

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NAIROBI UNIVERSITY**

**FOR THE YEAR
ENDED 30 JUNE 2016**



UNIVERSITY OF NAIROBI

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

UNIVERSITY OF NAIROBI

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UNIVERSITY OF NAIROBI

I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

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

c) University Management Board

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

d) Key Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

	Designation	
1	Vice-Chancellor:	Prof.Peter.M.F.Mbithi
2	Deputy Vice-Chancellor (Administration and Finance):	Prof.B.N.K.Njoroge
3	Deputy Vice-Chancellor (Academic Affairs):	Prof.H.W.Mutoro
4	Deputy Vice-Chancellor (Student Affairs):	Prof.I.M.Mbeche
5	Deputy Vice-Chancellor (Research, Production And Extension):	Prof.L.W.Irungu
6	Principal, College of Agriculture and Veterinary Sciences:	Prof.Kiama,S.G
7	Principal, College of Architecture and Engineering:	Prof. Peter M. Ngau
8	Principal, College of Biological and Physical Sciences:	Prof.B.O.C.Aduda
9	Principal, College of Education and External Studies:	Prof.I.O.Jumba
1	Principal, College of Health Sciences:	Prof.I.O.Kibwage
1	Principal, College of Humanities and Social Sciences:	Prof.E.H.N.Njeru
1	Deputy Principal, College of Humanities and Social Sciences:	Prof.P.O.K'obonyo
1	Deputy Principal, Kenya Science Campus:	Prof.H.Ochanda

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e) Fiduciary oversight Arrangements

Commission for University
Education Audit Committee

f) University of Nairobi Headquarters

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

g) University of Nairobi Contacts

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

h) University of Nairobi Bankers

Barclays Bank of Kenya

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

Kenya Commercial Bank

University Way Branch
P.O. Box 7206-00300
Nairobi, Kenya

Standard Chartered Bank Koinange

Street Branch P.O Box 30003-00100
Nairobi, Kenya

i) Independent Auditor

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

II. THE UNIVERSITY COUNCIL

NO	NAME	DESIGNATION
1.	Dr. Idle Omar Farah	Chairman
2.	Mrs. Pascalia Chepkorir Chuma Koske	Member
3	Dr. Sanjay Advani	Member
4.	Dr.(Mrs.)Lucy I.Celima Kiyiapi	Member
5.	Mr. Samuel Kiiru	Rep. PS. The National Treasury
6'	Dr.Salome Guchu	Rep. PS. Ministry of Education, Science And Technology (MOEST)
7'	Prof.Peter .M.F. Mbithi	Vice-Chancellor

COUNCIL MEMBERS PROFILE



DR. IDLE OMAR FARAH

Dr. Idle Omar Farah is the Chairman of Council. He currently works as the Chief Research Scientist at the Institute of Primate Research, National Museums of Kenya. Previously he worked as Director General, National Museums of Kenya. He holds a **PhD** (Dr. Med.Sc.) degree in Comparative Medicine from the Faculty of Medicine, Uppsala University, Sweden and a Bachelor of Veterinary Medicine (BVM) from the University of Nairobi

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DR. SANJAY ADVANI

Dr. Sanjay Advani is a member of Council. He is the Chief Executive Officer and a Board Director of Beta Healthcare International Limited. He holds a PhD from the Indian Board of Alternative Medicine, Kolkata and an MBA degree from the New Hampshire College, USA. He is a fellow of the Management Studies Promotion Institute, New Delhi



DR. (MRS.) LUCY IRENE CELIMA KIYIAPI

Dr. Lucy Irene Celima Kiyiapi is a member of Council. She works as a Lecturer at the School of Public Health in Moi University. Before she was appointed Lecturer, Dr. Kiyiapi worked as Senior Assistant Dean of Students and Students Counselor, Moi University. She holds a PhD Degree from the Australian Catholic University, Brisbane, Australia. She also holds a Masters Degree in Counseling from Tyndale University, Canada.



DR. PASCALIA CHEPKORIR CHUMA KOSKE

Mrs. Pascalia Chepkorir Chuma Koske is a member of Council. She works as a Senior Deputy Director at the Teachers Service Commission. She holds a Masters Degree in Management and Policy Studies from the University of Bristol, UK and a Bachelor of Education degree from the University of Nairobi.



