

- i. Evidence of submission of the approved budget, Supplementary I and Supplementary II to the Ministry of Education.
- ii. Minutes of the University Management Board and University Council meetings approving the rationalized budget estimate, Supplementary I and Supplementary II budgets.
- iii. Minutes of the Finance and Strategy Committee meetings approving the rationalized budget estimate, Supplementary I and Supplementary III budgets.
- iv. Reallocations made during the year were not approved by the Accounting Officer. Further, there was no evidence that reports on all reallocations made were prepared and reported to The National Treasury by the 10th day of each month.

In the circumstances, the University's compliance with the budget-making provisions of the Public Finance Management Act, 2012, could not be confirmed.

31. Irregular Payment of Legal Fees

Review of sampled documents in relation to legal expenses revealed the following anomalies;

31.1 Omongo Gatune and Co Advocates

The University was sued by the above Advocate who represented a claimant in the case No. 1191 of 2018 between the University and Reuben Ondigo Orondo. The University was sued for failure to pay an initial decretal amount of Kshs.2,991,508 which was awarded by the Court. The Court awarded interest at Kshs.558,797 for 487 days, taxed costs of Kshs.468,834 and further costs of Kshs.950,000 all totalling Kshs.4,019,139 which was later paid vide payment voucher 80461 dated 2 April, 2025. Had the University paid the initial cost of the case, the decretal sum would have been avoided.

32. Irregularities in Insurance Expenses

Review of documents provided for audit revealed the following anomalies;

32.1 Insurance Against Fire and Perils - Tender No UON/FST/REP/03/2023-2024

The University entered into a contract with a local insurance company for provision of insurance services against fire and peril at a contract sum of Kshs.28,447,764 which was paid vide payment voucher 77966 dated 11 November, 2024. The contract was awarded on 11 October, 2024 for a period extending to October, 2025. The award was an

extension of the previous insurance cover for 2023/2024 which had a performance bond of Kshs.2,844,776. However, the performance guarantee was not renewed in the extension of the contract and therefore running without a guarantee contrary to Section 142 of the Public Procurement and Asset Disposal Act, 2015. Further, the contract sum of Kshs.28,447,764 in the period 2023/2024 was not adjusted despite the assets having been depreciated.

In addition, on 15 January, 2025, the University's Common Room and Arizik Restaurant were gutted down by fire. The University estimated the cost of renovation works to be Kshs.85,324,951. The insurance company disputed the amount and provided an amount of Kshs.57,232,256 resulting to a down ward difference of Kshs.38,718,321. The variance was not supported by the Insurance Policy which should ideally show all the items insured and for how much. The University accepted the amount and signed a discharge voucher of the Kshs.57,232,256. Although the Company has since paid the Kshs.57,232,256 on 21 July, 2025, the University may incur more resources in renovating the gutted assets contrary to the principle of indemnity in Insurance policies.

32.2 Motor Vehicle Insurance Tender UON/ONT/04/2024-2025

The University awarded the above tender to a local insurance company at a contract sum of Kshs.5,168,219 on 19 June, 2025 for provision of comprehensive and third party only. The University allowed the previous insurance cover to expire on 2 February, 2025 and called for request for quotations for a two (2) months cover running from 3 February to 2 April, 2025. The quotations were invited on 3 February, 2025 and opened on 11 February, 2025. The two (2) months insurance cover began on 12 February, 2025 meaning that the University vehicles had no cover for nine (9) days thereby exposing them to great risk. Further, the University did not provide list of vehicles which were insured under comprehensive terms and the ones which were insured under third party as stated in the letter of award. In addition, the University insured one hundred and eleven (111) vehicles amongst a fleet of two hundred and five (205) vehicles. There was no proof or evidence that performance guarantee was issued and whether the vehicles were valued before they were insured. Further, the inconsistencies in the number of the University fleet was not explained or supported.

In the circumstances, Management was in breach of law and the University is exposed to loss of funds.

33. Anomalies in Trust and Endowment Funds

The statement of financial position reflects a balance of Kshs.56,189,484 as disclosed in Note 41 to the financial statements in relation to Trust and Endowment Funds. Audit verification disclosed that the funds were as a result of various well-wishers and foundations that contributed funds to the University. These funds were to be awarded to students in various faculties for outstanding performance, as per laid down guidelines.

However, the audit noted the following concerns;

i. The following documents were not provided;

- (a) A formal endowment policy and by-laws governing the Fund.
- (b) Documentation showing existence of a governing Board of Trustees, composition and minutes of meeting held during the year under review.
- (c) Initial documentation and contracts between the University and the Donors detailing funds contributed and criteria of award.
- (d) An investment policy detailing the limits and investment portfolio for the above funds.
- (e) Evidence of custodian balance confirmations and market valuations for the available funds was not provided for audit verification.

iii. Some funds with huge balances such as Gandhi Memorial and Tom Mboya Memorial appeared to be dormant in the year under audit.

iv. There was no income received for the funds in question, hence it is not clear how and where the funds were being invested.

In the circumstances, the accuracy and authenticity of Kshs.56,189,484 for Trust and Endowment Funds could not be confirmed.

34. Dilapidated Assets

Physical inspection of the following University assets in the July and August, 2025 revealed the following issues of concern;

34.1 Moana Research Station for Marine Studies – Diani L.R NO. 8474

The audit noted that the total size of the property was 4.937 hectares. In addition, the property was located in a prime area, as it bordered 5-star and 4-star beach hotels. However, the following concerns were raised;

- i. The research centre has not been operational since 2015, and some buildings such as a laboratory, a cafeteria, a multipurpose hall, kitchen and research related equipment had turned obsolete, as it remained idle, dusty and in bad shape.
- ii. The buildings were in dire need of renovation as there was evidence of worn-out leaking roofs, rusty window seals, equipment and sign board, chirped floors, falling ceiling boards and doors, old paint which is peeling off.
- iii. There was evidence of serious encroachment by traders on the beach front, gate area, who have put up temporary food kiosks and curio shops, and a permanent stone house established on the land.

- iv. There was a two-bed roomed cottage and 12 roomed hostels which can accommodate families and 24 students respectively, who may visit the facility. However, the rooms were in bad shape and needed urgent renovation and supply of basic consumables for visitors.
- v. The approved charges applicable to visitors and students for the hostels and cottage were not provided for audit verification.
- vi. There was poor record keeping for visitors being accommodated in the property as records detailing name and identification of visitors, date checked in and out, amount paid and signature were not provided for audit review.
- vii. The caretaker in charge of the property did not maintain any petty cash for minor expenses, and this crippled day to day activities in relation to management of the property.

There was urgent need to enhance security of the property in terms of additional personnel and building a perimeter wall to prevent encroachment and destruction by humans and wild animals.

- viii. Management did not provide the strategic plan on how it intend to put the entire facility into optimal use and therefore, the value for money on the entire investment may not be realized.

34.2 Kibwezi Dry Land and Experimental Site L.R NO. 25060 – Water Project

The audit noted that the total size of the above property was 4,804.189 hectares of land. A field visit conducted by the audit team revealed gaps in the following areas;

The audit noted that the property has a river running through it, and the University pumps and supplies water to neighboring clients such as primary and secondary schools.

However, the below anomalies were noted;

- i. The pumping equipment had rust due to corrosion and negligence. The water treatment tank was malfunctioning due to blocked pipes. The operators devised a manual way of filtering the water using a worn out and stained piece of cloth and chlorinating the water manually. The water from the treatment tank was sucked using two small pipes to the dosing area then collecting at a storage tank for distribution to the consumers. The elevated steel tank was damaged and irreparable as a result of rust and corrosion.

Documents showing the clients who were supplied water and records of outstanding payments were not provided for audit review.

- ii. Relevant permits obtained from respective authorities such as Water Resources Authority (WRA), Water Services Regulatory Board (WASREB) and National Environment Management Authority (NEMA) were not provided for audit review.

- iii. Evidence of water use reports submitted to Water Resources Authority (WRA) were not provided for audit review.
- iv. Evidence of water testing and treatment reports were not provided for audit review.
- v. Receipts of payments made to Water Resources Authority (WRA) such as water use charges and levies were not provided for audit review.
- vi. Reconciliation reports of volumes pumped and revenue received were not provided for audit review.
- vii. Management did not provide the strategic plan on how it intend to put the entire facility into optimal use and therefore, the value for money on the entire investment may not be realized.

34.3 Biological Assets

A physical visit to Kibwezi farm revealed that cattle, sheep and goat were reared in large numbers. However, the following anomalies were noted;

- i. The animals were in poor health, most looked weak and were in need of urgent medical attention. The animals did not seem to be sprayed regularly against tics, and this was evidenced from the recent deaths as a result of tic manifestation.
- ii. The animals did not show any signs of research as they are just a local breed, and there was no sign of improvement as a result of research.
- iii. The animal shed space was inadequate as the animals were cramped up together, in poor condition and cleanliness was not observed. In addition, the sick and dead animals were not isolated from the healthy ones, risking rapid infection and death ultimately.
- iv. The animal records were not up to date, as there were discrepancies noted between physical count of animals and record kept. For instance, physical count of goats and sheep was 239 and 147 respectively, but the records showed 238 and 146 respectively, yet there was not record of a newborn goat or a dead sheep.
- v. It was not made clear which method of valuation was used to establish the value of the animals as indicated in the stock sheets. The terms of sale of animals was also not made clear, revealing gaps in income generated.

35. Malindi West Research Center – L.R NO.383

The audit noted that the total size of the above property was 8.685 hectares. A field visit conducted by the audit team revealed gaps in the following areas;

- i. There was serious encroachment by neighbors, as there was evidence of ongoing maize cultivation, yet the revenue aspect was not realized by the University. In addition, the property perimeter wall had been vandalized.
- ii. There was inadequate security at the farm as it was being manned by one staff member who doubled up as the caretaker as well. In addition, the caretaker received multiple threats from the neighbors, evidenced by the occurrence book numbers from various police stations in his possession. A police post built to enhance security was yet to be occupied.
- iii. The police post buildings were in poor condition as there was evidence of leaking roofs, falling ceiling boards, peeling paint.

In the circumstances, the validity, authenticity and regularity of income generated from the water project could not be confirmed. Further, accuracy of the assets values indicated in the asset register in relation to the above neglected and abandoned assets of the University could not be confirmed.

36. Kakamega Region - Illegally Occupied Land - Kakamega Municipality

Physical verification of the Kakamega land in the month of August, 2025 revealed that the land is not fenced and there is encroachment by various business which have put up temporary structures which include a car wash business, dairy milk shop, butchery, chips point and is also used as packing space for lorries and canters. The land is located in a prime area in town where it has high value but Management has not put it into any use. In the circumstances, the land is exposed to land grabbers or reallocations which may lead to its loss.

37. Non-Submission of Financial Statements for Research Grants

The statement of financial position and as disclosed in Note 40 to the financial statements reflects a balance of Kshs.3,286,426,538 in respect to amounts owed to special accounts and grants from various financiers and donors. The financing agreements mandate the Management to maintain proper books of accounts and, in some cases, prepare separate financial statements. For instance, the International Development Research Centre (IDRC) financing agreement specifies under Section A15 that the recipient must prepare financial statements and under Section A18 that these financial reports must be audited by an external auditor. However, Management did not prepare or submit separate financial statements for the research grants to the Auditor-General for all the years the grants have existed.

In the circumstances, the University was in breach of the financing agreements.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Gaps in ICT Management - Lack of ICT Committees

During the year under review, the University did not establish an IT Strategic Committee and an IT Steering Committee which was contrary to Section 6.2 of the IT Governance Standard by the ICT Authority of 2019 which requires that all MCDAs establish two (2) ICT Governance Committees, an IT Strategy Committee to provide strategic advice on ICT initiatives and investments to the Board and an IT Steering Committee to define the IT mission and goals aligned with the strategic direction of the organization.

Further, interview with the ICT department revealed that the University has a digitization committee which handles the ICT matters. However, the appointment of members to the committee provided was for the 2023/2024 financial year. There was no evidence provided to prove there was any active ICT committee during the financial year under review in the University. In addition, the ICT department did not achieve 100% of their targets in the University work plan, lack of an active ICT committee during the financial year might have been a major factor.

2. Use of Excel in Maintaining the Asset Register

The statement of financial position reflects a balance of Kshs.210,914,047,429 in respect of property, plant and equipment as disclosed in Note 30 to the financial statements. However, the University's fixed asset register is maintained in Microsoft Excel, a format that is susceptible to unauthorized edits, accidental deletions, and data manipulation. The register had not been printed or maintained in a more secure system that permanently records and tracks asset details.

In the circumstances, the effectiveness of the fixed assets management systems employed by the University could not be confirmed.

