

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

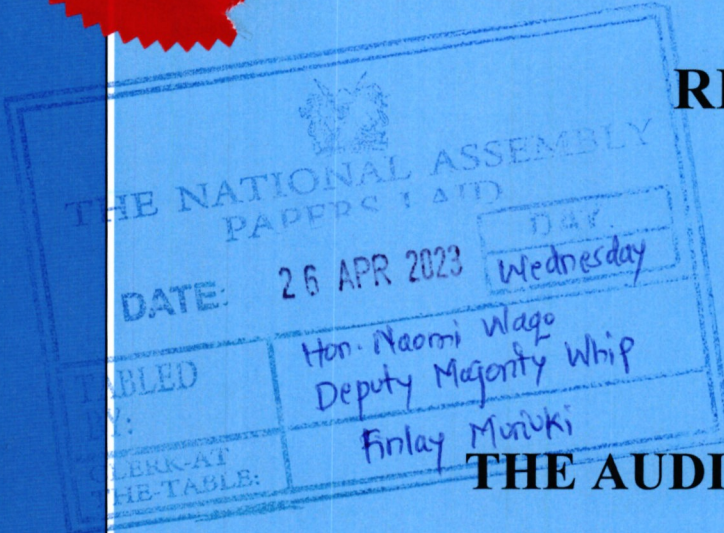
OF

THE AUDITOR-GENERAL

ON

UNIVERSITY OF NAIROBI PRESS

**FOR THE YEAR ENDED
30 JUNE, 2022**





UNIVERSITY OF NAIROBI PRESS

REPORTS AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2022**

**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 2022

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

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UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

I. KEY ENTITY INFORMATION

The University of Nairobi PRESS had nine (9) Directors in 1984 when it was formed. Over years PRESS operated without substantive board of Directors since the nine Directors left many years ago and were not replaced. The Vice Chancellor of the University has been overseeing the operations of PRESS by virtue of his position as the Vice Chancellor and thus deemed to act on behalf of the Directors.

In the year under review the operations of the University of Nairobi PRESS were grounded and the entire management and staff redeployed to other departments of the University.

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 has been publishing scholarly books.

RESULTS FOR THE YEAR

During the year, The University of Nairobi Press was dormant having suspended operations. The movement of the Cash and Cash equivalent of Ksh 330,000 comprises of bank-initiated reversals of interest for year ended 30 June 2021 of Ksh 14,949, interest earned from the call accounts of Ksh 195,912.20 and debtors' direct deposits of Ksh 149,055. The reported expenses of Ksh 169,619 consists of provision for audit fees at ksh 92,800 and a depreciation charge of ksh 76,800.

BANKER

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

AUDITOR-GENERAL

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

REGISTERED OFFICE

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

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

II. BOARD OF DIRECTORS

NO	NAME	DESIGNATION
1.		
2.		

The University of Nairobi PRES had nine (9) Directors in 1984 when it was formed. Over years PRESS operated without substantive board of Directors since the nine Directors left many years ago and were not replaced.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

III. MANAGEMENT TEAM

NO.	NAME	DESIGNATION
1		
2		
3		
4		

During the year under review UoN PRESS did not have a management team after the operations were grounded when reforms carried out by the University saw all the staff including the Managing & Science Editor, Humanities Editor, Social Sciences Editor and Accountant who were actually employees of the University redeployed to other departments of the University.

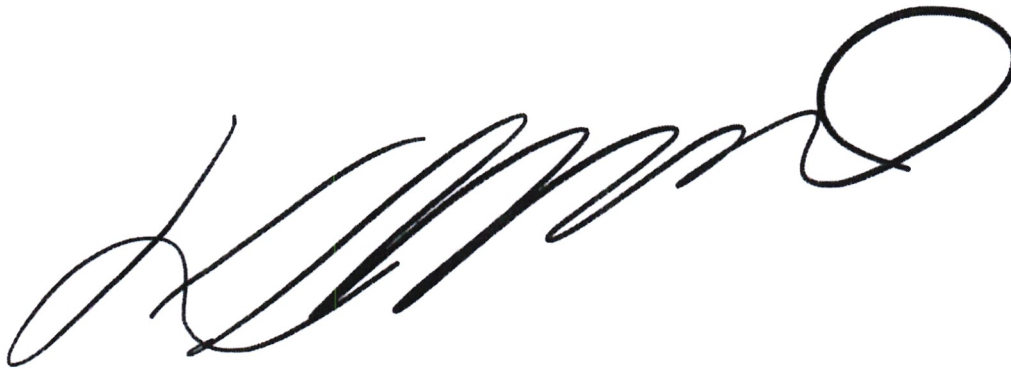
UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

IV. CHAIRMAN'S STATEMENT

During the year under review, the University of Nairobi Press was dormant following the restructuring in the University where all the staff were redeployed to departments of the University.