MR. SAMUEL KIIRU

Mr. Samuel Kiiru is a member of Council representing the Principal Secretary in the National Treasury. He is a Deputy Chief Economist at the National Treasury. He holds a Masters Degree in Economics from the Carleton University Ottawa Canada and a Bachelors Degree in Economics from the University of Nairobi.



MS. FENNY W.S. MWAKISHA

Ms. Mwakisha represents the Principal Secretary, Ministry of Education in the Council. She works as Senior Deputy Director of Education at the Ministry of Education, Science and Technology. She holds a Master of Education degree from McGill University Montreal Canada and a Bachelor of Education degree from the University of Nairobi.

Ms. Mwakisha was replaced by Ms. Edith Torome, the Principal Sate Council, on March 18, 2016.



PROF. PETER MULWA FELIX MBITHI

Prof. Peter Mulwa Felix Mbithi is member of the Council. He is currently the Vice-Chancellor. He is a Professor of Veterinary Surgery, University of Nairobi. He has previously served as Chairman, Department of Clinical Studies, Principal, College of Agriculture and Veterinary Sciences, and as Deputy Vice-Chancellor — Administration and Finance, a position he held till he was appointed as the Vice Chancellor.

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III. MANAGEMENT TEAM

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

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Dr. Vijoo Rattansi



Dr. Idle Omar Farah



Prof. P.M.F. Mbithi



Prof. B.N.K. Njoroge



Prof. H.W. Mutoro



Prof. L. W. Irungu



Prof. I.M. Mbeche



Prof. S. Kiama



Prof. I.O. Kibwage



Prof. E.H. Njeru



Prof. B.O.C. Aduda



Prof. P.M. Ngau



Prof. P.O. K'obonyo



Prof. I.O. Jumba



Prof. H. Ochanda



P.K. Busienei



Mr. B.M. Waweru



Dr. S.I. Kaane



B.D. Njuguna



Dr. D.M. Bulinda

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CHANCELLOR AND PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor:

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

Chairman of the University Council:

I. O. FARAH, BVM,(Nairobi) PhD(Uppsala),

Vice-Chancellor:

P.M.F. MBITHI, EBS, IOM, B.V.M.,M.Sc.(Nairobi), M.V.Sc.(Saskatchewan), PhD(Nairobi)

Deputy Vice-Chancellor (Administration and Finance):

B.N.K.NJOROGE. B.Sc. Nairobi); M.Sc.(Newcastle Upon Tyne); Ph.D (Duke), MIEK, R.Eng)

Deputy Vice-Chancellor (Academic):

H. W. MUTORO, B.Ed. MA. (Nairobi) CPhi I , PhD. (UCLA)

Deputy Vice-Chancellor (Student Affairs):

I.M.MBECHE.,B.Ed.,M.A.(Nairobi) PhD(Lancaster)

Deputy Vice-Chancellor (Research, Production and Extension):

L. W. IRUNGU, B.Sc. (Nairobi), M.Sc. PhD. (Liverpool)

Principal, College of Agriculture and Veterinary Sciences:

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

Principal, College of Architecture and Engineering:

P.M. NGAU, BEd,(KU), MA (Nairobi) PhD,(UCLA)

Principal, College of Biological and Physical Sciences:

B. O. C. ADUDA, BEd, M.Sc Nairobi , PhD, DIC (London)

Principal, College of Education and External Studies:

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

Principal, College of Health Sciences:

I.O. KIBWAGE, B.Pharm ., (Nairobi), M.Pharm , PhD (K.U. Leuven), C.Sci, C.Chem , MRSC, MPSK

Principal, College of Humanities and Social Sciences:

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

Deputy Principal, College of Humanities and Social Sciences:

P.O.K'OBONYO, B.A.,(Makerere),MBA (Nairobi), P.G.Dip .(ESAMI), Ph.D.,(South Carolina)

Deputy Principal, Kenya Science Campus:

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

Finance Officer:

P.K. BUSIENEI, B.Com, MBA, (Nairobi), C.P.A.(K)

Ag.Administration Registrar:

D.M BULINDA., Bed arts.Sc (M. Ed(admin & Planning)PhD(KIA)

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Ag. Academic Registrar:

B. M. WAWERU, B.A. (Nairobi)

Director Library And Information Services:

Dr. S. I. KAANE, BEd, (Nairobi), MA. Lib. Studies, (Sheffield), M.A. Counsel . Psych . (USIU), PhD,
(Loughborough)

Planning Registrar:

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

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IV. CHAIRMAN'S STATEMENT

I am pleased to submit the University of Nairobi annual report and accounts for the year ended June 30, 2016. Among other key areas, the University was able to promote the research function, which is a core business through realization of Kshs. 2.35 billion from our research partners. The University also continued with its main teaching functions where the student enrolment recorded an all time high of over 80,000 students.