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 controls, 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 the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I 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 Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

Appendix I

Unresolved Prior Year Matters

	Financial Year	Audit Issue
1.	2023/2024	Variances in the Financial Statements
2.	2023/2024	Unsupported Revenue – Accommodation and Catering Fees
3.	2023/2024	Unsupported Intangible Assets
4.	2023/2024	Long Outstanding Receivables
5.	2023/2024	Unsupported Tuition Fees and Other Related Charges
6.	2023/2024	Irregularities on Council Expenses
7.	2023/2024	Anomalies in Trade and Other Payables
8.	2023/2024	Unsupported Investments
9.	2023/2024	Composition of UON Council Committee Members
10.	2023/2024	Dormant Endowment for General Purposes
11.	2023/2024	Inaccuracies in the Financial Statements
12.	2023/2024	Unsupported Statement of Changes in Net Assets Balances
13.	2023/2024	Irregularities in Special Accounts and Grants
14.	2023/2024	Material Uncertainty in Relation to Sustainability of Services
15.	2023/2024	Loss Making Income Generating Units
16.	2023/2024	Irregularities in Compensation of Employees
17.	2023/2024	Irregular Payment of Legal Fees
18.	2023/2024	Irregular Procurement of Goods and Services
19.	2023/2024	Students Graduating with Fee Balances
20.	2023/2024	Unexplained Trust and Endowment Fund Balances
21.	2023/2024	Lease of Land Without Authority
22.	2023/2024	Anomalies in Provision of Module II Direct Service Providers
23.	2023/2024	Unexplained Cash advances – Student Welfare Expenses
24.	2023/2024	Unsupported Income Generating Units for UNES
25.	2023/2024	Stalled Student Accommodation Hostels at Lower Kabete campus
26.	2023/2024	Proposed Construction of School of Pharmacy
27.	2023/2024	Proposed Construction of UON Engineering and Science Complex
28.	2023/2024	Un-Surveyed Land
29.	2023/2024	Unsupported Work in Progress
30.	2023/2024	Unverified and Idle Materials in Inventory
31.	2023/2024	Failure to Provide Appointment Letters for the UON Council
32.	2023/2024	Non-Submission of Financial Statements for Research Grants
33.	2023/2024	Information Technology Internal Controls Weakness
34.	2023/2024	Use of Excel in Maintaining the Asset Register
35.	2023/2024	Students with accrued Fee balances

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/2025 Ksh.	2023/2024 Ksh.
Revenue From Non-Exchange Transaction			
Government capitation and other Grants	6	6,771,083,947	4,021,823,983
		6,771,083,947	4,021,823,983
Revenue From Exchange Transactions			
Tuition Fees and Other Related Charges	7	7,559,085,451	5,683,497,279
Accommodation and Catering Fees	8	228,528,422	177,386,126
Rental Income	9	274,476,463	229,684,398
Finance Income	10	23,097,709	24,143,720
UON Subsidiaries Incomes	11	885,797,851	1,542,461,481
Grants Overheads and Other Incomes	12	452,334,344	467,138,561
		9,423,320,240	8,124,311,565
Total Revenue		16,194,404,186	12,146,135,548
Expenses			
Personnel Cost	13	9,060,598,448	8,553,523,333
Module II Direct Service Providers	14	909,546,465	721,829,956
Operating Expense	15	1,419,620,596	1,645,453,907
Council Expense	16	20,015,330	29,605,985
Depreciation	17	568,065,516	140,813,287
Repairs and Maintenance	18	116,471,078	151,343,859
Contracted Services	19	207,777,353	195,629,647
Student Welfare Expense	20	121,077,989	119,544,804
UON Subsidiaries Expenses	21	879,594,894	1,526,330,884
Research Grants Donor Funded	22	4,571,934,754	-
Finance Cost	23	58,040,734	73,247,241
Total Expenses		17,932,743,257	13,157,322,903
Other Gains/(Losses)	24	111,447,357	(166,887,506)
Deficit For The Period		(1,626,891,714)	(1,178,074,861)

The notes set out on pages 9 to 46 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Council by




PROF. M. JESANG HUTCHINSON,
BSC, MSC(Nbi), PhD(Guelph)
Vice Chancellor(Ag) & Secretary to
Council
16 December 2025

CPA MICHAEL K MENZA,
B. Com, MBA (UoN), CPA(K)
ICPAK Member No. 8558
Ag. Director Finance
16 December 2025



PROF. CHACHA NYAGOTTI –CHACHA, HSC, OGW
B.Ed (Hons), MA(UoN), M.Phil (Yale), PhD(Yale)
Chairman of Council
16 December 2025

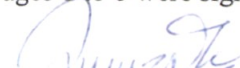
UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

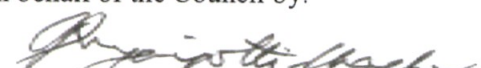
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024/2025 Ksh.	2023/2024 Ksh.
ASSETS			
Current Assets			
Cash and Cash Equivalents	25	3,979,344,298	2,158,865,752
Short Term Deposits	26	482,413	463,532
Receivables from non-exchange Transactions	27	1,356,307,765	2,105,458,521
Receivables from Exchange Transactions	28	3,322,416,201	2,321,035,070
Inventories	29	276,858,194	242,772,559
		8,935,408,871	6,828,595,435
Non - Current Assets			
Property, Plant and Equipment	30	210,914,047,429	211,346,398,118
Investments	31	17,843,466	13,271,499
Intangible Assets	32	5,057,183	8,647,984
Biological Assets	33	30,978,560	-
		210,967,926,637	211,368,317,600
Total Assets		219,903,335,508	218,196,913,035
Liabilities			
Current Liabilities			
Trade and Other Payables	34	3,933,553,618	3,088,768,520
Statutory Payables	35	12,461,959,880	11,005,701,623
Current Provisions	36	787,113,209	782,857,630
Bank overdraft – UNES Ltd	37	362,258	-
		17,182,988,966	14,877,327,773
Non-Current Liabilities			
Barclays Bank Term Loan	38	316,666,666	422,222,221
UNES Ltd long term Liabilities	39	21,419,324	21,419,324
Special Accounts and Grants	40	3,286,426,538	2,454,696,824
Trust and Endowment funds	41	56,189,484	51,738,463
Endowment for General Purposes	42	16,181,338	16,181,338
		3,696,883,350	2,966,258,170
Total Liabilities		20,879,872,316	17,843,585,943
Net assets			
General Fund	43	16,779,373,273	16,822,842,119
Capital Reserves	44	193,714,566,513	193,819,978,287
Revenue Reserves	45	(11,470,476,595)	(10,289,493,314)
Total Net Assets		199,023,825,450	200,353,327,092
Total Net Assets and Liabilities		219,903,335,508	218,196,913,035

The financial statements set out on pages 1 to 8 were signed on behalf of the Council by:


PROF. M. JESANG HUTCHINSON,
BSC, MSC(Nbi), PhD(Guelph)
Vice Chancellor(Ag) & Secretary to Council
16 December 2025


CPA MICHAEL K. MENZA,
B. Com, MBA (UoN), CPA(K)
ICPAK Member No. 8558
Ag. Director Finance
16 December 2025


PROF. CHACHA NYAGOTTI –CHACHA, HSC, OGW
B.Ed (Hons), MA(UoN), M.Phil (Yale), PhD(Yale)
Chairman of Council
16 December 2025

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Note	General Fund Kshs	Capital Reserve Kshs	Revenue Reserve Kshs	Total Kshs
Balance as at 1/07/2023		16,162,447,216	189,548,316,615	(10,580,761,332)	195,130,002,499
Additional Grants Assets	40	73,169,102	-	-	73,169,102
Depreciation on Donated Assets	40	(23,434,575)	-	-	(23,434,575)
Depreciation on Research Grants Assets	40	(47,055,032)	-	-	(47,055,032)
Revaluation of Land and Buildings	41	-	4,374,069,852	-	4,374,069,852
Incremental Depreciation on Revaluation	41	-	(102,408,180)	102,408,180	-
Engineering Complex Grants	42	682,466,095	-	-	682,466,095
Amortized Capital Development Grants	42	(24,750,687)	-	-	(24,750,687)
Prior Year Adjustments	42	-	-	(1,178,074,861)	(1,178,074,861)
Surplus/(Deficit) for the year	42	-	-	1,119,563,769	1,119,563,769
UNES Consolidation	42	-	-	247,370,930	247,370,930
Balance as at 30/06/2024		16,822,842,119	193,819,978,287	(10,289,493,314)	200,353,327,092
Balance as at 1/07/2024		16,822,842,119	193,819,978,287	(10,289,493,314)	200,353,327,092
Additional Grants Assets	43	124,856,895	-	-	124,856,895
Depreciation on Donated Assets	43	(23,434,575)	-	-	(23,434,575)
Depreciation on Research Grants Assets	43	(65,278,445)	-	-	(65,278,445)
Incremental Depreciation on Revaluation	44	-	(105,411,774)	105,411,774	-
Amortized Capital Development Grants	45	(79,612,721)	-	-	(79,612,721)
Surplus/(Deficit) for the year	45	-	-	(1,626,891,714)	(1,626,891,714)
Prior Year Adjustments	45	-	-	27,729,466	27,729,466
UNES Consolidation	45	-	-	312,767,193	312,767,193
Balance as at 30/06/2025		16,779,373,273	193,714,566,513	(11,470,476,595)	199,023,463,192

Note: The figure of ksh. 105,411,774 is the incremental depreciation on revaluation of motor vehicles and on revaluation of buildings.

The figure of ksh. 27,729,466 are the prior year adjustments made. Ksh. 5, 910,729 was an adjustment on the Engineering Science Complex for travel allowances that did not relate to work in progress and Ksh. 21,818,737 related to under recognized revenue for Accommodation that related to FY 2023/2024.

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024/2025 Ksh.	2023/2024 Ksh.
Cash Flow from Operating activities			
Cash from non-exchange transaction	6	6,771,083,947	4,021,823,983
Cash from exchange transaction	7-12	9,423,320,240	8,118,710,407
External Research Grants Receipts	40	5,403,664,469	4,831,333,584
Capital Development Grants	44	-	657,715,408
(Increase)/ Decrease in Debtors	27-28	(252,230,376)	(1,148,707,311)
Total Receipts from Exchange and non-exchange transactions		21,345,838,280	16,480,876,071
Payments of Expenditures	13-23	(17,324,351,614)	(11,833,761,099)
External Research Grants Expenses	40	(4,571,934,754)	(4,379,283,376)
Increase in Pending bills	34-36	2,301,043,355	172,415,269
(Increase)/ Decrease in Inventory	29	34,085,634	6,876,283
Total Payments from Exchange and non-exchange transactions		(19,561,157,380)	(16,033,752,923)
Total Cash Flows from Operating activities		1,784,680,900	447,123,148
Cash Flow From Investing Activities			
Purchase of property, plant, equipment and intangible assets	30	(249,795,153)	(173,808,527)
Proceeds from sale of property, plant and Equipment	24	780,000	1,102,526
Other Gains/(Loss)	24	110,667,357	(167,990,032)
Decrease/(Increase) in non-current receivables	33	30,978,560	-
Total Cash Flows from Investing activities		(107,369,236)	(340,696,033)
Cash flows from financing activities			
Repayment of borrowings	38	(105,555,555)	(105,555,556)
Increase in capital funds	43-45	248,741,318	365,645,485
Total Cash Flows from Financing activities		142,185,763	260,089,929
Net Cash Flows		1,820,497,427	366,517,044
Cash Balance 1 July 2024		2,159,329,285	1,792,812,241
Cash Balance 30 Jun 2025		3,979,826,711	2,159,329,285
Analysis of Cash and Cash Equivalents			
Cash in Hand and at Bank 30 Jun 2025	25	3,979,344,298	2,158,865,752
Short Term Deposits	26	482,413	463,532
Cash and Cash Equivalents as at 30 Jun 2025		3,979,826,711	2,159,329,285

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original Budget (2023/2024) Kshs	Final Budget (2023/2024) Kshs	Actual on Comparable Kshs	Performance Difference Kshs	% of Utilization Kshs
Revenue					
Internally Generated Academic Revenue	6,758,226,535	8,323,913,641	7,559,085,451	(764,828,190)	91%
Government Grants – Recurrent	1,484,501,909	2,119,536,471	2,119,536,471	0	100%
Government Grants – Development	1,100,000,000	300,000,000	-	(300,000,000)	0%
Development Grants (Devpt Partners)	30,000,000	12,796,400	12,796,400	-	100%
External Research Grants	2,066,065,466	5,400,000,000	5,390,868,069	(9,131,931)	100%
Other Incomes Recurrent (IGUs, Agency fees, Press, Rentals)	716,200,000	1,052,343,371	978,436,938	(73,906,433)	93%
Total Revenue	12,154,993,910	17,208,589,883	16,060,723,329	(1,147,866,554)	93%
Expenses					
Personnel Emoluments	6,739,005,955	9,131,581,077	9,060,598,448	70,982,629	99%
Direct Service Providers(DSP) Module II	601,339,252	861,572,043	909,546,465	(47,974,422)	106%
Other Recurrent Expenses –IGUs	120,000,000	220,000,000	174,337,794	45,662,206	79%
Boards Expenses	30,000,000	25,000,000	20,015,330	4,984,670	80%
Operating/ Administrative Expenses	1,471,024,445	1,684,085,208	1,564,940,859	119,144,359	93%
External Research Grants	1,638,513,147	4,493,000,000	4,571,934,754	(78,934,754)	102%
Repairs and Maintenance	98,000,000	156,000,000	116,471,078	39,528,922	75%
Finance charges	122,055,555	86,500,000	69,313,367	17,186,633	80%
Depreciation	-	-	568,065,616	(568,065,616)	0%
	10,819,938,354	16,657,738,328	17,055,223,713	(397,485,385)	102%
	1,335,055,556	550,851,555	(994,500,384)	(750,381,169)	
ABSA Loan Facility	105,555,555	105,555,555	105,555,555	-	100%
Purchase of Plant and Equipment	28,000,000	31,000,000	13,630,681	17,369,319	44%
Capital Development-WIP	1,141,500,000	354,296,000	59,121,776	295,174,224	17%
Purchase of Computers	60,000,000	60,000,000	50,110,451	9,889,549	84%
Total Expenses	12,154,993,909	17,208,589,883	17,283,642,176	(75,052,293)	100%

1. Commentary on Significant Underutilization and Overutilization

Expenses

Actual total expenditure was above the target for the year ended 30 June 2025 by 2% due to the following;

i. Donor Funded Research Grants Expenses

Donor Funded Research Grants Expenses were over utilized due to the increased MOUs signed in the year.

