

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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REPORT

OF

DATE: 23 MAR 2021

DAY:

Tuesday

TABLED
BY:

LOM

CLERK-AT
THE-TABLE:

Hon. Amar Kimunya

Moses Lemana

THE AUDITOR-GENERAL

ON

UNIVERSITY OF NAIROBI PRESS

FOR THE YEAR
ENDED 30 JUNE, 2019



UNIVERSITY OF NAIROBI PRESS

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

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UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

I. INSTITUTIONAL DETAILS

The Directors have the pleasure of submitting the Annual Report and Accounts for the year ended 30 June, 2019.

INCORPORATION

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

PRINCIPAL ACTIVITIES

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

RESULTS FOR THE YEAR

During the year, The University of Nairobi Press reported a net deficit of Ksh 5,572,330 from its operations.

BANKER

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

AUDITOR

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

REGISTERED OFFICE

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

UNIVERSITY OF NAIROBI PRESS

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II. DIRECTORS

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



PROF. STEPHEN GITAHI KIAMA

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

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PROF. ISAAC MEROKA MBECHE

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



MR. JOHN K. ARAP KENDUIWO

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

UNIVERSITY OF NAIROBI PRESS

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MS PAMELLAH ADAMBA ASULE

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

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

III. MANAGEMENT TEAM

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



Ms. Pamellah A. Asule
Ag. Managing Editor



Mr. Charles Sikulu
Humanities Editor



Ms. Njeri Muhoro
Social Sciences Editor



Mr. David Gitanga
Accountant

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

IV. REPORT OF THE CHIEF EXECUTIVE

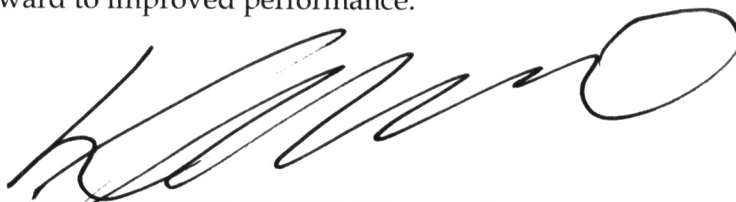
I am pleased to present the Annual Report and Accounts of the University of Nairobi Press for the year ended June 30, 2019.

During the year under review, the University of Nairobi Press recorded a deficit of Ksh. 5,572,330 compared to a deficit of Ksh. 401,727 incurred in 2017/2018.

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

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

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



PROF. S.G. KIAMA
VICE-CHANCELLOR

V. STATEMENT OF CORPORATE GOVERNANCE

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

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

VII. BOARD REPORT

The business of the University of Nairobi Press, whose financial results are reported here, was guided by the 2018/2019 performance contract. The UoN Press similarly adhered to the procedures and quality standards of the University of Nairobi as our parent institution and to the national values espoused in the relevant government documents and circulars. However, the company faced various financial and staff constraints that had implications on its performance.

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

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

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



PAMELLAH A. ASULE,
Ag. Managing Editor

UNIVERSITY OF NAIROBI PRESS

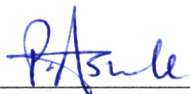
Annual Reports and Financial Statements for the year ended 30 June 2019

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years and in conformity with International Financial Reporting Standards. The Board is of the opinion that the financial statements presented offer a true and fair view of the state of the financial affairs of the University of Nairobi Press as at 30 June 2019. The Board further confirms the accuracy and completeness of the accounting records maintained by the company, which have been relied upon in the preparation of the financial statements, as well as the adequacy of the system of internal financial control.

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



PAMELLAH A. ASULE
AG. MANAGING EDITOR
DIRECTOR



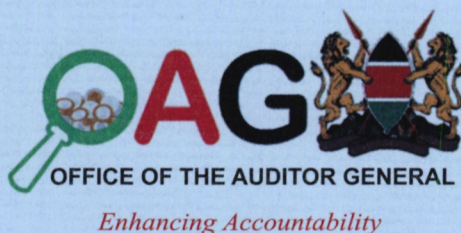
PROF. S.G. KIAMA
VICE-CHANCELLOR
DIRECTOR

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI PRESS FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Nairobi Press set out on pages 1 to 16, which comprise the statement of the financial position as at 30 June, 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity, 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 effects 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 the University of Nairobi Press as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015 of the Laws of Kenya.