Financial Performance

During the year 2015/2016, the University registered a surplus of Kshs. 473.5 million compared to a deficit of Kshs 482.4 million registered in 2014/2015 resulting into accumulated revenue reserve of Kshs. 325.8 million compared to accumulated deficit of Kshs 147.6 million in 201⁴/2015. This was derived from total revenue of Kshs 13.5 billion in 2015/2016 compared to Kshs. 11.3 billion in 2014/2015.

Strategic Direction

Our vision remains *"a world class University committed to scholarly excellence"* as postulated in the 2013-2018 Strategic Plan. This is achieved through the following Strategic Objectives: managing the University efficiently; efficiently offering quality academic programmes; contributing to scientific and technological innovations; and enhancing the competitiveness of the University.

To this end therefore, the University has managed to enhance its visibility both locally and internationally. In July 2016, the University sustained its ranking as the best in East and Central Africa in the World Webometrics ranking.

Future Outlook

The University will continue to implement its 2013 — 2018 Strategic Plan, whose thrust continues to address key national priorities. Further, the University continues to revamp and consolidate its core income generating activities with a view to sustaining its financial performance. As for physical infrastructure, the completion of the University of Nairobi Towers at the main campus is expected to ease the current pressure on physical facilities.

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An eLearning strategy has also been developed to respond to the growing demand for virtual learning in the Country.

Finally, I would like to thank the Government for the support in realization of the University's mandate. Allow me to take this opportunity to thank our research partners, alumni and other stakeholders for their support in steering the University through another successful year.


DR. IDL OMAR FARAH
MSc,(Nairobi),PhD(Uppsala),
Chairman of Council

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended June 30, 2016.

The University continues to review its strategy as detailed in the 2013-2018 Strategic Plan to better match capacity to demand. The University will work towards capturing growth opportunities in the market, despite the current global economic outlook. The on-going renewal programmes aimed at maintaining a top ranked sustainable University with attributes of world class-ness will go a long way in sustaining an enduring and valuable scholarly excellence.

The University has embarked on a number of initiatives aimed at enhancing learners' experience on campus. Improving efficiency and customer service has not been overlooked. The students' total population, which forms the bulk of its clientele, is currently in excess of 80,000.

During the year under review, the University reported a surplus of Kshs 473.5 million against a deficit of Kshs 482.3 million in 2014/2015. The cumulative surplus as at June 30, 2016 was Kshs 325.8 million against a deficit of Kshs 147.6 million in 2014/2015. The financial performance in the current year was realized in an environment of increased costs in academic programmes, refurbishment of teaching facilities and enhanced personal emoluments based on improved terms and conditions of service. Construction of the University Towers at main campus is nearing completion while Kisumu complex and the School of Pharmacy projects are still ongoing.

The University continues to prudently manage its financial resources. However, as in the previous years, the budget was not matched by Government funding. Expenditure on personal emoluments stood at KShs 8.66 billion while the total Government funding for recurrent expenditure was Kshs 6.20 billion, resulting to a shortfall of Kshs 2.46 billion for personal emoluments. This shortfall was bridged by enhanced income-generating activities in various campuses as well as support from the subsidiary company, the University of Nairobi Enterprises and Services Limited (LINES).

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At the same time, the University received research grants to the tune of Kshs. 2.35 billion during the year. This went a long way in the realization of the University's mission of teaching and research.

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



**PROF. PETER.M.F. MBITHI, EBS, IOM
BVM,MSc,(Nbi),MVSc,(Saskatchewan),PhD,(Nbi)**

Vice Chancellor

VI. CORPORATE GOVERNANCE STATEMENT

The University of Nairobi Council is responsible for the overall management and governance of the institution and is accountable to the stake-holders for ensuring that the institution complies with the law and the best practices in Educational Governance and Business Ethics. The Council members are committed to the need to conduct the business and operations of the University with integrity and in accordance with Generally Accepted Standards and endorse the internationally developed principles of good governance.