Actual expenditure for the following items was underutilized in the year ended 30 June 2025 due to the following;

i. Operating/ Administrative Expenses

The Operating/ Administrative Expenses was under-utilized low levels of procurements in the year.

ii. Repairs and Maintenance

Repairs and Maintenance was under-utilized by 15% because no major repairs of student halls of residence and buildings were done during the year.

iii. Finance charges

Finance charges were underutilized in the year due to prudent measures put in place to minimize the number of transactions in the financial institutions

iv. Capital Expenses

Capital expenditure was underutilized due to the capital development of the Engineering Complex which is work in progress.

2. Explanation of Changes between Original and Final Budget

Revenue

1. Internally generated academic revenue was adjusted upwards due to increase in the projected revenue owing to the implementation of the new funding model.
2. Government Grants for recurrent capitation was rationalized in accordance with the Ministry of Education Science and Technology approved budget.
3. Grants from development partners were rationalized in accordance with the Ministry of

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Education Science and Technology approved budget.

4. External Research Grants were revised upwards to accommodate the newly signed M.O.Us received during the year.
5. Budget for Other incomes were revised upwards in anticipation of higher returns due to increased activity in the year.

Expenditure

1. The budget for direct service providers (DSP) was adjusted to match the anticipated expense in accordance to the DSP policy manual.
2. Budget relating to recurrent IGUs expense was revised to accommodate the increased activities during the year.
3. Operating expense budget were revised upwards due to increased expenditure in running the day-to-day activities.
4. External research grants budget was rationalized to accommodate the signed M.O.Us during the year.
5. The budget for buildings, plant and machinery were revised upwards due to cater for the increased expenditure to run the day-to-day activities.
6. Capital expense budgets was revised downwards due to anticipated decrease in for capital development from development partners.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

3. Reconciliation of the Statement of Comparison of Budget and Actual Amount and the Statement of Financial Performance

	Note	2024/2025 Ksh.	2023/2024 Ksh.
Revenue			
Total Revenue as per Statement of Financial Performance	6-14	16,194,404,186	12,146,135,548
Less Conditional Grants	40	(4,571,934,754)	-
Less Income from Subsidiaries	11	(885,797,851)	(1,542,461,481)
		10,736,671,581	10,603,674,067
ADD Revenues accounted for under Funds			
External Research Grants Receipts	40	5,403,664,469	4,831,333,584
Capital Development Funds Received	43	-	682,466,095
Amortized Capital Development Funds	43	(79,612,721)	(24,750,687)
		5,324,051,748	5,489,048,992
Total Revenue as per Statement of Comparison of Budget and Actual Amount		16,060,723,329	16,092,723,060
Expenses			
Total Expenses as per Statement of Financial Performance	15-24	17,943,475,867	13,157,322,903
Less Expenses from Subsidiaries	21	(879,594,894)	(1,526,330,884)
		17,053,148,363	11,630,992,020
Add Development Expenditure			
External Research Grants Expenses	40	-	4,379,283,376
Purchase of Academic gowns	30	2,075,350	1,095,000
ABSA Loan Facility	38	105,555,555	105,555,556
Purchase of Plant and Equipment	30	13,630,681	24,560,527
Capital Development-WIP	30	59,121,776	24,750,687
Purchase of Computers	30	50,110,451	50,233,211
		230,493,814	4,585,478,356
Total Expenditure as per Statement of Comparison of Budget and Actual Amount		17,283,642,176	16,216,470,376

External Research grants expenses are included in the total expenses (note 22) as per the statement of financial performance.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

19. 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 and their present value. The preparation of financial statements is 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 Ksh.

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.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue effective but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Standard	Effective date and impact:
	additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Standard	Effective date and impact:
	geared to provide guidance to entities that provide transfers on accounting for such transfers. <i>(This standard does not have any effect on our financial statement)</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>(This standard does not have any effect on our financial statement)</i>

iii. Early adoption of standards

The University did not early - adopt any new or amended standards in year 2024/2025.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS Cont'd

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. 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.

ii. 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, UNSA 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.

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.

4

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

c) 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.

d) 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 year. The valuation is carried out after every five years. Valuation was last done in the year 2023/2024 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

e) Leases

The University has entered into several operating leases where some income is earned. Lease

payments are recognized as income in the statement of performance over the lease term.

f) 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.

g) 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.

h) 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 favorable 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

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

advice from relevant professionals.

i) 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.

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.

j) 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 labor costs.

k) Provisions

Bad Debt Provision

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

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

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallize is not remote.

l) 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.

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.

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.

m) 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. An enhanced amount with a maximum of Ksh. 4,320. The University's contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate.

n) Foreign Currency Conversion

Assets and Liabilities in foreign currencies are converted into Kenya shillings at the rates of

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

exchange ruling at the Statement of Financial Position date. Conversion differences are accounted for in the appropriate fund accounts.

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.

o) 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.

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 e.g. 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.

Special Capital Development Fund

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



UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

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.

p) 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.

q) Comparative figures

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

r) 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 2025.

5. 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.



UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

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 4 (xiii).

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.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

INCOME

Government capitation and other

6 Grants

Description

2024/2025

2023/2024

Ksh.

Ksh.

(i) Unconditional Grants

Recurrent Government Capitation

1,484,501,898

3,972,073,296

Capital Development Grants from

GOK

-

25,000,000

2021-2025 CBA Capitation

635,034,573

-

2,119,536,471

3,997,073,296

(ii) Conditional Grants Amortised/ Transferred to revenue

Research Grants Donor Funded

4,571,934,754

-

Amortized Capital Development

Grants

79,612,721

24,750,687

4,651,547,475

24,750,687

6,771,083,947

4,021,823,983

The government capitation is meant to subsidize the government sponsored students and meet operational costs for the University.

The Capital development grants for the construction of Engineering Science Complex expenditure for the year was amortized. Research Grants funds are funds received from Donors for facilitate research activities that are teaching related. In compliance with the prescribed template in FY 2024-2025 the Research Grants figure of ksh. 4,571,934,754 has been reported under the conditional grants amortized/transferred to revenue.

7 Tuition and Other Fees

Description

2024/2025

2023/2024

Ksh.

Ksh.

Faculty Of Agriculture

242,862,349

218,007,798

Faculty Of Arts & Social Sciences

1,444,038,429

888,492,383

Faculty Of Business And Management Science

1,290,877,187

721,942,512

Faculty Of Education

443,916,491

382,792,114

Faculty Of Engineering

375,490,300

311,919,230

Faculty Of Health Sciences

1,635,727,864

1,488,801,332

Faculty Of Law

873,827,590

618,456,558

Faculty Of Science And Technology

738,250,801

588,970,034

Faculty Of The Built Environment And Design

318,987,925

269,016,704

Faculty Of Veterinary Medicine

130,787,180

120,576,887

7,494,766,116

5,608,975,551

Other Academic Charges

64,319,335

74,521,728

7,559,085,451

5,683,497,279

These are revenues received from students for teaching services offered to them by the university. Other academic charges include application and graduation fees for the year.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

8 Accommodation and Catering Fees

Description	2024/2025 Ksh.	2023/2024 Ksh.
Students Accommodation	187,129,401	133,961,771
Catering and Other Charges	41,399,021	43,424,355
	228,528,422	177,386,126

Accommodation and catering revenues are fees charged to students for hospitality services offered.

9 Rental Revenue from Facilities & Equipment

Description	2024/2025 Ksh.	2023/2024 Ksh.
Staff Housing	151,534,293	152,739,408
Rent From Facilities	122,942,170	76,944,990
	274,476,463	229,684,398

Rental Revenue is revenue from the staff houses rented by staff and revenue from leasing facilities.

10 Finance Income

Description	2024/2025 Ksh.	2023/2024 Ksh.
Bank Interest Income	23,097,709	24,143,720
	23,097,709	24,143,720

Finance Income is revenue received from interests on deposits

11 UON Subsidiaries Revenues

Description	2024/2025 Ksh.	2023/2024 Ksh.
UON Press Revenues	337,341	395,712
UNES Ltd operations Revenues	784,693,177	1,445,347,581
IGUs Held by UNES Ltd Revenues	100,767,333	96,718,189
	885,797,851	1,542,461,481

These are incomes from subsidiaries owned by the University. UON press was dormant during the year under review.

12

Description	2024/2025 Ksh.	2023/2024 Ksh.
Research Administration Fees	228,284,323	230,565,102
Agency Fees (Insurance)	4,368,883	4,722,093
Incomes from IGUs	200,176,009	218,183,773
Investment Incomes	18,881	27,075
Miscellaneous Income	19,486,248	8,039,358
Decrease in Provision for Leave	-	5,601,159
	452,334,344	467,138,561

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

EXPENSES

13 Employee Costs

Description	2024/2025 Ksh.	2023/2024 Ksh.
Salaries & Wages - Basic Pay	4,801,912,538	4,389,529,355
House Allowance	1,550,299,287	1,573,309,601
House To Office Allowance	578,177,885	609,218,883
Provision for Staff Gratuity	93,433,997	85,444,621
Employer Contribution to Pension & Nssf	996,926,316	861,666,116
Employer Contribution to Housing Levy	116,126,121	82,917,096
Doctors/Clinical Allowance	629,256,947	670,098,124
Leave Allowance Expense	42,054,910	43,638,654
Passage & Baggage Allowance	3,390,583	2,476,790
Other Personnel Allowances	249,019,865	235,224,093
	9,060,598,448	8,553,523,333

Other allowances include car, entertainment, furniture, acting and special allowance.

Description	2024/2025 Ksh.	2023/2024 Ksh.
Provision for Module II Direct Service Providers & Part		
14. Time Lecturers	909,546,465	721,829,956

This is a cost provision for Module II programs that have been undertaken in the year.

15 Use of Goods & Services

Administration Expense

Description	2024/2025 Ksh.	2023/2024 Ksh.
Travelling and Transport.	44,840,886	13,968,680
Publishing and Printing	762,980	692,800
Purchase of Uniforms	6,895,209	3,023,973
Purchase of Stationery/ Office		
Expense	32,251,489	27,755,890
Postal Expenses	161,657	188,500
Telephones	13,983,154	13,089,383
ICT, Internet service and licenses	105,176,753	107,339,987
Insurances	29,454,204	29,432,724
Bank Charges	11,272,634	13,470,071
Conference and Seminars	443,400	2,520,265
Membership Subscriptions	4,984,632	6,139,646
Provision for Audit Fees	4,640,000	4,640,000
Fees, Commission & Honoraria	-	84,000
Official Entertainment	743,749	633,366
Transport Operating Expenses	54,348,935	43,932,205
Funeral Expenses	1,530,000	1,676,000
Legal Fees	14,719,255	27,892,965
Performance Contracting activities & ISO Expenses	2,132,170	615,480

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

Public relations expenses	-	108,700
UEB Expense	-	22,500
Chancellors Expense	1,310,463	-
Industrial Relations	6,621,925	2,878,900
Fixed Assets Tagging and Valuation Expenses	156,000	4,355,100
National Values and Cohesion	546,800	450,592
Placement Fees and CUE	32,569,000	16,350,000
Work plan Key Initiatives	1,697,500	1,073,450
Staff Development	3,579,066	2,364,514
Publicity and Corporate Image expense (Recruitment Expenses)	3,530,645	4,506,750
Land Rents and Rates	16,192,025	12,657,502
Electricity	218,667,064	247,074,771
Water	69,578,158	64,363,836
Medical Expense	325,826,564	268,970,118
International Travel	11,180,029	1,202,766
Compliance Charges	-	58,300
Staff Performance Appraisal	-	43,000
Expenses from IGUs	174,337,794	187,697,554
Unremitted Pension Interest Charge	-	288,474,677
increase in provision for leave	5,980,070	-
Increase in Provision for Bad Debts	12,596,560	63,184,748
	1,212,710,771	1,462,933,714
Academic Expense		
Description	2024/2025	2023/2024
	Ksh.	Ksh.
Field Work & Teaching Practice	61,692,987	54,798,849
Teaching Material Expenses	38,044,072	33,697,797
Travelling and Transport	4,093,615	2,887,478
Purchase of Exam Stationary	10,687,101	12,163,748
Books and Periodicals	23,531,580	23,965,865
ICT Consumables	241,546	242,017
External Examiners	15,543,263	13,438,337
Postgraduate Programs	19,912,232	16,117,000
Research and Publications	4,372,464	5,433,256
Senate Expenses	-	955,835
Graduation Expenses	17,820,819	13,077,365
Marketing of Academic Programs	3,331,723	4,091,722
M.O.U Programs	7,638,423	1,650,925
	206,909,825	182,520,193
Total Operations Expense	1,419,620,596	1,645,453,907

The decrease in operations expenditure is due to the austerity measures undertaken during FY 2024/2025. Some of the areas are legal fee, purchase of stationary, marketing of academic programs and electricity.