Basis for Qualified Opinion

1. Financial Performance

As reported previously, the company's financial performance deteriorated further with a reported net loss of Kshs.5,572,330 compared to a net loss of Kshs.401,727 in 2017/2018. In addition, the company's working capital reduced by Kshs.5,448,320 from the previous financial year balance of Kshs.26,473,504 to Kshs.21,025,184. Unless measures are put in place to reverse the trend of making losses, the company is likely to face financial challenges in the future.

2. Trade and Other Receivables

As disclosed in Note 14 to the financial statements, the statement of financial position reflects a balance of Kshs.558,475 under trade and other receivables which was arrived at after a provision for bad and doubtful debts of Kshs.1,012,761. The provision comprised of Kshs.956,457 being 100% of the debts outstanding for over six (6) years and Kshs.56,304 being 10% of the debts outstanding for a period of less than six (6)

years. During the previous year, Management had provided for debts of six (6) years and above at 50% and those below six (6) years at 10%. It is therefore, not clear how the provision for bad and doubtful debts was determined and applied as policy documents on debt management were not availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy and full recoverability of trade and other receivables balance of Kshs.558,475 as at 30 June, 2019.

3. Unsupported Grants from the University of Nairobi

The statement of profit or loss and other comprehensive income and Note 2 to the financial statements, reflects an amount of Kshs.13,045,325 being grants from the University of Nairobi. This includes rent and utilities grant from the University amounting to Kshs.3,470,400 relating to Office space occupied by the Press. Although the Press Management has explained that the space occupied was valued by the University of Nairobi Estate Department, no evidence was provided for audit review to support that the valuation report was approved by the Press Board of Directors and the University Council.

In the circumstances, it has not been possible to confirm the validity and accuracy of the grants from the University of Nairobi totalling Kshs.3,470,400.

4. Obsolete Inventories

The statement of financial position reflects inventories of Kshs.19,422,685. As previously reported and as disclosed in Note 13 to the financial statements, the balance includes an amount of Kshs.3,519,659 in respect of secondary school text books. Although, the books are obsolete due to change in curriculum, they were valued at cost in spite of the fact that the realizable value could be lower, contrary to the provisions of Paragraph 9 of IAS 2 which requires inventories to be stated at the lower of cost or net realizable value.

In the circumstances, the inventories balance of Kshs.19,278,685 is not fairly stated.

5. Property, Plant and Equipment

As disclosed in Note 12 to the financial statements, the property, plant and equipment balance of Kshs.760,101 refers to the net book value of assets with an estimated cost of Kshs.6,468,297. However, the assets register with the supporting individual balances for the assets were not availed for audit review.

In the circumstances, it has not been possible to confirm the accuracy and completeness of the reported property, plant and equipment balance of Kshs.760,101 as at 30 June, 2019.

6. Unauthorized Expenditure

The statement of comparison of budget and actual amounts reflects an actual expenditure of Kshs.20,449,476 against an approved total budget of Kshs.2,000,000 resulting in an over-expenditure of Kshs.18,449,476. The over-expenditure mainly occurred under

salaries and wages where an amount of Kshs.15,574,925 was spent against a nil budget. The over-expenditure constitutes an unauthorized expenditure as defined under Section 2 of the Public Finance Management (National Government) Regulations, 2015.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there were no key audit matters to communicate in my report.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Annual General Meeting and Annual Returns

The University of Nairobi Press is incorporated under the Companies Act which requires Annual General Meetings to be conducted every year. However, the Board of Directors did not hold any meetings during the year under review. Further, and as previously reported, the Company did not file annual returns with the Registrar of Companies as required under Section 705(1) of the Companies Act, 2015. Although the Management explained that the University Management had established a Committee to look into the activities of the Company and recommend the way forward, no evidence was provided that the returns were filed as at 30 June, 2019.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on the audit, that

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit.