COUNCIL MEMBER

The Council is appointed in accordance with the Universities Act, 2012 (No. 42 of 2012) and includes among others the Chairman, the Vice-Chancellor and other members. The full Council meets at least four times a year. The members receive all information relevant to the discharge of their obligations in an accurate, timely and clear manner so that they can guide and maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Council has delegated authority for conduct of day-to-day business to the Vice Chancellor and the University Management Board (UMB). The Council nonetheless retains responsibility for establishing and maintaining the institution's overall control of financial, operational and compliance issues as well as implementing strategies for the long term success of the University

COMMITTEES OF THE COUNCIL

The main standing committees of the Council include;

- Finance and General Purpose Committee
- Audit Committee
- Building Committee
- Statutes Committee

INTERNAL CONTROLS

The University has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the institution remains structured to ensure appropriate segregation of duties.

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COMMUNICATION WITH COUNCIL

The University is committed to ensuring that stakeholders and the general public are provided with full and timely information about its performance. This is achieved by the distribution of the University's annual report and the release of notices in the press.

Periodically, there are press releases announcing other major University developments which could be considered important. The Annual Reports and Accounts is published each year and distributed to the National Assembly.

COUNCIL MEMBERS EMOLUMENTS

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

VII. REPORT ON RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT

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

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

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

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

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

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

VIII. REPORT ON CORPORATE SOCIAL RESPONSIBILITY

The University of Nairobi attaches great importance to Corporate Social Responsibility as a sure way of building sustainable partnerships with the community

The university in the financial year 2015/2016 worked closely with different organizations to support initiatives aimed at uplifting the standards of living by focusing on areas that create avenues for development.

In this regard we continually identify and support noble causes in the areas of Education, community development, the environment, health, safety and food security

Environmental Sustainability

In the year 2015/2016 the University of Nairobi sponsored and participated in the following activities geared towards conservation of the environment:

- i. 2,300 indigenous trees were planted in memory of the Late Prof Wangari Maathai with representatives from the Green belt Movement, Kenya Professional Association for Women in agriculture and Environment and the pupils from Loresho Primary School.
- ii. wPOWER Hub at the Wangari Maathai Institute took the 6th Community Training on Sustainable Clean Energy Entrepreneurship to Kibra, Nairobi County on 16th to 18th February 2016
- iii. Wangari Maathai Institute celebrated Wangari Maathai Day at Lavington Mixed Secondary School on 3rd March 2016
- iv. Wangari Maathai Institute mounted Piloting STAKE Project Conflict Management Course on 11th and 12th February 2016 in Njoro Township, Nakuru County
- v. wPOWER Hub at the Wangari Maathai Institute took the 5th Community Training on Sustainable Clean Energy Entrepreneurship to Munyaka, Kiambu County
- vi. wPOWER Hub at Wangari Maathai Institute Trained Women on Sustainable Clean Energy Entrepreneurship in Homabay from 21st to 23rd October 2015
- vii. Othaya women trained on using clean solar energy by Wpower Hub
- viii. wPOWER Hub at Wangari Maathai Institute conducted 2nd Community Training on Clean Cooking and lighting Technology and Entrepreneurship- in Maragua, Murang'a County
- ix. CAVS staff planted trees at Kanyariri farm
- x. Ministry of Environment, NEEMA and WRMA Partner with College of Agriculture and Veterinary Sciences to Save Mathare River

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- xi. College of Agriculture and Veterinary Sciences Collaborated with Ngong Maasai Community in protecting the environment
- xii. Students and Staff from College of Agriculture and Veterinary Sciences participated in tree planting activity at Ngong Hills with representatives from International Livestock Research Institute (ILRI) and Kenya Wildlife Service (KWS)
- xiii. The College of Agriculture and Veterinary Sciences intensified Mathare valley conservation through planting of indigenous trees with medicinal values along the river and dam.
- xiv. The College of Agriculture and Veterinary Sciences participated in Tree Planting for a Greener, Cleaner Environment at UNIBIO Park
- xv. University of Nairobi (UoN) College of Health Sciences (CHS) staff and students took part in a tree planting drive organized by the University in collaboration with Lions Club International — Muthaiga. on 24th and 25th October, 2015

Health

In the year 2015/2016 The University participated in the following activities geared towards improving the health and welfare of the community;