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

16 Council Expense

Description	2024/2025 Ksh.	2023/2024 Ksh.
Chairperson's Honoraria	856,774	960,000
Council Members Sitting Allowances	5,874,500	8,734,655
Council Members GPA	1,286,327	1,361,986
Air ticket	272,090	758,250.00
Travelling, Office expenses and Catering	10,859,343	17,491,094
Training & Development	866,296	300,000
	20,015,330	29,605,985

Council expenses entails the expenses incurred for meetings held and trainings undertaken in the year by the council members

17 Depreciation

Description	2024/2025 Ksh.	2023/2024 Ksh.
Buildings	446,675,200	-
Intangible Assets	2,124,422	2,124,422
Motor Vehicle	54,049,279	51,929,546
Computers	86,620,400	67,043,037
Furniture and Equipment	64,032,184	86,983,489
Academic Attire	3,277,150	3,222,400
	656,778,336	211,302,894
Less: Grants Assets Depreciation	(88,713,020)	(70,489,607)
	568,065,616	140,813,287

Depreciation expense was low in FY 2023/2024 following the revaluation of Land and Buildings in 2023/2024. In FY2024/2025 there was depreciation of land and buildings thus the increase.

18 Repairs and Maintenance

Description	2024/2025 Ksh.	2023/2024 Ksh.
Maintenance of Buildings	59,853,882	71,383,557
Halls Expenses	25,202,365	50,770,258
Repair & Maintenance of Equipment	18,720,647	19,619,052
Repair & Maintenance of Motor Vehicles	12,694,184	9,570,993
	116,471,078	151,343,859

Repairs and Maintenance declined in the current year since there were no major repairs undertaken in the year in maintaining buildings and the students' Halls of residence

NOTES TO THE FINANCIAL STATEMENTS cont'd

19 Contracted Services

Description	2024/2025 Ksh.	2023/2024 Ksh.
Contracted Security Services	115,194,366	107,040,222
Cleaning & Waste Management	92,582,987	88,589,426
	207,777,353	195,629,647

Contracted Security services increased with a minimal margin due to change in contract terms of new Security service provider

20 Student Welfare Expense

Description	2024/2025 Ksh.	2023/2024 Ksh.
Sports and Games (Inter-University)	11,145,574	10,391,887
Purchase Of Food Stuff	37,236,481	32,051,800
Purchase Of Gas	6,258,176	7,284,195
Purchase Of Cutlery And Beddings	3,424,479	3,981,749
Students Activities Expenses	61,710,014	65,219,024
Student Admission & Orientation	1,303,264	616,150
	121,077,989	119,544,804

Student Welfare Expenditure decreased due to decline in student activities expense in the year

21 UON Subsidiaries Expenses

Description	2024/2025 Ksh.	2023/2024 Ksh.
UON Press Operations	140,732	154,829
UNES Ltd Operations	793,951,959	1,440,249,721
IGUs Held by UNES Ltd	85,502,203	85,926,334
	879,594,894	1,526,330,884

These are expense from subsidiaries owned by the University. UON press was dormant in the year. The expenses recognized are depreciation and audit fees for the year.

Research Grants Donor Funded

22 Expenses

Description	2024/2025 Ksh.	2023/2024 Ksh.
Research Grants Donor Funded	4,571,934,754	-

These are expenses incurred for donor funded research grants in the year.

23 Finance Cost

Description	2024/2025 Ksh.	2023/2024 Ksh.
Interest on Loan	58,040,734	73,247,241
	58,040,734	73,247,241

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

24 Other Gains/(Losses)

Description	2024/2025 Ksh.	2023/2024 Ksh.
Gain/(Loss) on Sale of Assets	780,000	1,102,526
Gain/(Loss) on Foreign Exchange Transactions	79,787,647	(175,919,100)
Gain/(Loss) on Fair Value of Dental Material	30,879,710	7,929,068
	111,447,357	(166,887,506)

Other Gains/ (Losses) increased due to the appreciation of foreign currencies against the Kenyan shilling and increase in the fair value of the gold.

25 Cash and Cash Equivalents

Description	2024/2025 Ksh.	2023/2024 Ksh.
Cash at Bank	3,949,944,558	2,126,818,469
UNES Cash at Bank	29,399,740	32,047,283
	3,979,344,298	2,158,865,752

Cash and cash equivalents increased due to increase in MOUs entered in the year for research grants and had not been exhausted at the end of the year.

Financial Institution	Account Number	2024/2025 Ksh	2023-2024 Ksh
UoN Bank Accounts			
Current Account			
ABSA	094-8245515	2,949,001	32,068,331
ABSA	094-8245531	43,090,570	92,831,686
ABSA	2024689274	3,625,150	1,770,477
ABSA	2029090443	379,959,674	98,087,002
ABSA	2034715907	3,193,246	3,045,023
ABSA	2032770803	1,299,450	3,255,649
ABSA	2032770838	2,704,462	2,244,805
ABSA	2032771362	5,221,271	22,331,773
ABSA	2032770625	40,460,565	44,363,259
ABSA	451413414	4,045,292	5,957,051
ABSA	227103302	15,195,969	3,690,065
ABSA	775000503	2,653,416	5,501,920
ABSA	094-8245353	32,121,035	28,196,693
Kenya Commercial Bank	1104657112	771,390,855	70,358,696
Kenya Commercial Bank	1104828960	608,120,478	316,917,746
Kenya Commercial Bank	1121857426	13,461,118	6,536,967
Kenya Commercial Bank	1137133120	3,934,909	4,095,351
Kenya Commercial Bank	1139801554	12,778,128	9,915,346
Kenya Commercial Bank	1177475707	6,153,126	1,251,235
Kenya Commercial Bank	1104698676	49,835,495	13,013,467
Standard Chartered Bank	87020-978423-00	554,549,127	410,715,233
Standard Chartered Bank	93020-978341-01	714,941,290	718,031,515

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

ABSA	2045997661	136,840,907	224,886,392
ABSA	2045997688	457,572,759	3,732
ABSA	2052086682	75,536,017	-
		3,941,633,307	2,119,069,414
UON PRESS Bank Accounts			
Financial Institution	Account Number	2024/2025	2023/2024
Current Account		Ksh	Ksh
ABSA	777001914	4,284,918	4,115,783
ABSA	094-8214946	4,026,332	3,633,272
		8,311,251	7,749,055
UNES LTD		29,399,740	32,047,283
TOTAL		3,979,344,298	2,158,865,752

26 Short Term Deposits

Description

Trust and Endowment Funds

2024/2025	2023/2024
Ksh.	Ksh.
482,413	463,532
482,413	463,532

Current Trade Receivables Receivables from non-exchange

27 Transactions

Description

UON Government Capitation

GOK 2010-2013 CBA

Other Public Universities

Less: Provision for bad & doubtful debts

2024/2025	2023/2024
Ksh.	Ksh.
-	788,579,743
1,232,934,494	1,232,934,494
194,757,890	194,757,890
1,427,692,384	2,216,272,127
(71,384,619)	(110,813,606)
1,356,307,765	2,105,458,521

Ageing analysis for Receivables from non-exchange transactions

Description	% of the		% of the	
	2024/2025	total	2023/2024	total
	Kshs		Kshs	
Less than 1 year	-	0%	788,579,743	0%
Over 3 years	1,427,692,384	100%	1,427,692,384	100%
Total	1,427,692,384	100%	1,427,692,384	100%

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

28 Receivables from exchange Transactions

Description	2024/2025 Ksh.	2023/2024 Ksh.
Sundry Debtors	659,796,517	634,306,926
Receivables from E-Citizen	6,772,731	6,706,349
Bank Guarantees	14,520,545	13,501,306
Student Debtors	2,575,655,830	1,560,634,472
UON Press Receivables	8,000	-
UNES Receivables	227,435,196	215,633,086
	3,484,188,819	2,430,782,140
Less: Provision for bad & doubtful debts	(161,772,617)	(109,747,070)
	3,322,416,201	2,321,035,070

	2024/2025 Ksh.	% of the total	2023/2024 Ksh.	% of the total
Ageing Analysis- Receivables from non-exchange transactions				
Less than 1 year	1,464,700,479	42%	937,360,756	39%
Between 1-2 years	428,589,554	12%	433,085,655	18%
Over 3 years	1,590,898,785	46%	1,060,335,729	44%
Total	3,484,188,819		2,430,782,140	

Provision for Bad & Doubtful Debts

Description	2024/2025 Ksh.	2023/2024 Ksh.
Provision as at 01 July 2024	(220,560,676)	(157,375,928)
Provision as at 30 Jun 2025	(233,157,237)	(220,560,676)
Increase/(Decrease) in Provision	12,596,560	63,184,748
Total Current Trade Receivables	4,678,723,966	4,426,493,590

29 Inventories

Description	2024/2025 Ksh.	2023/2024 Ksh.
General Stocks	132,433,103	128,916,230
Dental Materials	106,880,120	76,000,409
UNES IGUs & Cafeterias	5,071,483	4,545,276
UNES Bookstore	32,473,488	33,310,644
	276,858,194	242,772,559

The University keeps inventory for teaching materials and day-to-day consumables that remain unused as at 30 June 2025

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

30. Property, Plant and Equipment

Cost	Land Kshs	Buildings Kshs	Work in Progress Kshs	Furniture and Equipment Kshs	Computers Kshs	Motor Vehicles Kshs	Academic Gowns Kshs	Biological Assets Kshs	Totals Kshs
Cost as at 1 July 2023	186,447,265,000	22,183,580,322	222,396,577	2,713,706,748	1,551,944,108	808,134,676	64,448,000	17,743,940	214,009,219,371
Additional Assets (UON)	-	-	24,750,687	24,560,527	50,233,211	-	1,095,000	-	100,639,425
Additional Assets (Grants)	-	-	-	44,827,974	28,341,128	-	-	-	73,169,102
Transfer & Adjustments	-	-	(146,854,779)	-	-	-	-	-	(146,854,779)
Revaluation	1,588,385,000	150,179,678	-	-	-	-	-	-	1,738,564,678
Cost as at 30 June 2024	188,035,650,000	22,333,760,000	100,292,485	2,783,095,249	1,630,518,447	808,134,676	65,543,000	17,743,940	215,775,103,757
Correction of overcasted totals									(365,960)
Reclassified biological assets								(17,743,940)	(17,743,940)
Prior year adjustment W-I-P			(5,910,719)						(5,910,719)
Additional Assets (UON)	-	-	59,121,776	13,630,681	50,110,451	-	2,075,350	-	124,938,258
Additional Assets (Grants)	-	-	-	58,080,148	42,930,747	23,846,000	-	-	124,856,895
Cost as at 30 June 2025	188,035,650,000	22,333,760,000	153,503,542	2,854,806,078	1,723,559,645	831,980,676	67,618,350	-	216,000,878,291
Depreciation & Impairment									
Accum. Dep. 1 July 2023	-	2,635,505,173	-	2,247,676,946	1,309,871,486	645,937,477	48,105,782	-	6,887,096,864
Accum. Dep. on Revaluation	-	(2,635,505,173)	-	-	-	-	-	-	(2,635,505,173)
Charge for the period 2024	-	-	-	86,983,489	67,043,037	51,929,546	3,222,400	-	209,178,472
Accum. Dep 30 June 2024	-	-	-	2,334,660,435	1,376,914,523	697,867,023	51,328,182	-	4,460,770,163
Charge for the period 2025	-	446,675,200	-	64,032,184	86,620,400	54,049,279	3,277,150	-	654,654,214
Accum. Dep 30 June 2025	-	446,675,200	-	2,398,692,619	1,463,534,923	751,916,302	54,605,332	-	5,115,424,376
Net Book Value 30 June 2025									
Net Book Value 30 June 2025	188,035,650,000	21,887,084,800	153,503,542	456,113,459	260,024,722	80,064,374	13,013,018	-	210,885,453,915
UNES Balances	-	-	-	20,536,553	1,087,897	6,613,793	-	-	28,238,243
UON Press	-	-	-	337,732	17,539	-	-	-	355,271
NBV 30 June 2024	188,035,650,000	22,333,760,000	100,292,486	468,345,570	255,837,001	120,188,343	14,214,818	17,743,940	211,346,398,118
NBV 30 June 2025	188,035,650,000	21,887,084,800	153,503,542	476,987,743	261,130,158	86,678,168	13,013,018	-	210,914,047,429