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

08 March, 2021

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

X. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2019

	NOTES	2018/2019 KSHS	2017/2018 KSHS
INCOME			
Trading Profit/(Loss)	1	465,649	(720,512)
UoN Grants	2	13,045,325	20,042,162
Other grants	3	311,147	415,122
Publishing Books Income	4	954,720	-
Over provision write back		-	333,319
TOTAL INCOME		14,776,841	20,070,091
OPERATING AND ADMINISTRATIVE EXPENSES:			
Salaries and Wages	5	15,574,925	20,042,162
Operating Expenses	6	4,750,541	922,868
Depreciation	7	124,010	154,742
Donated books	8	5,687	5,095
TOTAL OPERATING EXPENSES		20,455,163	21,124,868
OPERATING PROFIT FOR THE YEAR		(5,678,322)	(1,054,776)
Income from Short Term Deposits	9	34,124	201,528
Income from Sweeping Account	10	164,406	451,521
Loss on sale of Treasury Bills	11	(92,538)	-
PROFIT/ (LOSS) FOR THE YEAR		(5,572,330)	(401,727)

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

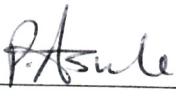
UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

XI. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

ASSETS	NOTE	2018/2019 Kshs.	2017/2018 Kshs.
Non-Current Assets			
Property, Plant and Equipment	12	760,101	884,111
Current Assets			
Inventories	13	19,422,685	19,257,244
Trade and Other Receivables	14	558,475	768,695
Short Term Deposit	15	-	3,739,883
Cash and Cash Equivalents	16	5,756,119	7,526,031
Current Assets		25,737,279	31,291,854
TOTAL ASSETS		26,497,380	32,175,965
FUNDS AND LIABILITIES			
Capital Fund	17	3,809,495	3,809,495
Accumulated Profit(Loss)	18	17,975,790	23,548,120
		21,785,285	27,357,615
Non-Current Liabilities			
Current Liabilities			
Trade and Other Payables	19	4,712,095	4,818,350
TOTAL FUNDS AND LIABILITIES		26,497,380	32,175,965

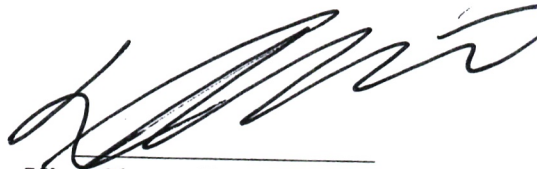
The financial statements set out on pages 1 to 16 were signed on behalf of the Board of Directors by:


Ag. Managing Editor
Pamellah A. Asule

Date 30/6/2019


Accountant
David Gitanga
ICPAK M. No 3789

Date 30/06/2019


Vice-Chancellor
Prof. S. G. Kiama

Date 8/10/20

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

XIII. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

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

	Accumulated Profit	Capital Fund	Total
2017/2018	Ksh	Ksh	Ksh
Balance As at 01.07.2017	23,949,848	3,809,495	27,759,343
Surplus/ (Deficit)	(401,727)	-	(401,727)
Balance As at 30 June 2018	23,548,120	3,809,495	27,357,615

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2019

XII. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2019

	Note	2018/2019 Kshs.	2017/2018 Kshs.
Cash Flows from Operating Activities			
Net Profit (Loss) for the Year		(5,572,330)	(401,727)
Adjustments for:		-	
Depreciation	12	124,010	154,742
Cash Flows from Operating Activities Before working Capital Changes		(5,448,320)	(246,985)
(Increase)/Decrease in Inventories	13	(165,441)	1,137,603
(Increase)/Decrease in Trade and other receivables	14	210,220	(77,844)
Increase/ (Decrease) in Trade and other payables	19	(106,255)	(224,938)
Net Cash Flow from Operating Activities		(5,509,796)	587,836
Cash Flow from Investing Activities			
Purchase of Equipment	12	-	-
Net Cash Flow from Investing Activities		-	-
Net Increase/ (Decrease) in Cash and Cash Equivalent		(5,509,796)	587,836
Movement in Cash and Cash Equivalent			
Cash and Cash Equivalent at Beginning of Year		11,265,915	10,678,078
Net Increase in Cash and Cash Equivalents	16	(5,509,796)	587,836
Cash and Cash Equivalent at End of Year		5,756,119	11,265,915
Analysis of Cash and Cash Equivalent			
Short term Deposit	15	-	3,739,883
Cash and Cash Equivalents	16	5,756,119	7,526,031
Cash and Cash Equivalent at End of Year		5,756,119	11,265,915