- i. Dr Caroline Mwangi from College of Health Sciences with other Operation Smile volunteers participated in a mission in Ho- Ghana to perform corrective surgeries for Cleft Lips & Palates in April 2016
- ii. Some mentees of the Department of Anaesthesia from the School of Medicine participated in this year's Mater Heart Run under the patronage of Dr Thomas Chokwe of the Department of Anaesthesia. This is an initiative of The Mater Hospital to raise funds to facilitate heart operations for needy children.
- iii. The University of Nairobi (UoN) partnered with the Ministry of Health (MoH) to boost the country's capacity in the treatment of kidney diseases as the government moves to increase access to quality and affordable healthcare. The partnership saw close to 40 medical practitioners from different counties undertake fully funded short preceptorship courses offered at the East African Kidney Institute (EAKI) located at UoN's College of Health Sciences (CHS)
- iv. The University of Nairobi held an International Day against Drug Abuse and Illicit Trafficking at the College of Education and External Studies Campus (CEES) on Friday 24th June, 2016 from 9.00 am-4.00 pm. Themed : "Let's Develop Our Lives and Our Communities Without Drugs"
- v. Celebrations to mark World Blood Donor Day were held at the University of Nairobi on 14th June, 2016. The event which was hosted in collaboration with the Kenya National Blood Transfusion Service (KNBTS) and the Ministry of Health is celebrated worldwide and annually on June 14th with the objective of creating awareness on the importance of

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blood donation, the need for safe blood for transfusion and to thank blood donors for their gift of life.

Community outreach

In the year 2015/2016 the University of Nairobi participated in the following activities geared towards community empowerment and helping the less privileged;

- i. A group of 67 students from the University of Nairobi, College of Health Sciences' medical school visited Baraka Children's Home in Nairobi's Kahawa West area. It was a great learning experience for the students and a day to remember for the children at the home.
- ii. The students and staff from the College of Agriculture and Veterinary Sciences visited Mully's children family. During the visit, students donated foodstuffs and clothes. Mully Children's Family (MCF), located at Matuu, has two homes at Ndalani and Yatta. The home has over 1000 children, newborn to youth, from less fortunate backgrounds including HIV/AIDS orphans abandoned by their parents and victims of sexual and domestic violence.
- iii. Kwale County Governor and Vet Students from the College of Agriculture and Veterinary Sciences Participated in Community Livestock Treatment and Vaccination. This noble activity was conducted in a collaborative effort of the University of Nairobi Veterinary Students, County Government of Kwale, KCB Foundation and Kenya Veterinary Association. Together they visited areas such as Kinango, Mwamandi, Mabamani, Rorogi, Banga, Gangani, Kilibasi and Nyango. Rabies vaccination was administered to pets such as cats and dogs. More than 3000 pets and livestock were treated, dewormed and vaccinated.
- iv. In commemorating World Rabies Day, CAVS Veterinary Medicine students vaccinated over 500 dogs from rabies disease and castrated more than 100 dogs in Kiambu County. With the theme Lets End Rabies Together, the active participation of Kiambu County Deputy Governor, H.E Gerald Githinji, in collaboration with Veterinary Medicine students was outstanding; all joining hands and folding sleeves to ensure success in eradicating rabies in the region.

Education

In the year 2015/2016 The University of Nairobi undertook the following educational activities in reaching out to the community;

- i. Lang'ata Junior School paid a visit to CAVS Dairy Farm. Having a vision of becoming a model teaching farm, the children got to learn a lot about animal protection, husbandry and environment conservation

The School of Law, Kisumu Campus, played host to two members of staff and fifty-one students of St. Joseph's School Nyabondo on May 26, 2016. In an interactive session

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facilitated by four School of Law students they explained to the Nyahondo students the relevant contents of the Constitution of Kenya.

- iii. Funke: Working Towards Bringing Maths and Science enjoyable to Children. Funke works towards bringing math and science to school children in a fun and exciting ways via online classes (via www.funke-science.co.ke), camps, clubs and events with the aim of encouraging students to love and practice science. The term FunKe Science comes from the words funky Kenyan science which is an upbeat way of saying we love doing science in a fun and interesting way.