The University of Nairobi PRES had nine (9) Directors in 1984 when it was formed. These Directors left many years ago and were not replaced hence during the year under review there was no board of director nor chair of board of directors.



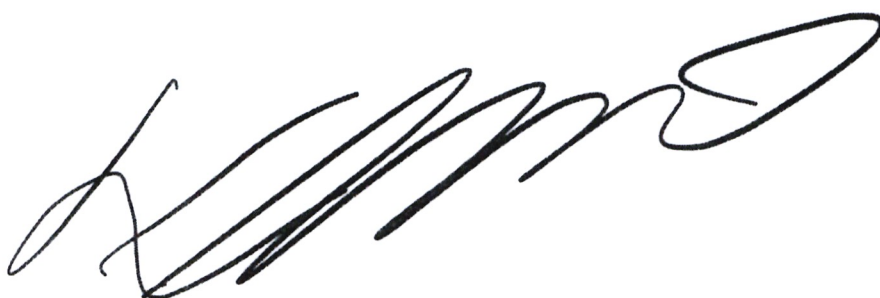
PROF. S.G. KIAMA
VICE-CHANCELLOR

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the year under review, the University of Nairobi Press was dormant following the restructuring in the University where all the staff including the Managing Editor (Chief Executive Officer) were redeployed to departments of the University.



PROF. S.G. KIAMA
VICE-CHANCELLOR

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Publishing				
Distribution				

During the year under review UoN PRESS was dormant, hence had no performance to report.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

VII. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed, controlled and held to account. The University of Nairobi Press in the year under review grounded its operations and did not have a management team.

Once reconstituted the University of Nairobi Press management will be 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 will be 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.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

During the year, The University of Nairobi Press was dormant having suspended operations. All the staff including the management team were employees of the University and were all redeployed to work in the University.

The movement of the Cash and Cash equivalent of Ksh 330,000 comprises of bank-initiated reversals of interest for year ended 30 June 2021 of Ksh 14,949, interest earned from the call accounts of Ksh 195,912.20 and debtors' direct deposits of Ksh 149,055. The reported expenses of Ksh 169,619 consists of provision for audit fees at ksh 92,800 and a depreciation charge of ksh 76,800.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

VI. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

During the year under review, the Press operations were grounded and therefore Press did not engage in any environmental and sustainability activities.

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

VII. REPORT OF THE DIRECTORS

Board Members

In the financial year 2021/2022, there were no directors of University of Nairobi Press Ltd, the following signed the Financial Statements on behalf of the board;

1. Prof. Stephen Kiama.
2. Stephen Kimeli.

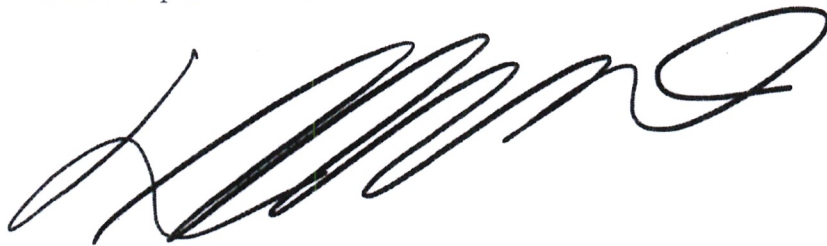
Principal Activities

The following were the principal activities for University of Nairobi Press Ltd when it was formed:

- a) Publications
- b) Distribution
- c) Editorial Services
- d) Design and layout
- e) Typesetting.

The business of the University of Nairobi Press, was to be guided by procedures and quality standards of the University of Nairobi as its parent institution and the national values espoused in the relevant Government documents and circulars. However, the company did not carry out any operations in the year under review that had implications on its performance.

During the year under review, the University implemented the five-point agenda which also affected the operations of University of Nairobi Press. The University will continue to exploit the opportunities embodied in the reform agenda to address the issue of operations of the UoN PRESS.