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

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XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original Budget	Adjustments	Final Budget	Actual Amounts	Variance
Revenue					
Trading Profit	3,641,131	-	3,641,131	465,649	(3,175,482)
UoN Grants	-	-	-	13,356,472	13,356,472
Published Books	9,006,740	-	9,006,740	954,720	(8,052,020)
Other Incomes	2,177,129	-	2,177,129	105,992	(2,071,137)
Total Revenue	14,825,000	-	14,825,000	14,882,833	(57,833)
Expenses					
Salaries & Wages	-	-	-	15,574,925	(15,574,925)
Operating/Administrative Expenses	1,900,000	-	1,900,000	4,756,228	(2,398,652)
Depreciation	-	-	-	124,010	(124,010)
Capital Expenditure	100,000	-	100,000	-	100,000
Total Expenses	2,000,000	-	2,000,000	20,455,163	(18,455,163)

XV. NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Company.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Companies Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

B. Application of new and revised International Financial Reporting Standards (IFRSs). *Relevant new standards and amendments to published standards effective for the year ended 30 June 2018.*

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

i) *Amendments to IFRS 14 - Regulatory Deferral Accounts*

IFRS 14 deals with entities with activities whose prices are regulated by the government such as petroleum products. The amendment to IFRS 14 had no effect on UoN Press financial statements because UoN Press pricing activities are not regulated by the government, in addition the amendment only applies to first time adopters of IFRS

ii) *IAS 16 and IAS 38 Clarification on accepted methods of depreciation and amortization*

IAS 16 deals with the accounting for property, plant and equipment and IAS 38 with intangible assets. The two provide guidelines on the recognition, subsequent measurements and depreciation/amortization of these assets. The amendments to IAS 16 & 38 did not affect the UoN Press current Financial Statements since the amendments are effective for accounting periods beginning on or after 1st January, 2016.

iii) *Amendments to IAS 41 Agriculture: Bearer plants*

IAS 41 gives guidelines on the accounting treatment of biological assets such as bearer plants.

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NOTES TO THE FINANCIAL STATEMENTS continued...

The amendment to IAS 41 did not affect UoN Press current Financial Statements because the effective for accounting periods beginning on or after 1st January, 2016 and also UoN Press does not have any biological assets in the statement of financial position.

iv) *IFRS 10, IFRS 12 and IAS 28: Investment entities applying the consolidation exception*

IFRS 10 guides on the preparation and presentation of consolidated financial statements. IFRS 12 guides on the disclosure of interests in other entities (subsidiaries, joint ventures, associates e.t.c), while IAS 28 narrows down on the detailed accounting for associates and joint ventures.

The amendment to the above standards which dealt with application for consolidation exception, did not affect UoN Press Financial Statement since UoN Press does not have a controlling interest in other entities. In addition, the effective date for the amendment was for accounting periods beginning on or after 1st January 2016.

v) *Annual improvement 2012-2014 (IFRS 5, IFRS 7, IAS 19, IAS 34)*

IFRS 5 deals with noncurrent assets held for sale and discontinued operations, IAS 32 accounting for financial instruments (Financial assets & liabilities) and IAS 34 gives guidelines on preparation of interim Financial Statements. The amendments to these standards are effective for accounting periods beginning on or after 1st January, 2016 and hence did not affect the financial statements of the company.

Early adoption of standards

The company did not early-adopt any new or amended standards in 2016.