Security and promotion of peaceful coexistence

In the FY 2015/2016 The University of Nairobi sponsored and participated in the following activities aimed at enhancing security and promoting peaceful coexistence among different communities and religions;

- i. Department of Medical Microbiology, George Washington University and the Kenya Police Service organized an anti-terrorism course for participants drawn from various police formations. The three-day course was held at the Kenya CID Police Training School, South C was coordinated by Dr. Stephen Ndombi (University of Nairobi) and Prof. Steven Hatfill (George Washington University). Other facilitators included were Dr. Julius Oido, Dr. Moses Masika and Mr. Pius Masai (National Disaster Management Unit - Kenya Police Service)
- ii. As part of its mission to promote peaceful coexistence among different religions, Mombasa Campus held its first religious dialogue. The dialogue brought together Islam and Christian faithful. The occasion was organized by MSAUN (Muslim Student Association of University of Nairobi, Mombasa Campus) and Mombasa Campus Christian Union (CU).

IX. REPORT OF THE UNIVERSITY COUNCIL

The University Council submits its report together with the Financial Statements for the year ended June 30, 2016, which show the state of the University's affairs.

Core business of the University of Nairobi

The Core business of the University is provided for in the Universities Act, 2012. The functions and objects of the University are:

- a. To provide directly or in collaboration with other institutions of higher learning, facilities for University education, including technological and professional, education and for research;
- b. To participate in the discovery, transmission and preservation of knowledge and to stimulate the intellectual life and cultural development of Kenya;
- c. To conduct examinations for and to grant such academic awards as may be provided for in statutes;
- d. Subject to the Universities Act, to cooperate with the Government in planned development of university education and, in particular, to examine and approve proposals for new faculties, new departments, new degree courses, or new subjects of study submitted to it by any constituent college or other post-secondary institution; and
- e. To determine who may teach and what may be taught and how it may be taught in the University.

Results

The results for the year ended June 30, 2016 are set out on pages 25 to 59

Council Members

The members of the University Council who served during the year are shown on page 4

Auditors

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

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X. STATEMENT OF COUNCIL RESPONSIBILITIES


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

The University Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years and in conformity with The International Public Sector Accounting Standards (IPSAS). The University Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at June 30, 2016 and of its surplus/deficit for the year then ended. The University Council further confirms the accuracy and completeness of the accounting records maintained by the University, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the system of internal financial control

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

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


DR. IDL MAR FARAH
Sc,(Nairobi),PhD(Uppsala),
Chairman of Council


PROF. PETER.M.F. MBITHI, EBS, IOM
BVM,MSc,(Nbi),MVSc,(Saskatchewan),PhD,(Nbi)
Vice Chancellor

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Nairobi set out on pages 25 to 60, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

Report of the Auditor-General on the Financial Statements of University of Nairobi for the year ended 30 June 2016

that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Property, Plant and Equipment

The property, plant and equipment balance of Kshs.96,819,417,000 as at 30 June 2016 includes two parcels of land, LR. NO.11645 at Kenya Science Campus and LR. NO. 22378 in Upper Kabete, all valued at Kshs.1,412,500,000 whose ownership documents have not been availed for audit verification. Although management has indicated that title documents for the two parcels of land are being pursued with the relevant Ministry, it is not clear if and when the documents will be obtained. In the circumstances, the accuracy, validity and ownership status of property, plant and equipment balance of Kshs.96,819.417,000 as at 30 June 2016 could not be confirmed.

Qualified Opinion.

In my opinion, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of University of Nairobi as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, No. 42 of 2012 of the Laws of Kenya.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

11 July 2017

**XI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YR
ENDED JUNE 30th 2016**

	Note	2016 Kshs'000	2015 Kshs'11011
Revenue from non-exchange Transactions			
Capitation Grant	16	6,202,627	5,250,215
Special Grant	17		54,0110
Special Donation	18		1,504
CBA Pension Reimbursements from GOK	19	151,302	301,605
		6,353,929	5,815,384
Revenue from exchange Transactions			
Tuition and other fees module 1	20	604,312	648,122
Tuition and other fees module 11	21	5,729,984	
Accreditation fees	22	900	9411
Other services rendered	23	27,171	68,959
Accommodation ,Catering and other income	24	726,664	830.
Transfer from IGUs for specific purposes	25	80,106	
		7,169,137	5,459,318
Total Revenue		13,523,066	11,274,702
Expenses			
Academic Departments	26	6,625,114	
Administration and Central Services	27	2,561,140	1,015,000
Academic services	28	287,671	2,075,150
General educational services	29	1,102,720	891,000
Maintenance of premises	30	488,339	678,105
Staff and students facilities and welfare	31	328,483	361,818
Student Welfare authority (Catering services)	32	225,004	191,117
Miscellaneous expenditure	33	21,279	17,815
Council Expenses	34	9,898	7,671
Centre for Self Sponsored Programs(CESSP)	35	1,402,691	
Total Expenses		13,052,339	11,757,059
Other gains/losses	62	173	
Gain on Disposal	62	2,552	
(Deficit)/Surplus for the period		473,452	(482,357)
Accumulated Surplus brought forward		(147,600)	73
Accumulated Surplus Carried forward		325,852	(147,600)