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

31 Investments

Description	No. Ordinary Shares	2024/2025 Ksh.	2023/2024 Ksh.
Trust and Endowment Funds Investments			
Gandhi Memorial Academy Society			
East Africa Breweries Limited @ Shs. 2/-	20520	3,982,419	3,011,310
Car and General (Kenya) Limited @ Shs. 5/-	54798	1,150,758	686,512
Unga Limited @ Shs. 5/-	34538	704,575	361,214
Kenya Power and Lighting Co. Limited @ Shs. 2.50/-	10062	114,707	14,847
		5,952,459	4,073,883
Kamala Gold Memorial Fund			
Kenya Power and Lighting Co. Limited @ Shs. 2.50/-	8892	101,369	13,121
		101,369	13,121
Tom Mboya Memorial Fund			
East Africa Breweries Limited @ Shs. 2/-	62586	11,789,638	9,184,496
		17,843,466	13,271,499

32 Intangible Assets

Description	2024/2025 Ksh.	2023/2024 Ksh.
UON Intangible Assets	10,736,112	10,736,112
Accumulated Amortization 1 July 2023	6,487,267	4,362,845
Amortization Charge	2,124,422	2,124,422
	8,611,689	6,487,267
Net book Value 30 Jun 2024	2,124,423	4,248,845.00
UNES Ltd Balances	2,932,760	4,399,139
	5,057,183	8,647,984

33 Biological Assets

Description	2024/2025 Ksh.	2023/2024 Ksh.
Animals	17,743,940	-
Increase/ Decrease in Revaluation	13,234,620	-
	30,978,560	-

Current Liabilities

34 Trade and Other Payables

Description	2024/2025 Ksh.	2023/2024 Ksh.
General Payables	1,304,013,827	875,297,271
Students' Fee & Other Prepayments	741,951,073	797,696,035
Rent & Deposits Refundable	251,774,245	198,773,011
DSP Payables	1,418,391,336	991,026,565
Koitalel Samoei Fund	109,864,056	119,864,056
UNES Payables	107,559,082	106,111,583
	3,933,553,618	3,088,768,520

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

Ageing analysis: (Trade and other payables)

	2024/2025 Ksh.	% of the Total	2023/2024 Ksh.	% of the Total
Under one year	2,505,466,684	64%	1,860,301,288	60%
1-2 years	701,286,659	18%	437,648,635	14%
2-3 years	505,969,842	13%	467,969,619	15%
Over 3 years	220,830,433	6%	322,848,978	10%
Total	3,933,553,618		3,088,768,520	

35 Statutory Payables

Description	2024/2025 Ksh.	2023/2024 Ksh.
Kenya Revenue Authority (Paye and VAT)	4,250,062,059	3,750,263,100
National Hospital Insurance Fund	19,198,544	5,657,900
National Security Social Fund	25,607,336	7,424,491
Housing Levy	40,239,616	18,268,960
UoN Pension	8,126,481,705	7,223,501,453
Higher Education Loans Board	370,620	585,719
	12,461,959,880	11,005,701,623

Ageing analysis: (Statutory Payable)

	2024/2025 Ksh.	% of the Total	2023/2024 Ksh.	% of the Total
Under one year	981,106,884	8%	927,627,839	8%
1-2 years	941,263,557	8%	941,263,557	9%
2-3 years	981,747,740	8%	981,747,740	9%
Over 3 years	9,557,841,699	77%	8,155,062,487	74%
Total	12,461,959,880	100%	11,005,701,623	100%

36 Current Provisions

Description	2024/2025 Ksh.	2023/2024 Ksh.
Provisions For Audit fees	4,640,000	4,640,000
Provisions For Audit fees UON PRESS	92,800	100,000
Provisions For Leave Days	556,662,759	550,682,689
Provision -Staff Gratuities	225,717,650	227,434,941
	787,113,209	782,857,630

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

37 Bank OverDraft – UNES Ltd

Description

2024/2025

Ksh.

2023/2024

Ksh.

362,258

-

Total Current Liabilities

17,182,988,966

14,877,327,773

38 ABSA Term Loan

Description

2024/2025

Ksh.

2023/2024

Ksh.

ABSA Loan Balance as at 01 July 2023

422,222,221

527,777,777

Loan Repayment

(105,555,555)

(105,555,556)

316,666,666

422,222,221

Description

2024/2025

Ksh.

2023/2024

Ksh.

39 UNES Ltd long term Liabilities

21,419,324

21,419,324

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

40	Special Accounts and Grants	1 July 2024			30-Jun-25
		Fund	Receipts	Expenditure	Fund
		Ksh.	Ksh.	Ksh.	Ksh.
	Ford Foundation	4,678,257	-	-	4,678,257
	Rockefeller Foundation	5,693,801	320,000	173,000	5,840,801
	International Development Research Center	15,415,481	31,512,410	23,578,130	23,349,761
	National Research Funds(NRF)	90,713,248	12,510,830	27,570,055	75,654,024
	World Health Organisation	91,480,241	186,326,381	81,118,034	196,688,589
	International Aids Vaccine Initiatives	33,244,590	36,178,611	60,764,261	8,658,939
	World Trade Organization	3,445,959	-	-	3,445,959
	Centre for Disease Control (CDC)	201,103,617	112,492,012	228,754,129	84,841,501
	African Economic Research Consortium (AERC)	5,579,220	6,799,337	11,618,933	759,624
	National Institute of Health	135,327,335	160,689,738	179,173,707	116,843,366
	USAID	156,838,587	850,000,287	710,025,379	296,813,495
	Bill and Merinda Gates	110,155,720	732,579,310	196,723,910	646,011,121
	Other Grants	1,601,020,766	3,274,255,553	3,052,435,218	1,822,841,102
		2,454,696,824	5,403,664,469	4,571,934,754	3,286,426,538

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

41	Trust and Endowment funds		
	Description	2024/2025	2023/2024
		Ksh.	Ksh.
	Gandhi Academic Society	22,217,874	20,439,244
	Kenya Railways	662,903	662,903
	A.C.I. De Souza Memorial	6,440	12,440
	R.G. Amin Bursary	393,239	393,239
	Kamala Gold Memorial	115,038	31,790
	Tom Mboya Memorial	19,562,393	16,957,251
	M.M. Bhatt Trust	103,866	103,866
	Eng.Carry Oregge - Civil Engineering Prizes	50,000	50,000
	Meteorology CBPS - IGAD climate Prediction	325,026	325,026
	Prof. J.O.Agumbah - Theriogenology Award	60,000	70,000
	Other Endowments	12,692,704	12,692,704
	Total trust funds	56,189,484	51,738,463
42	Endowment for General Purposes	16,181,338	16,181,338
43	General Fund		
	Description	2024/2025	2023/2024
		Ksh.	Ksh.
		16,822,842,119	16,162,447,216
	Add: Donated Assets (Grants)	124,856,895	73,169,102
	Less: Depreciation	(88,713,020)	(70,489,607)
	Science Engineering Complex	-	682,466,095
	Recognition of Amortized Capital Development Funds	(79,612,721)	(24,750,687)
		16,779,373,273	16,822,842,119
44	Capital Reserves		
	Description	2024/2025	2023/2024
		Ksh.	Ksh.
	Balance as at 1 Jul 2024	193,819,978,287	189,548,316,615
	Increase/(Decrease) in Revaluation	-	4,374,069,852
	Less: Incremental Depreciation on Revalued Assets	(105,411,774)	(102,408,180)
	Balance as at 30 Jun 2025	193,714,566,513	193,819,978,287
45	Revenue Reserves		
	Accumulated Surplus/ (Deficit) b/f	(10,289,493,314)	(10,580,761,332)
	Prior Year Adjustment	27,729,466	1,119,563,769
	Adjusted Balance b/f	(10,261,763,848)	(9,461,197,563)
	Add: Incremental Depreciation on Revalued Assets	105,411,774	102,408,180
	UNES Consolidated reserves	312,767,193	247,370,930
	Accumulated Surplus/ (Deficit) for the Period	(1,626,891,714)	(1,178,074,861)
	Accumulated Surplus/ (Deficit) c/f	(11,470,476,595)	(10,289,493,314)

NOTES TO THE FINANCIAL STATEMENTS cont'd

46. Cash Generated from Operations

Deficit for the year before	(1,626,891,714)	(1,178,874,861)
Adjusted for:		
Prior Year Adjustment	27,729,466	1,119,563,769
Depreciation	568,065,616	140,813,287
Increase/(Decreased) in Provision for Doubtful debts	12,596,560	57,583,590
Gains and Other losses	(111,447,357)	166,887,506
Research Grants Income	5,403,664,469	4,831,333,584
Research Grants Expense	(4,571,934,754)	(4,379,283,376)
Working Capital adjustments		
Capital fund received in the year	-	657,715,408
Increase in inventory	34,085,634	6,876,283
Increase in receivables	(252,230,376)	(1,148,707,311)
Increase in payables	2,301,043,355	172,415,269
Net cash flow from operating activities	1,784,680,900	447,123,147

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

47. 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 program 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 OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

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

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

Financial 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	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025					
Bank balances	25	3,978,982,040	3,978,982,040	-	-
Short Term Deposits	26	482,413	482,413	-	-
Receivables from non- exchange transactions-GoK	27	1,427,692,384	1,427,692,384	1,427,692,384	(71,384,619)
Receivables from exchange transactions	28	3,484,188,819	3,484,188,819	-	(161,772,617)
Inventories	29	276,858,194	276,858,194	-	-
Total		9,168,203,849	9,168,203,849	1,427,692,384	(233,157,237)

	Note	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024					
Bank balances	25	2,158,865,752	2,158,865,752	-	-
Short Term Deposits	26	463,532	463,532	-	-
Receivables from non- exchange transactions-GoK	27	2,216,272,127	2,216,272,127	2,216,272,127	(110,813,606)
Receivables from exchange transactions	28	2,430,782,140	2,430,782,140	-	(109,747,070)
Inventories	29	242,772,559	242,772,559	-	-
Total		7,049,156,110	7,049,156,110	2,216,272,127	(220,560,676)

	Note	2024/2025 Kshs	2023/2024 Kshs
Trade and Other Payables			
General Payables	34	1,304,013,827	875,297,271
Students' Fee Prepayments	34	741,91,073	797,696,035
Rent & Deposits Refundable	34	251,774,245	198,773,011
DSP Payables	34	1,418,391,336	991,026,565
Koitalel Samoei Fund	34	109,864,056	119,864,056
UNES Payables	34	107,559,082	106,111,583
Statutory Payables	35	12,461,959,880	11,005,701,623
Current Provisions	36	787,113,209	782,857,630
		17,182,626,707	14,877,327,773

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

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.

	2019/2020	2020/2021	2022/2023	2023/2024	2024/2025
	Ksh. Million	Ksh. Million	Ksh. Million	Ksh. Million	Ksh. Million
Total Revenue	12,843	9,738	10,156	11,641	16,194
Surplus/ (Deficit)	-1,624	-3,111	-2,103	-986	-1,627
Total Assets	216,724	213,048	212,947	212,486	219,903
Total Liabilities	13,191	14,698	16,828	17,356	20,880
Current Assets	6,727	5,310	5,170	5,306	8,935
Current Liabilities	10,269	11,565	13,786	14,735	17,183
Cash & Cash Equivalents	1795	1510	1,442	1,793	3,979
Inventory	245	280	244	236	277
Financial Ratios					
Profitability Ratios					
Profit Margin	-12.65%	-31.95%	-20.70%	-8.47%	-10.05%
Return on Assets	-0.75%	-1.46%	-0.99%	-0.46%	-0.74%
Liquidity Ratios					
Current Ratio	0.66	0.46	0.38	0.12	0.23
Acid Test Ratio	0.63	0.43	0.36	0.34	0.50
Cash Ratio	0.17	0.13	0.1	0.12	0.23
Leverage Ratios					
Debt Ratio	0.06	0.07	0.08	0.08	0.09

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

The University has registered negative profit margins from FY 2019/2020 to the current financial year. In FY 2024/2025 the university registered profit margins of negative 10.05%. The negative Return on Assets ratio from FY 2019/2020 to FY 202/2025 above indicates that the institution is not using its assets effectively to generate income. The current ratio and acid test ratios of less than 1.00 as recorded from FY 2019/2020 to FY 2024/2025 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 than 0.5 from FY 2019/2020 to the current financial year which gives room for addition of more debt to finance the institution's operations.