PROF. S.G. KIAMA
VICE-CHANCELLOR

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

IX. 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.


During the year under review UoN PRESS did not have a substantive Board to accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates consistent with previous years and in conformity with International Financial Reporting Standards.

The University on behalf of the UoN PRESS 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 2022. The University further confirms the accuracy and completeness of the accounting records maintained, 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 signed on its behalf by:



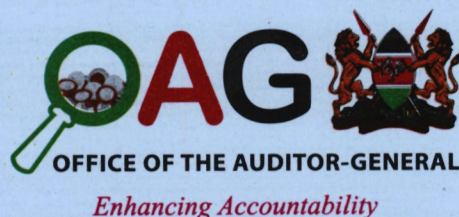
STEPHEN KIMELI
AG. DIRECTOR FINANCE



PROF. S.G. KIAMA
VICE-CHANCELLOR

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI PRESS FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Nairobi Press set out on pages 1 to 16, which comprise of the statement of financial position as at 30 June, 2022 and the statement of profit or 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 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 the University of Nairobi Press as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Obsolete Inventories

As reported in the previous year, the statement of financial position reflects inventories balance of Kshs.19,417,644 as at 30 June, 2022. As disclosed in Note 9 to the financial statements, the above balance includes an amount of Kshs.3,523,000 in respect of secondary school text books. Although, the books had been rendered obsolete due to change in curriculum, they were valued at cost yet the realizable value could have been lower, contrary to the provisions of Paragraph 9 of IAS 2 which requires inventories to be stated at the lower of cost and net realizable value.

Further, the inventories balance of Kshs.19,417,644 includes an amount of Kshs.144,000 being work-in-progress relating to publication of books carried forward from 2019/2020 and earlier years. No explanation was provided on why the production of the books remained outstanding for such a long period of time.

In the circumstances, the accuracy and completeness of the inventories balance of Kshs.19,417,644 could not be confirmed.

2. Long Outstanding Trade and Other Payables

The statements of financial position and Note 14 to the financial statements reflects trade and other payables balance of Kshs.5,584,452. This balance includes outstanding payables relating to 2020/2021 amounting to Kshs.5,491,652 which were not settled during the year under review. Further, schedules and other supporting documents in respect of the balance of Kshs.4,446,034 described as advances for publication were not provided for verification.

In the circumstances, the accuracy and completeness of long outstanding trade and other payables balance of Kshs.5,584,452 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 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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, 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. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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 of Lawfulness and Effectiveness in 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

Late Submission of Financial Statements

University of Nairobi Press financial statements for the year ended 30 June, 2022 were submitted on 9 November, 2022 to the Auditor-General, being one month and eight days after the statutory deadline of 30 September, 2022. This is contrary to the Section 81(4) (a) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare and submit financial statements to the Auditor-General not later than three months after the end of the financial year.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and the Board of Directors

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 governance.

In preparing the financial statements, Management is responsible for assessing the Company'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 liquidate the Company or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the Company 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 March, 2023

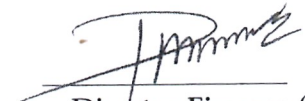
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Annual Reports and Financial Statements for the year ended 30 June 2022

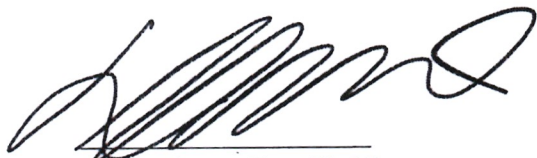
XI. STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2022

	NOTES	2021/2022 KSHS	2020/2021 KSHS
INCOME			
Trading Profit/(Loss)	1	-	26,995
UoN Grants	2	-	6,553,373
Miscellaneous Income	3	46,411	9,495
TOTAL INCOME		46,411	6,589,863
OPERATING AND ADMINISTRATIVE EXPENSES:			
Salaries and Wages	4	-	3,082,973
Operating Expenses	5	92,800	3,692,368
Depreciation	6	76,819	93,399
TOTAL OPERATING EXPENSES		169,619	6,868,740
OPERATING LOSS FOR THE YEAR		(169,619)	(278,877)
Income from Sweeping Account	7	195,912	77,047
PROFIT/ (LOSS) FOR THE YEAR		72,704	(201,830)