C Significant Accounting Policies

1.1 The Accounts are prepared under the historical cost convention.

1.1 a Accounts comply with the requirements of the IFRS

1.2 Property, plant and equipment are stated at cost.

Depreciation on fixed assets is provided for at annual rates estimated to write off the assets over the expected useful life.

The annual rate are:

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

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NOTES TO THE FINANCIAL STATEMENTS continued...

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

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

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

D Taxation

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

E Currency

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

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

(i) Royalties Payable - Royalties are money paid to our authors in proportion to number of units of particular title sold during the year. The rate of 20% on net sales is applied by the UoN Press in computing the amount of royalties payable to the authors.

(iii) Provision for Audit Fees - Kshs. 92,800 was provided as audit fees for current year ended 30th June 2018.

The audit fees for year ended 30th June 2017 was paid during the year.

(iv) Advances for publication—These are funds received by UoN Press from sponsors for publication of particular titles. During the year, a total of Kshs. 438,487.00 was spent for publication of such titles.

- Out of a total of 7 sponsored titles, 3 were published during the year.
- Kshs 4,462,549.00 has been accrued for publication of the 7 titles.

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NOTES TO THE FINANCIAL STATEMENTS continued...

(v) Staff Emoluments

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

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XVI. NOTES TO THE FINANCIAL STATEMENTS

1	Trading Profit		
	Trading account	2018/2019	2017/2018
		Kshs.	Kshs.
	Gross Sales for the year	718,564	880,096
	Less: Discount allowed	(215,061)	(235,505)
	Net sales	503,503	644,591
	Less: Cost of Sales	(37,854)	(1,365,103)
	Trading Profit (Loss) for the year	465,649	(720,512)
	Cost of Sales		
	Production cost	203,294	227,500
	ADD:		
	Opening Stock as at 1.7.2018	19,003,244	20,140,847
	W.I.P - (Opening)	254,000	254,000
		19,460,538	20,622,347
	Less:		
	Closing W.I.P - (Ending)	(144,000)	(254,000)
	Cl. Stock as at 30.6.2019	(19,278,684)	(19,003,244)
	Cost of Sales for the year	37,854	1,365,103
2	Grant from UON	19,045,325	20,042,162
	Less transfer to UoN	6,000,000	-
		13,045,325	20,042,162

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NOTES TO FINANCIAL STATEMENTS continued...

3	Other Grants Analysis	2018/2019	2017/2018
		Kshs.	Kshs.
	U.o.N grant - Fuel related costs	152,500	219,300
	U.o.N grant - Petty Cash Grant	118,597	195,822
	U.o.N grant - Promotional expense by UON	40,050	-
	TOTAL	311,147	415,122
4	Publishing Books Income		
	Akurinu Churches-Flogin E.A	534,000	-
	Instuctional Supervision-StarBright	200,000	-
	Conference Proceeding-Imagemate	220,720	-
		954,720	-
5	Salary and Wages	15,574,925	16,571,762
6	Operating Expenses		
	i. Royalties	84,393	117,654
	ii. Rent and Utilities	3,470,400	-
	iii. Stationery and Office Expenses	311,560	349,057
	iv. Fuel related Expenses	152,500	68,250
	v. Annual Subscription Fees (KPA)	55,000	55,000
	vi. Audit Fees (provision)	92,800	92,800
	vii. Bank Charges	17,242	18,187
	vii. Training and workshop	0	64,950
	ix. Promotion Expenses	149,119	156,970
	x. Provision for doubtful debts	417,527	-
		4,750,541	922,868
7	Depreciation		
	1st July 2018	5,584,186	5,429,444
	Charge for the Year	124,010	154,742
	30th June 2019	5,708,196	5,584,186

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NOTES TO THE FINANCIAL STATEMENTS Continued...