NOTES TO THE FINANCIAL STATEMENTS cont'd

48. 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 optimizing 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.

49. Capital Risk Management

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

		2024/2025	2023/2024
	Note	Kshs	Kshs
General Fund	42	16,779,373,273	16,822,842,119
Capital Reserves	43	193,714,566,513	193,819,978,287
Revenue Reserves	44	(11,470,476,595)	(10,289,493,314)
Special Accounts and Grants	39	3,286,426,538	2,454,696,824
Trust and Endowment funds	40	56,189,484	51,738,463
Endowment for General Purposes	41	16,181,338	16,181,338
Total Funds		202,382,260,552	202,875,943,717
Total Borrowings	34-37	17,499,293,373	15,299,549,994
Less: Cash and Bank Balance	25-26	3,979,464,453	2,159,329,285
Net Debt/(Excess Cash and Cash equivalent)		21,478,757,827	17,458,879,279
Gearing		11%	9%

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

NOTES TO THE FINANCIAL STATEMENTS cont'd

50. Net funds from IGUs & UNES

	1 July 2024			30 Jun 2025
Income Generating Units- Faculties	Fund Ksh.	Receipts Ksh.	Expenditure Ksh.	Fund Ksh.
Central IGUs Units	4,931,338	63,801,187	68,352,840	379,685
Faculty Of Agriculture	26,618,543	42,866,823	42,860,654	26,624,712
Faculty Of Arts & Social Sciences	4,209,710	13,222,126	7,887,747	9,544,089
Faculty Of Commerce	1,982,305	4,067,939	2,187,793	3,862,451
Faculty Of Education	10,312,590	7,372,344	2,281,045	15,403,889
Faculty Of Engineering	32,649,537	12,621,345	4,536,952	40,733,930
Faculty Of Health Science	21,316,371	21,044,451	9,194,494	33,166,327
Faculty Of Science Technology	10,613,950	5,241,017	2,525,461	13,329,506
Faculty Of Veterinary Medicine	24,806,755	30,262,154	34,510,809	20,558,100
	137,441,099	200,499,384	174,337,794	163,602,689
Other Income Generating Units				
Chiromo Parlour	19,029,078	31,144,036	28,351,218	21,821,896
Diagnostic Radiology	(1,993,862)	3,340,900	3,309,817	(1,962,779)
Dental Plaza IGU	14,258,458	33,979,476	28,138,231	20,099,703
UoN Library	22,599,304	10,851,762	2,889,661	30,561,405
Eye Centre	(3,427,249)	8,421,280	8,292,846	(3,298,815)
Dental School	(9,500,255)	13,029,879	14,520,430	(10,990,806)
	40,965,474	100,767,333	85,502,203	56,230,605

51. Related parties

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

Company	Share Holding	Amount (Ksh)
UNES Ltd	100%	100,000

Government of Kenya

The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity's equity interest.

Other Related Parties

Ministry of Education, Science and Technology is the parent ministry University of Nairobi

NOTES TO THE FINANCIAL STATEMENTS cont'd

Description	2024/2025 Ksh.	2023/2024 Ksh.
Related party Transactions		
Recurrent Capitation		3,972,073,296
Capital Development Funds	79,612,721	24,750,687
	1,564,114,619	3,996,823,983
Amount Due from GoK		
Capitation-University of Nairobi		1,484,501,898
CBA 2010-2013 Pension Arrears	1,232,934,494	1,232,934,494
CBA 2010-2013 Other Public Institutions	194,757,890	194,757,890
	1,427,692,384	2,216,272,127
Amount Due from UNES		
Bookstore taken over	21,419,324	21,419,324
Dividends Receivable	-	3,614,179
Amount held by UNES on behalf of UoN	243,358,077	254,617,540
IGUs Management Fees Charged by UNES	(16,016,866)	(16,016,866)
	248,760,495	263,988,018
Council Expense		
Remuneration of Chairperson	856,774	960,000
Remuneration of Council Members	5,874,500	8,734,655
Council Members GPA	1,286,327	1,361,986
Airticket	272,090	758,250
Travelling, Office expenses and Catering	10,859,343	17,491,094
Training & Development	866,296	300,000
	20,015,330	29,605,985

52. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period

53. Ultimate And Holding Entity

The University of Nairobi is a Semi- Autonomous Government Agency under the Ministry of Education, Science and Technology. Its ultimate parent is the Government of Kenya

54. Currency

The financial statements are presented in Kenya Shillings (Ksh) rounded to the nearest Ksh

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

20. APPENDICES

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Variances in the Financial Statements	The accuracy and completeness of the financial statements could not be confirmed.	There was no variance in relation to Rent & Deposits refundable and UNES receivables.	Resolved	
2. Unsupported Revenue - Accommodation and Catering Fees	The validity, accuracy and completeness of accommodation and catering fees could not be confirmed	The issue was resolved in FY2024-2025 together with a support schedule.	Resolved	
3. Unsupported Intangible Assets	The accuracy of the intangible assets could not be confirmed.	Licenses and contract documents of the intangible assets are available	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4. Long Outstanding Receivables	The accuracy and recoverability of the long outstanding receivables could not be confirmed.	Kenya power amount, a reconciliation is underway between UON and Kenya power account A reconciliation of long outstanding student's debts was done. The matter is awaiting approval from management to write off amounts for the deceased students and correction of error in the books of accounts for the non-recoverable amount.	Partially resolved	
5. Unsupported Tuition Fees and Other Related Charges	Non provision of data consisting of the active student data containing receipt numbers, invoice ID/reference, gender, year of study, GL-acc, sequence, batch-entry and the amounts.	The University employs the Students Management Information System (SMIS) to manage, record and store student's information. It is the primary student's resource in managing student data. This is integrated with the University's financial system (SAGE) where all revenue and collections recorded from SMIS is recognized. The Invoices from student's activities are reported in the GL Series 400 and 401 as indicated in the Trial balance. All payments are reported as prepayments as reported in	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		our trial balance with the GL series 700. Attached herein are the receipts to support the University's revenue from tuition and other charges and the Receipts during the year.		
6.1 Restricted Committee Meetings	The council exceeded the maximum number of meetings by committees of the council	The Council and its committees sit for quarterly meetings and where agenda items cannot be finalized in a single sitting, the law and practice allows for a meeting to the agreed date in a quarter. An adjournment meeting is a continuation of the previous meeting.	Resolved	
6.2 Unsupported Council Expenditure	The accuracy, validity and regularity could not be confirmed due to unsupported expenditure	The documents supporting the expenditure are available. There are the invitation Notices, attendance register and minutes for the meetings in respect of the payments.	Resolved	
7. Anomalies in Trade and Other Payables	It was not possible to confirm how the goods were procured, received	The supporting documents relating to various suppliers amounting to Kshs. 42,690,891 were provided for review.	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.1 Unsupported Payables	and distributed, or how the balances owed to stated institutions were arrived at. This casts doubt on the authenticity of trade and other payables balance.			
7.2 Long Outstanding Trade and Other Payables	The University manages its cash prudently to maintain liquidity, scheduling payments for outstanding payables as funds allow. Despite cash flow challenges, it continues to settle debts and aims to improve cash flow and reduce supplier debt under its 2023–2027 Strategic Plan.	The University prioritizes liquidity management hence, continues settling debts, and plans to improve cash flow and reduce supplier debt in its 2023–2027 Strategic Plan.	Ongoing	Continuous

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.3 Lack of Creditors Movement Register	The accuracy and validity of the trade and other payables balance of Kshs. 3,088,768,520 could not be confirmed.	The creditor movement register is available.	Resolved	
8. Investments	The accuracy and completeness of the balance of Kshs.13,271,499 could not be confirmed.	The university stockbrokers provided the Middle market values for the securities held as at 30th June 2024. The financial statement reflect the correct position for the investments. Attached is the Confirmation from the brokers of Market share prices	Resolved	
9. Composition of UON Council Committees Members	The accuracy, regularity and validity of UON Council expenditure of Kshs.29,605,985 could not be confirmed.	Currently, the UON Council has three committees instead of four, namely; Audit & Risk, Finance & Strategy and HR & Administration with plans to establish a fourth for better member distribution. Each existing committee includes more than one-third of the nine-member Council.	Resolved	
10. Dormant	The value for	This fund was established around	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Endowment for General Purposes	money held in endowment for general purposes for the University amounting to Kshs.16,181,338 could not be confirmed	2005 as a designated fund for the purpose funding students' prizes and scholarships. The fund has remained dormant for a long time due to cash flow problems faced by the university. However, students' prizes and scholarships are administered and realized through trust funds and donor programmes.		
11. Inaccuracies in the Financial Statements	Unexplained variances in the financial statements.	The errors was brought about by casting omissions in the previous financial year relating to biological assets of Ksh. 22,950 for completed projects and Ksh. (388,910) for disposals during that year missed out during computation. The schedules have been adjusted.	Resolved	
12. Unsupported Statement of Changes in Net Assets Balances	The accuracy of the financial statements could not be confirmed.	During the financial year, the University undertook several key financial adjustments: 1. Revaluation of Immovable Assets i. Land was revalued at Ksh. 1,588,380,000. ii. Buildings were revalued at Ksh.	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		150,179,678. iii. Accumulated depreciation of Ksh. 2,635,505,173 on revalued buildings was adjusted. iv. The total revaluation amount of Ksh. 4,374,069,852 is detailed in the attached report and reflected in Note 29 of the financial statements. 2. Engineering Complex Construction Funds i. The University received Ksh. 682,466,095 for the Engineering Complex project and recorded under General Funds in the statement of changes in equity as reported in Note 42, with supporting receipts. 3. Reconciliation and Corrections i. A reconciliation with KRA led to the reversal of Ksh.		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		1,351,549,701.78 previously misrecorded as payable for PAYE. ii. An incorrect loss of Ksh. 85,131,154.29, recorded as a pension investment loss, was corrected. iii. A prior year's erroneous Work-In-Progress amounting to Ksh. 146,854,778.76, wrongly classified as a payable, was also rectified.		
13. Irregularities in Special Accounts and Grants	The regularity, validity and authenticity of the special accounts and grants payable balance of Kshs. 2,454,696,824 could not be confirmed.	The University fully implemented a legally binding Collective Bargaining Agreement (CBA) despite not receiving full funding from the government and is still awaiting the remittance. All staff salaries, including project staff, are managed through a centralized payroll under the University of Nairobi's Human Resource and Salaries Section. Recruitment follows the University's standard procedures, and appointed	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		project staff are issued payroll numbers and paid through the University, with costs later refunded by grants. Project staff salaries are included in the special account expenditure of Ksh. 4,379,283,376 and recorded as grant expenses in the general ledger, which was provided for audit. Supporting payroll documentation is attached for verification.		
14. Material Uncertainty in Relation to Sustainability of Services	The continued existence of the University is dependent on continued financial assistance from the Government, donors and its creditors.	A. Deficit and Financial Challenges The University reported a deficit of Ksh. 1.17 billion, stemming from financial difficulties that began in FY 2017/2018 due to: 1. Reduced Capitation: Government allocations dropped from Ksh. 6.3B to Ksh. 4.5B after 2017 education sector reforms. 2. Decline in Tuition Revenue: Fewer student admissions led to reduced Module I and II fees, with Module II revenue falling from Ksh. 6.2B to Ksh. 4.4B.	Ongoing	Continuous

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		3. Ongoing Capitation Shortfalls: GoK allocations have consistently met only 40–55% of the expected 80% Differentiated Unit Cost. For FY 2024/25, only Ksh. 1.4B was allocated. 4. Penalty on Unremitted Pension Funds: This further increased the deficit. 1. The University has a negative working capital, mainly due to unpaid remittances to KRA and the UoN Pension Scheme totaling Ksh. 11B out of Ksh. 14.8B in current liabilities. 2. Despite this, the University has been paying all current supplier obligations and statutory deductions monthly. 3. The newly negotiated CBA worth Ksh. 9.76B includes, for the first time, a funded pension component that will help reduce long-term liabilities. B. Strategic Interventions to Address		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Financial Risks i. Chancellor's Big 5 Agenda Includes launching UoN Innovation Park, Nairobi School of AI, Kenya Green Jobs Centre, and an advanced health research program to diversify revenue. ii. Austerity Measures: Personnel costs have been reduced from Ksh. 10B to Ksh. 8.5B annually through cost-cutting and efficiency efforts. iii. Strategic Plan 2023–2027: Focuses on sustainability and revenue growth through six Key Result Areas (KRAs), emphasizing research, innovation, and commercialization. iv. Expanding Research Funding: Funding has grown from Ksh. 3.5B (2019/20) to Ksh. 6.8B (2023/24), enhancing the University's financial resilience. v. Commercialization of Assets:		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Unlocking value from infrastructure, intellectual property, and innovations. vi. Private Sector Partnerships: Developing new revenue streams via collaborations. vii. Adopt-a-Hostel Campaign: Involving stakeholders in upgrading student housing. viii. Alumni Engagement: Strengthening ties with graduates to support University initiatives. ix. Incubation Hubs: - C4D Lab: Drives tech-based solutions to development challenges. - Maker Space: Facilitates prototyping and innovation in engineering and design.		
Loss Making Income Generating Units (IGUs)	Management has not explained measures that are being put in place to reverse the trend and ensure	Most Income Generating Units (IGUs) at the University of Nairobi support its core mandate of teaching and learning, with income generation being a secondary benefit driven by staff expertise. During the development of	Ongoing	Continuous