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


Director Finance (UoN)
Stephen Kimeli
ICPAK M. No 7128

Date _____


Vice-Chancellor (UoN)
Prof. S. G. Kiama
BVM, MSC(Nbi), PhD (Bern)KNAS

Date _____

UNIVERSITY OF NAIROBI PRESS


Annual Reports and Financial Statements for the year ended 30 June 2022

XII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	NOTE	2021/2022	2020/2021
Non-Current Assets		Kshs.	Kshs.
Property, Plant and Equipment	8	522,413	599,232
Current Assets			
Inventories	9	19,417,644	19,417,644
Trade and Other Receivables	10	-	102,645
Cash and Cash Equivalents	11	7,154,961	6,824,943
Current Assets		26,572,605	26,345,232
TOTAL ASSETS		27,095,018	26,944,464
FUNDS AND LIABILITIES			
Capital Fund	12	3,809,495	3,809,495
Accumulated Profit(Loss)	13	17,701,071	17,643,316
		21,510,566	21,452,811
Non-Current Liabilities			
Current Liabilities			
Trade and Other Payables	14	5,584,452	5,491,652
TOTAL FUNDS AND LIABILITIES		27,095,018	26,944,464

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


Director Finance (UoN)
 Stephen Kimeli
 ICPAK M.No 7128


Vice-Chancellor (UoN)
 Prof. S. G. Kiama
 BVM, MSC (Nbi), PhD (Bern)KNAS

Date _____

Date _____

UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022

XIII. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	2020/2021	Accumulated Profit Ksh	Capital Fund Ksh	Total Ksh
Balance As at 01.07.2020		17,654,136	3,809,495	21,463,631
Prior Year Adjustment (Restatement of Inventory)		(593,090)	-	(593,090)
Cost of Sale Adjusted		175,945	-	175,945
Production Cost adjusted		608,157	-	608,157
Surplus/(Deficit)		(201,830)	-	(201,830)
Balance As at 30 June 2021		17,643,316	3,809,495	21,452,811
	2021/2022	Accumulated Profit Ksh	Capital Fund Ksh	Total Ksh
Balance As at 01.07.2021		17,643,316	3,809,495	21,452,811
Prior Year Adjustment (Reversal of interest for year ended 30 June 2021)		(14,949)	-	(14,949)
Surplus/(Deficit)		72,704	-	72,704
Balance As at 30 June 2022		17,701,071	3,809,495	21,510,566

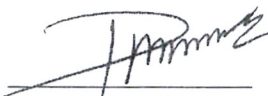
UNIVERSITY OF NAIROBI PRESS

Annual Reports and Financial Statements for the year ended 30 June 2022


XIV. STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2022

	Note	2021/2022	2020/2021
		Kshs.	Kshs.
Cash Flows from Operating Activities			
Net Profit (Loss) for the Year		72,704	(201,831)
Adjustments for:			
Prior year adjustment		(14,949)	-
Depreciation	6	76,819	93,398
Decrease in Provision for Bad Debts	3	(46,411)	(9,495)
Cash Flows from Operating Activities Before working Capital Changes		88,163	(117,928)
(Increase)/Decrease in Inventories	9	-	(170,457)
(Increase)/Decrease in Trade and other receivables	10	149,055	136,942
Increase/ (Decrease) in Trade and other payables	14	92,8000	708,536
Net Cash Flow from Operating Activities		241,855	675,021
Net Increase/ (Decrease) in Cash and Cash Equivalent		330,018	557,093
Movement in Cash and Cash Equivalent			
Cash and Cash Equivalent at Beginning of Year		6,824,943	6,267,850
Net Increase in Cash and Cash Equivalents		330,018	557,093
Cash and Cash Equivalent at End of Year		7,154,961	6,824,943
Analysis of Cash and Cash Equivalent			
Cash and Cash Equivalents	11	7,154,961	6,824,943
Cash and Cash Equivalent at End of Year		7,154,961	6,824,943

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


 Director Finance (UoN)
 Stephen Kimeli
 ICPAK M. No 7128

Date _____


 Vice-Chancellor (UoN)
 Prof. S. G. Kiama
 BVM, MSC(Nbi), PhD (Bern)KNAS

Date _____

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XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original Budget	Adjust ments	Final Budget	Actual Amounts	Variance
	Ksh.	Ksh	Ksh.	Ksh.	Ksh.
Revenue					
Other Incomes	330,018	-	330,018	330,018	-
Total Revenue	330,018	-	330,018	330,018	-
Expenses					
Operating/Administrative Expenses	92,800	-	92,800	92,800	-
Depreciation	76,819	-	76,819	76,819	-
Total Expenses	169,619	-	169,619	169,619	-

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XVI. 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. New and amended standards and interpretations in issue but not effective in the year ended 30 June 2022.