		2018/2019	2017/2018
8	Books Donated	5,687	5,095
	These were books issued to authors and various heads of departments for reference or promotion free of charge		
9	Investment income (T/Bill) as at 30th June 2019		
	Description		
	July - Sep 2018	34,124	67,799
	Oct - Dec 2018	-	38,784
	Jan - Mar 2019	-	67,829
	April - June 2019	-	27,115
		34,124	201,528
10	Income from Sweeping Account	164,406	451,521
11	Loss on Sale of Treasury Bills		
	Value of Treasury Bills	3,600,000	3,600,000
	Less Proceeds from Sale	3,507,462	-
	Gain/(Loss) realised	(92,538)	-

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NOTES TO THE FINANCIAL STATEMENTS Continued...

12. Property, Plant & Equipment

2018/2019	Furniture & Equipment	Computers & Accessories	Total
Cost	Kshs.	Kshs.	Kshs.
1st July 2018	4,629,654	1,838,643	6,468,297
Additions	-	-	-
30th June 2019	4,629,654	1,838,643	6,468,297
Acc.Depreciation	3,923,541	1,660,645	5,584,186
Charge for the Year	70,611	53,399	124,010
30th June 2019	3,994,152	1,714,044	5,708,196
Net Book Value			
At 30th June 2019	635,502	124,599	760,101
At 30th June 2018	706,113	177,998	884,111
2017/2018			
Cost	Kshs.	Kshs.	Kshs.
1st July 2017	4,629,654	1,838,643	6,468,297
Additions	-	-	-
30th June 2018	4,629,654	1,838,643	6,468,297
Depreciation			
1st July 2017	3,845,084	1,584,360	5,429,444
Charge for the Year	78,457	76,285	154,742
30th June 2018	3,923,541	1,660,645	5,584,186
Net Book Value			
At 30th June 2018	706,113	177,998	884,111
At 30th June 2017	784,570	254,283	1,038,853

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NOTES TO THE FINANCIAL STATEMENTS Continued...

13	Inventories	2018/2019	2017/2018
	Scholarly Books	15,759,026	15,483,075
	Secondary School Text Books	3,519,659	3,520,169
	Work - in - Progress	144,000	254,000
		19,422,685	19,257,244

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

14	Trade and Other Receivables			
	Trade Receivables -UON Press provided 100% for debts that are 6 years old and above, while 10% is provided for debts that are below 6 years and below. The provision for Bad and doubtful Debts as follows:			
	Trade Receivables (Net)	506,741	716,065	
	Advance Royalties	51,734	52,630	
	Total	558,475	768,695	
	Trade Debtors (Gross)	1,519,502	1,311,299	Charge for the year
	Provision for bad & doubtful debts	(1,012,761)	(595,234)	417,527
	Trade receivables (Net)	506,741	716,065	

Period of Debt		Rate	Provision for bad Debts
Above 6 years	956,457	100%	956,457
Below 6 years	563,045	10%	56,304
Total	1,519,502		1,012,761

15	Short Term Deposits		
	The investment in Treasury bills was withdrawn as per GoK directive.		
	Short term deposit re-invested	-	3,600,000
	Interest re-invested for the year	-	139,883
		-	3,739,883

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NOTES TO THE FINANCIAL STATEMENTS Continued...

16 Cash and Cash Equivalents

Cash at Bank:		
A/C0948245353	2,074,650	7,526,031
A/C0777001914	3,681,469	-
Total	5,756,119	7,526,031

17 Capital Fund

This is the initial contribution by the University of Nairobi for the setup of the University of Nairobi Press

The amount has remained the same over the years.-
Ksh. 3,809,495

Capital Fund	3,809,495	3,809,495
	3,809,495	3,809,495

18 Accumulated Profit (Loss)	2018/2019	2017/2018
Net accumulated profit (Loss)- 01.07.2018	23,548,120	23,949,848
Profit (Loss) for the year	(5,572,330)	(401,727)
Accumulated profit/(Loss)	17,975,790	23,548,120

19 Trade and Other Payables

Trade Creditors	59,978	18,530
Royalties	842,489	758,992
Provision for Audit Fees	185,600	92,800
Advances for Publication	3,624,028	3,948,028
Total	4,712,095	4,818,350

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XVI. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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