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	sustainability of the Income Generating Units (IGUs).	the 2023–2028 Strategic Plan, UNES management evaluated the IGUs and identified that, although some units like the Dental School, Eye Centre, and DIRM are currently loss-making, they have strong potential for profitability. The strategic plan includes investments in necessary equipment, enhanced marketing, and staffing to grow these units. Once fully implemented, these initiatives are expected to make the IGUs profitable and beneficial to the University.		
1. Irregularities in Compensation of Employees 1.1 Lack of an Approved Organisation Structure and Staff Establishment	The optimal number of staff for the University could not be confirmed.	The University has developed an organization structure and staff establishment together with the Human Resource policy which are herein provided for your review.	Ongoing	
1.2 Payment of Acting Allowances	Acting allowances paid to staff appointed on acting capacities	In order to address the prolonged acting appointments, the University advertised relevant positions internally in December 2023. However, the	Not resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	against policy guides.	University Council later directed external advertisement, published on December 12, 2023. On December 22, 2023, the Employment and Labor Relations Court issued an order halting the recruitment process (Case No. KEELRC 806). Acting appointments are made by the Council based on qualifications and experience, especially in light of high staff turnover and a government hiring freeze. The Council is actively working to fill vacancies, as demonstrated by recent job advertisements.		
1.3 Non-Adherence to the One-Third Basic Salary Rule	Some employees paid less than a third (1/3) of the basic pay resulting to non-adherence to the one-third basic salary rule	The University of Nairobi has implemented internal controls to ensure staff salaries comply with the one-third rule, Except for: a) Staff residing in university housing, where rent is deducted at source but not considered a payroll commitment. b) Recent statutory levies that increased payroll deductions, affecting	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		compliance. The University has flagged off those affected by the recent changes in statutory legislation and advised to plan out-of-payroll payments. The University anticipates that the pending CBA 2021–2025 will enhance		
1.4 Un-Remitted Statutory Deductions	The University did not comply to remit statutory deductions within the applicable timeline.	The University and KRA reconciled outstanding balances, reducing the amount owed to Ksh. 3.5 billion, which the University is working to settle. While continuing to meet current obligations to prevent further debt growth, the pension arrears remain due to unremitted CBA 2010/2013 funds by the government a debt the University has pursued without success.	Ongoing	Continuous
1.5 Irregular Payment of Personal Allowance - Kshs.1,200,000	The basis for payment of personal allowances could not be substantiated.	The appointment of a DVC (Finance, Planning and Development) and DVC (Human Resource & Administration) in May 2025 replaced all the roles of the COO.	resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.6 Exceeding the 35% Budgetary Limit on Employee Cost	The University wage bill amounted to seventy percent (70%) of the total revenue, significantly surpassing the 35% threshold, thus making it financially unsustainable.	The University of Nairobi, Kenya's largest public university with over 45,000 students, faces a high monthly payroll exceeding Ksh 800 million due to cumulative effects of CBAs from 2010 to 2021. Despite being required to maintain an 18:1 student-to-faculty ratio, the University is working to reduce its wage bill to the recommended threshold of 35% of total revenue. To achieve this, the University has: i. Frozen new staff hiring. ii. Declined to renew expiring staff contracts. These measures have led to a wage bill reduction from Ksh 11.8 billion in FY 2017/2018 to Ksh 8.5 billion in FY 2023/2024. Additionally, the University has launched its Strategic Plan 2023–2027 to boost revenue, align with the government's bottom-up economic agenda, and enhance institutional sustainability and service delivery.	Ongoing	Continuous

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.7 Unsupported Payments to Casual Workers	There was no justification or supporting documentation, such as master rolls, for the hiring of casual workers, hindering audit verification.	The University hires casual laborers only when necessary, based on departmental requests detailing the task, duration, and required number of workers. Approval is given by the head of department, with selection based on prior experience and local availability. Supporting documents for these expenses are provided for review.	Resolved	
2. Irregular Payment of Legal Fees	There was no documentation provided on how the legal firms were identified including, any service agreement signed with the University of Nairobi.	The University maintains a prequalified list of legal service providers through a compliant procurement process. No new legal firms were engaged during the year under review, as no new cases arose. Payments made were for ongoing cases from previous years, handled by previously prequalified firms retained until case completion.	Resolved	
3. Irregular Procurement Procedures - Student Welfare Activities	Use of suppliers who were not in the approved list of prequalified suppliers.	Section 57(2) provides for continuous registration and periodic updating of suppliers list. In this case the above stated suppliers were registered with the University but the list had not been updated. The list has since been duly	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		updated in compliance with the law.		
4 Students Graduating with Fee Balances	There was a total of 11 students who graduated with unsettled fees balances amounting Kshs.303,229 as at 30 June, 2024.	1) The University Executive Board established an Inter-departmental committee for processing graduation list. It has been put in place to ensure only fully SMIS registered and fee compliant students are processed for graduation. 2) Degree Certificates for all graduates with fee balances are withheld at the Central Examination Centre pending payment of outstanding fee balances. 3) Senate had allowed students with ksh.5,000 for Undergraduate, Kshs.10,000 for the Postgraduate and below to graduate since the same can be recovered from their caution money.	Resolved	
5. Unexplained Trust and Endowment Fund Balances	Unexplained fund balance	The University manages a donor-sponsored Trust and Endowment Fund used to recognize outstanding student performance, with awards guided by	Ongoing	Continuous

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		sponsor-defined criteria. Deans nominate top students annually, and selections are made by a Senate committee. The University also invests part of the fund in securities, which have appreciated in value. Although dividends have not been received due to the pending opening of a CDS account, investment values have been updated to reflect current market rates, with supporting documentation provided.		
6. Lease of Land without Authority 6.1 Lower Kabete Road LR. NO:1870/111/71	No evidence was presented for audit to prove that the said leases were authorized by the University Council, the Cabinet Secretary for Ministry of Education and The National Treasury as required by the law.	As per the duly signed lease agreement clause 15 on yield up, Upon the expiry of the lease agreement, the Lessee shall peacefully and quietly deliver to the Lessor in vacant possession of the demised premises in good order and conditions. The lease states that immovable property, erected by the lessee shall be surrendered to the lessor at no costs upon the expiry of the lease period. The Lessee will remove the loose/movable assets only and handover the immovable assets to the lessor as captured in clause 15 of the	Ongoing process	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		lease agreement. Identification of the Lessee: The lessee expressed interest to lease the land as per expression of interest – Letter attached dated 29th October 2020. Due diligence was done to confirm the tenant and requisite documentations were provided and a team of university experts reviewed the documents and a letter of offer was issued to the tenant hence was accepted (copy attached) (Appendix 6.2a) The valuers in the Facility Management department carried out a valuation to ascertain market rates and a report advising on the fair market rent was submitted – copy attached (Appendix 6.2b) At the end of the lease period, the property shall revert to university at expiry of the lease agreement as per the terms – attach lease agreement (Appendix 6.2c)		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Property to revert to university at expiry of the lease agreement as per the terms – attach lease agreement on clause 15 of the duly signed lease agreement (Appendix 6.2c) That university got value for money in terms of the rent amounts in relation to the value of the land since the Land has been put into highest and best use whose current rental income Kshs 700,000.00 per month unlike the previous staff rent of Kshs.46,200.00 per month.		
6.2 Kayahwe Road House LR No1/203 - KILIMANI	No evidence was presented for audit to prove that the said leases were authorized by the University Council, the Cabinet Secretary for Ministry of Education and The National Treasury as required by the	The Land Reference number 1/203 is approximately 0.862 acres located along Kayahwe road, kilimani. Developed on the plot is a single bungalow with a servant quarter and is currently occupied by the University staff member as per the attached letter of offer for the University accommodation That, the rent is payable through the check off system to the University.	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	law.	We have checked and confirmed that there is no such activity on the parcel as alleged therefore we do not have an agreement with AI's Pride Car Dealers whom has been alleged turned the residential staff house it into a car yard.		
6.3 Spring Valley LR No-7468/9	No evidence was presented for audit to prove that the said leases were authorized by the University Council, the Cabinet Secretary for Ministry of Education and The National Treasury as required by the law.	The parcel of land on L.R. Number 7468/9 is approximately 3.937 acres and belongs to the University of Nairobi Council. The leasehold interest is for 99 years w.e.f.1st December 1949. Developed on the parcel are 2No. block of flats and 12no. maisonettes and servant quarters The parcel has not been leased out nor has it been subdivided. Land reference number 7468/14 adjoining the said LR 7468/9, is currently rented (part) 0.28 acres to ATC Kenya (formerly Telkom) for the Telecommunication booster sites effective from 1st December 2021 for a term of 10 years at annual rent of Kshs 651,558.00 at 5% increment	Regularization ongoing	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		annually. The approval to lease was issued by University management and lease agreement signed The income stream from the property is well recorded as per the attached receipts and invoices.		
6.4 Old Council Offices in Hurlingham	No evidence was presented for audit to prove that the said leases were authorized by the University Council, the Cabinet Secretary for Ministry of Education and The National Treasury as required by the law.	The previous council offices were based at University of Nairobi Pension Scheme (UNIPEN) property at Hurlingham and had a lease where the University used to pay rent. As part of cost saving and since the University has its property, it was prudent to accommodate Council offices at the University property on Ngong Road, parcel LR. No. 2/21. The UNIPEN building are managed by the pension trustees and the space where the council offices relocated from were handed back to them. The Land Reference Number 2/21 is approximately 1.0 acres whose tenure is a freehold interest registered under	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the University of Nairobi Council. Developed on the plot are 2. identical bungalows and servant quarters, at the time of the audit, one of the houses had been converted to accommodate Council Offices. A curtain wall was then erected in between the 2 houses in order to create quiet enjoyment of the two separate houses which could be used for different purposes. The curtain wall does not amount to subdivision and the University has no intentions of subdividing the property That, the deed plan of the confirms that the land is still intact i.e. one acre with its fixed boundaries. For income generation, the property has since been rented as an office for a period of five years effective August 2023 and February 2024 as per the attached tenancy agreements for the two buildings		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7. Anomalies in Provision for Module II Direct Service Providers (DSP} 7.1 Part Time Lecturers' Appointment Letters	Appointments of nine (9) part-time lectures and acceptance of the appointments are done long after the semester had started.	In the year under review, appointment of some part-time lecturers was done long after the semester had started because the user departments delayed in providing the information required to process the applications	Resolved	
7.2 Performance Appraisals	There was no evidence to prove that the part time lecturers were subjected to performance appraisal	As stipulated in Part 7 of the appointment letters of part-time lecturers, part-time lecturers are subjected to performance appraisal through a compulsory evaluation by the students or classes which the lecturer is responsible for. This evaluation is done every semester and the best performing lecturers are awarded annually. The evidence of this appraisal is hereby provided for your review	Resolved	
7.3 Inconsistent	The validity and	The policy is not specific on non-	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Payment Rates	accuracy of the payments made to Module II lecturers could not be confirmed.	teaching staff DSP rates. These staff are allocated duties by the administrators/registrars/coordinators who then guide their compensation based on workload. Some teaching staff are allocated administrative roles at the faculty.		
7.4 DSP Module II Teaching Allocation	Inconsistencies in the payment rates for Direct Service Providers (DSPs).	The review downwards of DSP allocation to 20% was due to cash flow challenges the University was facing when capitation was reduced. Up to date, the capitation amount continues to go down.	Resolved	
8. Unexplained Cash Advances - Student Welfare Expense	There was no imprest register that was provided for audit verification hence imprest surrender dates could not be established.	The University does not operate an imprest system. Our Advance System is used to manage expenses. All advances are requested and approved on predetermined expense, and approved budget. As a measure of accountability and timely recognition of expenses, the University ensures that advances are fully authorised and posted. The payments are usually made to the suppliers of vendors through a University staff who is responsible to ensure delivery of service or goods. Should there be a	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		failure to satisfy our request then the responsible staff is tasked to ensure any funds transferred are returned.		
9. Unsupported Income Generating Units (IGUs) for UNES	The Income Generating Units (IGUs) from UNES were not supported with ledgers thus it was not possible to confirm the reported balances	The Ledgers for Diagnostic Imaging, CFP, Dental Plaza, Dental School, Eye Centre and Library IGUS are hereby attached for your review.	Resolved	
10. Stalled Student Accommodation Hostels at Lower Kabete Campus	The value for money on the expenditure incurred so far on the project could not be confirmed.	The stalled hostels issue has been due to budgetary issues, and we will continue sourcing for funds from the government by engaging the National Treasury. The University has included the project in its budget for FY 2025/2026. We have also written to the Ministry of Education on allocation of funds for the project. The completion of this project is in our best interest since the University is incurring a lot of cost due to litigations and interest charges associated with the stalled project. The University is	Not resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		exploring other avenues to make sure the project is completed as soon as possible including Public-Private-Partnership engagements.		
11. Proposed Construction of School of Pharmacy	The value for money may not be obtained if the Project is not put to the intended use.	There were inadequate funds to complete the works and the University management requested funds from the treasury and the government has approved funding to complete the project commencing with the current FY. At the time of the audit, the University was waiting for the release of funds in the 3rd quarter of that Financial Year. A portion of the funds i.e.Kshs.25,998,514.10 were allocated in June 2024 and the contractor moved to site and construction is ongoing	Resolved	
12. Proposed Construction of UoN Engineering and Science Complex	The value for money may not be obtained if the Project is not completed and put to the intended use.	We have reconciled the Work-in-progress and the Status of uncompleted projects appropriately. The amount relating to studies and traveling allowances have been restated to reflect the correct position of the nature of expenditure. The amount relating to works amounted to Ksh.16,545,392.00 during the year,	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		which is reflected in the project status report.		
13. Un-Surveyed Land	This poses a risk of the University being unable to protect its boundaries, resulting in continued loss of land to encroachers and land grabbers.	The University took an initiative to survey its land in FY 2019/2020 and developed the digital mapping of all its properties with clear locations and pins (screenshots attached) (Appendix 13a) That University inspects its land regularly by identifying its boundaries either fixed or general boundaries to ensure that its parcels are well secured. The University has deployed security personnel to patrol all its land on a regular basis and suspicion is reported. The University has been ensuring that its land is secure through fencing where possible and having a full-time officer in charge of each parcel of land. The University approved and carried out a revaluation of all its physical assets and survey of its land, an	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		exercise which commenced in March 2024 and completed in June 2024 whose main objective was to Identify, verify and inspect all University's real estate.		
14. Unsupported Work in Progress (WIP)	The value for money incurred on the Project could not be confirmed	i. The list of projects amounting to Kes. 100,292,486 have been provided for your review and verification including the implementation status. ii. A journal entry explaining the movement together with a list of projects amounting to Kes.146,854,779 have been provided for your review and verification. iii. We have adjusted the WIP in relation to Engineering Complex that did not relate to works and restated the relevant expenditures accordingly. See attached the journals to adjust.	Resolved	
15. Unverified and Idle Dental Materials in Inventory	The value for money for dental materials held in the form of gold amounting to Kshs.76,000,409 could not be	The dental materials - gold, are in the custody of the accounting officer, securely stored under lock and key. Regular physical verification and an annual stock take are conducted to ensure proper management. The materials were acquired for teaching	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	confirmed.	purposes at our dental school and have remained unused for an extended period due to their high value and the low demand in the current economic state. The institution is aware of the risks associated with holding excess inventory and is actively exploring options to reduce stock levels or find alternative uses, ensuring efficient resource utilization and mitigating the risks of theft and obsolescence		
16. Failure to Provide Appointment Letters for the UON Council	No appointment letters were provided for audit.	All Council members were duly gazetted and appointment letters issued by the appointing authority. In Gazette notice number 6767 dated 22 May, 2023, the name of one of the Council members was captured wrongly. It was indicated as “Darmain Ole Warkae” instead of “Parmain Ole Narikae (Dr.).” By Corrigenda published in Kenya Gazette Vol. CXXV-No. 150 dated 30th June 2023, Gazette Notice No. 6767 of 2023 was amended so that the name printed as “Darmain Ole Warkae” could read as	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		“Parmain Ole Narikae (Dr.)” There is thus no board member who has not been disclosed in the financial statements for the year under review. In addition, neither has the Vice-Chancellor nor any member of staff been paid sitting allowances.		
17. Non-Submission of Financial Statements for Research Grants	Failure to prepare or submit separate financial statements for the research grants to the Auditor-General for all the years the grants have existed.	The University of Nairobi Research grants books of accounts have been audited throughout by the Office of the Auditor General together with the University of Nairobi Audited Annual report and financial statement. The special Grants report of the University comprises the Income and Expenditure and fund balance of the grants. This has been included in the audited reports from the inception of the University of Nairobi Financial statement and Audited reports. The special grants report is included in the Quarterly report prepared and submitted to the Office of the Auditor General and a copy to the National	Resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Treasury. The University of Nairobi Special Research Grant report is primarily audited by the Office of Auditor General and any other special audit requested for is subsequent audit of the Auditor General Audited report. There are specific Grants such as Center for Diseases Control, where the Funder may request for Special Audit by private practice firms of their Grants. This is done as a subsequent audit having been audited by AOG and in compliance to donor requirement. It is not all Grants that have a requirement to be audited by a private firm and we usually submit the UoN Audited Financial statement to the funder at the end of the Financial year of the University. Please refer to the Special Grants report for the last three years attached of the inclusion of the Special Research Grants report in the		