Standard	Impact
Other Improvements to IFRS	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IAS 1 as follows;</p> <p>An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.</p> <p>b) Amendments to IFRS 17 Insurance Contracts,</p>

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Standard	Impact
	<ul style="list-style-type: none"> • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held. Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. Several small amendments regarding minor application issues. <p>c) IFRS 10 and IAS 28, sale on contribution of assets between an investor</p>

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Standard	Impact
	and its associate or joint venture. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions.
IFRS 1: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) IFRS 1, First-time Adoption of International Financial Reporting Standards (IFRS)</p> <p>The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.</p> <p>b) IAS 37, Onerous Contracts, cost of fulfilling a contract.</p> <p>The amendments are intended to provide clarity and help ensure consistent application of the standard.</p> <p>c) IFRS 3, Business combinations: The amendments will promote consistency in financial reporting and avoid potential confusion from having more than one version of the Conceptual Framework in use.</p> <p>d) IAS 16: property, plant and equipment, Proceeds before Intended Use (Amendments) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p>

Early adoption of standards

The company did not early-adopt any new or amended standards in 2021.

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Annual Reports and Financial Statements for the year ended 30 June 2022

C Significant Accounting Policies

1.1 The Accounts are prepared under the historical cost convention.

1.1 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.

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

1.4 Cash flow statement is prepared using the indirect method.

1.5 The University of Nairobi provides payroll support and rent through grants issue.

1.6 Provision for doubtful debts is provided for as follows;

- Above 6 years- 100%
- Below 6 years- 10%

1.7 UoN Press prepares its income statement using the accrual basis of preparation.

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

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- (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 2022.
The audit fees for year ended 30 June 2021 was unpaid during the year.

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

- (v) **Staff Emoluments**
These include salaries, allowances and other benefits paid directly to members of staff of the company by University of Nairobi .During the year under review no staff emoluments were incurred since all the staff had been deployed to other departments of the University.

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NOTES TO THE FINANCIAL STATEMENTS

1	Trading Profit	2021/2022	2020/2021
Trading account		Kshs.	Kshs.
	Gross Sales for the year	-	377,894
	Less: Discount allowed	-	(80,975)
	Net sales	-	296,919
	Less: Cost of Sales	-	(269,924)
	Trading Profit (Loss) for the year	-	26,995
	Opening Stock as at 1.7.2021	19,273,644	19,543,568
	W.I.P - (Opening)	144,000	144,000
		19,417,644	19,687,568
	Less:		
	Closing W.I.P - (Ending)	(144,000)	(144,000)
	Cl. Stock as at 30.6.2022	(19,273,644)	(19,273,644)
	Cost of Sales for the year	-	269,924
		-	-
2	Grant from UON	-	6,553,373
		-	6,553,373

There was no grant from UoN since PRESS had grounded its operations.

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NOTES TO FINANCIAL STATEMENTS continued...

		2021/2022	2020/2021
		Kshs.	Kshs.
3	Miscellaneous Income		
	Decrease in Provision for Doubtful Debt	46,411	9,495
		<u>46,411</u>	<u>9,495</u>
4	Salary and Wages^{xx}	-	3,082,973
5	Operating Expenses		
	i. Royalties	-	64,602
	ii. Rent and Utilities	-	3,470,400
	iii. Annual Subscription Fees (KPA)	-	55,000
	iv. Audit Fees (provision)	92,800	92,800
	v. Bank Charges	-	9,567
		<u>92,800</u>	<u>3,692,369</u>
6	Depreciation		
	1st July 2021	5,916,865	5,823,466
	Charge for the Year	76,819	93,399
	30 June 2022	<u>5,993,684</u>	<u>5,916,865</u>
7	Income from Sweeping Account	<u>195,912</u>	<u>77,046</u>

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There was no expenditure on salaries and wages since all staff were redeployed to other departments of the University.

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NOTES TO THE FINANCIAL STATEMENTS Continued...

8. Property, Plant & Equipment

2020/2022	Furniture & Equipment	Computers & Accessories	Total
Cost	Kshs.	Kshs.	Kshs.
1 July 2021	4,629,654	1,886,443	6,516,097
Additions	-	-	-
30 June 2022	4,629,654	1,886,443	6,516,097
Acc. Depreciation	4,114,897	1,801,968	5,916,865
Charge for the Year	51,476	25,343	76,819
30 June 2022	4,166,373	1,827,311	5,993,684
Net Book Value			
At 30 June 2022	463,281	59,132	522,413
At 30 June 2021	514,757	84,475	599,232
2020/2021			
Cost	Kshs.	Kshs.	Kshs.
1 July 2020	4,629,654	1,886,443	6,516,097
Additions	-	-	-
30 June 2021	4,629,654	1,886,443	6,516,097
Depreciation			
1 July 2020	4,057,702	1,765,764	5,823,466
Charge for the Year	57,195	36,204	93,399
30 June 2021	4,114,897	1,801,968	5,916,865
Net Book Value			
At 30 June 2021	514,757	84,475	599,232
At 30 June 2020	571,952	120,679	692,631

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NOTES TO THE FINANCIAL STATEMENTS Continued...

9. Inventories	2021/2022	2020/2021
Scholarly Books	15,894,644	15,894,644
Secondary School Text Books	3,523,000	3,523,000
Work - in - Progress	144,000	144,000
	19,417,644	19,417,644

There was no movement in inventories because there was no activity in Press during the year under review since operations had been grounded.

10. Trade and Other Receivables

During the year under review debtors made direct deposit to the PRESS bank accounts of Ksh 149,055.00

Trade Receivables (Net)	-	102,645	
Total	-	102,645	
Trade Debtors (Gross)	1,267,992	1,417,047	Charge for year
Provision for bad & doubtful debts	(1,267,992)	(1,314,402)	46,411
Trade receivables (Net)	-	102,645	

Analysis of Debt			Rate
Above 6 years	1,267,992	1,302,997	100%
Below 6 years	-	114,050	10%
Total	1,267,992	1,417,047	
Provision for bad debts	1,267,992	1,314,402	

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NOTES TO THE FINANCIAL STATEMENTS Continued...

11	Cash and Cash Equivalents	2021/2022	2020/2021
	Cash at Bank:		
	A/C0948245353	3,349,521	3,143,473
	A/C0777001914	3,805,440	3,681,470
	Total	7,154,961	6,824,943
12	Capital Fund		
	Capital Fund	3,809,495	3,809,495
		3,809,495	3,809,495

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.

13	Accumulated Profit (Loss)		
	Net accumulated profit (Loss)- 01.07.2021	17,643,316	17,654,136
	Prior Year Adjustment (Reversal of interest for year ended 30 June 2021)	(14,949)	(593,090)
	Adjusted Production Cost	-	608,157
	Adjusted Cost of Sales	-	175,945
	Profit (Loss) for the year	72,704	(201,831)
	Accumulated profit/(Loss)	17,701,071	17,643,316
14	Trade and Other Payables		
	Accruals	55,000	55,000
	Royalties	897,818	897,818
	Provision for Audit Fees	185,600	92,800
	Advances for Publication	4,446,034	4,446,034
	Total	5,584,452	5,491,652

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XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the Auditor -General for the year ended 30 June 2021. Once PRESS Management is constituted it will nominate a focal persons to resolve the various issues as shown below within the timeframe that will be provided.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe
1	Failure to Maintain Accounting Records	To be provided once Management team is constituted	To be provided once Management team is constituted	Not Resolved	To be provided once Management team is constituted
2	Unsupported Rent Expenses	To be provided once Management team is constituted	To be provided once Management team is constituted	Not Resolved	To be provided once Management team is constituted
3	Obsolete Inventories	To be provided once Management team is constituted	To be provided once Management team is constituted	Not resolved	To be provided once Management team is constituted
4	Unsupported Bank Balances	To be provided once Management team is constituted	To be provided once Management team is constituted	Not resolved	To be provided once Management team is constituted
5.1	Unconfirmed Provision for Bad and Doubtful Debts	To be provided once Management team is constituted	To be provided once Management team is constituted	Not resolved	To be provided once Management team is constituted
5.2	Variance between the Financial Statements Balance and the Debtors Ageing Analysis	To be provided once Management team is constituted	To be provided once Management team is constituted	Not resolved	To be provided once Management team is constituted
6	Lack of a Fixed Assets Register	To be provided once Management team is constituted	To be provided once Management team is constituted	Not resolved	To be provided once Management team is constituted