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		University Audited Financial statement and Account Note 37.		
1. Information Technology Internal Controls Weakness	The effectiveness of the information technology internal controls employed by the University could not be confirmed.	The University integrates several systems through the Sage Workflow to ensure coordinated functionality: 1. Sage Accpac 300 ERP – Serves as the central financial system, handling payments, receipts, ledgers, and financial reporting. 2. Student Management Information System (SMIS) – Manages student academic records, including registration, courses, and progression. 3. Human Resource Management Information System (HRMIS) – Manages staff data, payroll, and expenditure authorization. 4. Cash Advance System – Manages advances for research grants and other approved expenses, promoting compliance and accountability.	Resolved	
2. Use of Excel in	The effectiveness of the fixed assets	The University is in the process of activating the Asset Management	Not resolved	

UNIVERSITY OF NAIROBI

Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Maintaining the Asset register	management systems employed by the University could not be confirmed.	module in SAGE ERP to enhance asset data security. In the interim, Excel is used with safeguards like password protection and limited editing rights. Additionally, a restricted-access digital property map register has been developed.		
3. Students with Accrued Fees Balances	The internal controls put in place by the Management in respect of validation of the student fees status before generating an invoice is doubtful	The University Financial year ends in June while the academic year ends in August, therefore 15 students out of the 29 students had cleared their fee balances by the end of the academic year. The remaining 14 students are currently out of the sessions that is no service is being offered to the students.	Resolved	



PROF. M. JESANG HUTCHINSON,
BSC, MSC(Nbi), PhD(Guelph)
Vice Chancellor (Ag) & Secretary to Council
16 December 2025

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Appendix II: Projects implemented by University of Nairobi

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements.(Yes/No)
Completion of pharmacy building at KenyattaN.Hospital		GOK	6/7/2025			
Completion of Students Accommodation at Lower kabete Campus		GOK	8/9/2027			
UoN Engineering & Science Complex		GOK	12/9/2027			
University of Nairobi CHERAMI Cancer institute specialist teaching and facilities at upper kabete Campus		GOK	12/7/2027			
Proposed international School Hostels Main Campus		GOK	14/8/27			
Implementation of green Energy Project		GOK	9/9/2024			
Proposed SACE dairy project at Upper Kabete Campus		GOK	8/8/2027			
University of Nairobi Teaching and referral hospital upper kabete Campus		GOK	12/8/2027			

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Innovation park feasibility study and Development Upper Kabete		GOK	11/9/2027			
Proposed School of Law Towers Parklands Campus		GOK	11/9/2027			
Proposed Refurbishment of students welfare hostels SWA		GOK	12/6/2026			
College of architecture and Engineering Prefab Lecture halls at ADD		GOK	17/7/24			
psri project		GOK	12/6/2024			

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Appendix III. Status of Projects completion

SN	Project	Total Project Cost(Ksh.)"000"	Total expended to date Ksh '000'	Completion % to date	Budget Ksh. '000'	Actual Ksh. '000'	Sources of funds
1	Completion of pharmacy building at KenyattaN.Hospital	1,100,000.00	152,000.00	13%	1,100,000.00	1,100,000.00	GOK
2	Completion of Students Accommodation at Lower kabete Campus	1,125,000.00	675,000.00	60%	1,125,000.00	1,125,000.00	GOK
3	UoN Engineering & Science Complex	4,000,000.00	118,334.00	19%	4,000,000.00	4,000,000.00	GOK
4	University of Nairobi CHERAMI Cancer institute specialist teaching and facilities at upper kabete Campus	3,000,000.00	-	0%	3,000,000.00	3,000,000.00	GOK
5	Proposed international School Hostels Main Campus	7,400,000.00	-	0%	7,400,000.00	7,400,000.00	GOK
6	Implementation of green Energy Project	250,000.00	-	0%	250,000.00	250,000.00	GOK
7	Proposed SACE dairy project at Upper Kabete Campus	3,600,000.00	-	0%	3,600,000.00	3,600,000.00	GOK
8	University of Nairobi Teaching and referral hospital upper kabete Campus	25,000,000.00	-	0%	25,000,000.00	25,000,000.00	GOK
9	Innovation park feasibility study and Development Upper Kabete	20,000,000.00	-	0%	20,000,000.00	20,000,000.00	GOK
10	Proposed School of Law Towers Parklands Campus	3,650,000.00	-	0%	3,650,000.00	3,650,000.00	GOK
11	Proposed Refurbishment of students welfare hostels SWA	885,000.00	-	0%	885,000.00	885,000.00	GOK

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

12	College of architecture and Engineering Prefab Lecture halls at ADD	325,000.00	-	0%	325,000.00	325,000.00	GOK
13	Proposed replacement of asbestos roofs	50,000.00	-	0%	50,000.00	50,000.00	GOK
14	Proposed disability mainstreaming of lifts	25,000.00	-	0%	25,000.00	25,000.00	GOK
15	psri project	5,000.00	-	0%	5,000.00	5,000.00	GOK

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Appendix IV: Transfers from Other Government Entities

ENTITY NAME		UNIVERSITY OF NAIROBI		FY 2024/2025	
Break down of Transfers from the State Department University Education					
a.	Recurrent Grants				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
		16/08/2024	123,708,492.40	Q1 - 2024/2025	
		12/9/2024	123,708,492.40	Q1 - 2024/2025	
		11/10/2024	123,708,492.40	Q1 - 2024/2025	
		<i>Q1 - UON sub-total</i>	371,125,477.20		
		19/11/2024	122,441,500.00	Q2 - 2024/2025	
		9/12/2024	123,708,492.40	Q2 - 2024/2025	
		9/12/2024	1,266,992.40	Q2 - 2024/2025	
		6/1/2025	123,708,492.40	Q2 - 2024/2025	
		<i>Q2 - UON sub-total</i>	371,125,477.20		
		7/1/2025	123,708,492.40	Q3 - 2024/2025	
		10/2/2025	123,708,492.00	Q3 - 2024/2025	
		13/03/2025	123,708,492.00	Q3 - 2024/2025	
			371,125,476.00		
		9/4/2025	123,708,492.00	Q4 - 2024/2025	
		10/5/2025	123,708,492.00	Q4 - 2024/2025	
		12/6/2025	123,708,492.00	Q4 - 2024/2025	
			371,125,476.00		
		Salary arrears	635,034,573.00	Q4 - 2024/2025	
	GRAND TOTAL - RECURRENT FUNDS		2,119,536,471.00		
b.	Development Grants				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
		09/7/2024	12,796,400.00		
		TOTAL	12,796,400.00		
c.	Direct Payments				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
	TOTAL TRANSFER 2024/2025		2,132,332,871.00		



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Vice Chancellor(Ag) & Secretary to Council
16 December 2025



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Ag. Director Finance
16 December 2025

UNIVERSITY OF NAIROBI
Annual Report and Financial Statements for the Financial Year ended 30th June 2025

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program	Sub Program	Disaster Type	Category of disaster related activity that require expenditure reporting (Response/Recovery/Mitigation/Preparedness)	Expenditure Item	Amount (Ksh.)	Comments
		Infection Control (COVID-19,Mpox)	Preparedness	Hand paper towels	145,500.00	Protist Lab Africa Ltd.
			Preparedness	Hand Paper towels	144,000.00	Broth Supplies Ltd
				Surgical Face Mask 3ply	26,500.00	
			Preparedness	Sodium 3% Hypochlorite Solution	54,000.00	Clinical Precision
Total					370,000.00	