The notes set out on pages 32 to 59 form an integral part of the Financial Statements

UNIVERSITY OF NAIROBI

XII. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30th 2016

	Note	2016 Kshs'000	2015 hslis'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	36	778,597	1,254,544
Short Term Deposits	37	186,060	448,931
Trade and Other Receivables	38	1,827,512	6,558,840
Inventories	39	267,654	264,866
		3,059,824	8,622,181
Non Current Assets			
Property, Plant and Equipment	40	96,819,417	96,040,50
Investments	41	125,600	1,708
Intangible Assets	42	114	
Trade and Other Receivables	38	781,349	
		97,726,480	96,173,267
Total Assets		100,786,304	104,795,448
Liabilities			
Current Liabilities			
Trade and Other Payables	43	2,164,395	1,611,150
Bank Over Draft	44	589,544	1,566
		2,753,939	2,485,115
Non-Current Liabilities			
Special Accounts and Grants	45	1,710,609	
Trust and Endowment funds	46	223,374	-No
Endowment for General Purposes	47	16,181	16,181
		1,950,164	1,833,106
Total Liabilities		4,704,103	4,318,821
Net assets		96,082,201	110,476,627
General Fund	48	94,749,083	94,786,408
Net funds from IGUs and parallel programs	49	(134,606)	4,584,287
Capital Reserves	50	1,116,494	1,128,150
Special Capital Development	51	25,378	-
Revenue Reserves	52	325,852	(117,000)
		96,082,201	100,476,627
Total Assets and Liabilities		100,786,304	104,954,488

UNIVERSITY OF NAIROBI

The Financial Statements set out on pages 25 to 59 were signed on behalf of the Council by:

. IDL  IARFMAH

MSc,(Nairobi),PhD(Uppsala),

Chairman of Council



PROF. PETER.M.F. MBITHI, EBS, IOM

BVM,MSc,(Nrbi), MVSc,(Saskatchewan), PhD,(Nrbi)

Vice-Chancellor

UNIVERSITY OF NAIROBI

XIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YR ENDED JUNE 30th 2016

	IGU'S and LINES Funds Kshs'000	General Fund Kshs'000	Special Capital Development Fund Kshs'000	Capital Reserve Kshs'000	Revenue Reserve Kshs'000	Total Kshs'000
Balance as at 1/7/2014	4,181,333	94,468,112			334,757	100,984,202
Special Receipt for Capital Development	0	0	(837,828)	0	0	(837,828)
Surplus for the year	0				(482,357)	(482,357)
Capital Grants from Donors	0	36,552				36,552
Capital Development Receipt		54,000				54,000
Donated Assets		258,377				258,377
Depreciation on Research Grants Assets		(30,633)				(30,633)
Increase in IGU Fund	536,254					536,254
Increase in Capital Reserve				408,867		408,867
Balance as at 30/6/2015	4,584,287	94,786,408	5,378	1,228,135	(147,600)	110,476,628
Balance as at 1/7/2015	4,181,287	94,178,408	5,378	1,228,135	(147,600)	109,476,628
Special Receipt for Capital Development	0		0			0
Surplus for the year					473,452	473,452
Capital Grants from Donors		16,264				16,264
Capital Development Receipt		30,538				30,538
Depreciation on Research Grants Assets		(27,105)				(27,105)
Depreciation on Donated Assets		(28,241)				(28,241)
Increase/(Decrease) in IGU Fund	(4,718,893)					(4,718,893)
Increase/(Decrease) in General Fund		(28,782)				(28,782)
Increase in Capital Reserve				111,659		111,659
Balance as at 30/6/2016						

**XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE
30th , 2016**

		2016	2015
		Kshs'000	Kshs'000
Cash flows from operating activities			
Receipts	Note		
Capitation Grant	16	6,202,627	3,256,215
Special Grant (Development and Koitalel University)	17	230,538	356,605
Tuition and other fees	20	604,312	648,122
Module 11 fees and Other incomes	21	5,729,984	
Other services rendered	22	28,071	68,070
Accommodation , Catering and other income	23	726,664	
Transfer from IGUs for specific purpose	25	80,106	781,755
		13,602,302	10,941,886
Payments			
Academic Departments	26	6,209,595	
Administration and Central Services	27	1,935,032	2,040,319
Academic services	28	287,671	3117,545
General educational services	29	1,102,720	803,021
Maintenance of premises	30	488,339	678,165
Staff and students facilities and welfare	31	328,483	361,818
Welfare authority (Catering services)	32	225,004	190,073
Miscellaneous expenditure	33	21,279	17,815
Centre for Self-Sponsored Programmes	35	1,402,691	
		12,000,814	10,700,131
Net cash flows from operating activities		1,601,488	241,755
Cash flows from investing activities			
Cost of property, plant, equipment		(1,332,238)	1,048,113
Proceeds from sale of Motor Vehicles		2,552	
Decrease in non-current receivables/payables		(1,101,511)	(1,448,213)
Increase in investments		(7,108)	(0,306)
Net cash flows used in investing activities		(2,438,305)	(2,505,692)
Net increase/(Decrease) in cash and cash equivalent		836,817)	
Analysis of Balances of Cash and Cash Equivalents			
Cash and cash equivalent at start of the year		1,801,475	4,065,412
Increase(Decrease) in cash and cash equivalents		836,817)	(2,200,938)
Cash and cash equivalents at end of year		964,658	1,801,475

UNIVERSITY OF NAIROBI

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30,2416

	Original budget	Adjustments	Final budget		Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
	Kshs '000	Kshs '000	Kshs '000	shs '000	Kshs '000
Revenue					
Internally Generated Revenue	7,485,001		7,485,001	7,091,71	(393,245)
Government Grants - Recurrent	6,314,479		6,314,479	6,202,62	(111,852)
Government Grants - Development	54,600		54,600	30,538	(24,062)
Grants, Dev't Partner - Dev't	196,633		196,633	0	(196,633)
Grants, Dev't Partner - Recurrent	2,635,442		2,635,442	2,351,648	(283,794)
Other Incomes Recurrent (IGUs, Agency fees, Press, Rentals)	1,697,055		1,697,055	1,585,477	(111,578)
Total Revenue	18,383,210	0	18,383,210	17,262,046	(1,121,164)
Expenses					
Personnel Emoluments	8,865,653	--	8,865,653	8,662,775	202,878
Direct Service Providers Module II	1,237,119		1,237,119	1,197,458	39,661
Other Recurrent Exp-IGUs	1,068,503		1,068,503	1,639,758	(571,255)
Boards Expenses	39,256		39,256	9,898	29,358
Operating/ Administrative Expenses	4,634,323		4,634,323	4,655,979	(21,656)
Repairs and Maintenance	132,163		132,163	84,934	47,229
Finance charges	46,142		46,142	132,394	(86,252)
Depreciation	582,584		582,584	519,055	63,499
Purchase of Motor Vehicles	72,580		72,580	23,313	49,267
Purchase of Plant and Equipment	143,637		143,637	86,012	57,625
Capital Development-WIP	1,263,000		1,263,000	1,116,494	146,506
Purchase of Computers	298,250	-	298,250	105,537	192,713
Total Expenses	18,383,210	0	18,383,210	18,233,637	149,573

Explanation of Material Variances on the Statement of Comparison of Budget and Actual Performance for the FY2015/2016

1. Development Capitation Grant.

The University was allocated Ksh.54.6 million by the GOK as Development Capitation. This amount was later reduced to Ksh.30.538 million resulting in a deficit of Ksh.24.062 million.

2. Research Grants

The University had projected to receive research grants to the tune of Ksh.2.635 billion in the year 2015/2016 but only Ksh.2.351 billion was received in the year 2015/2016 resulting into a variance of Ksh.283.794 million. This is because the following projects (namely Prime Kenya, Maternal Newborn Child Health, and Linked Mental Health, Partnership Centre of Excellence in Advance Care and Treatment, and Central Kenya Response Inter Project) came to an end.

Expenses

1. IGU Expenses were above the budget by Ksh.571.25 million arising from expenditure incurred by Colleges awaiting reimbursement from Centre for Self Sponsored Programs(CESSP) for the payment of rent for teaching space, teaching and office expenses, student activities and maintenance costs.
2. Finance Charges were above the budget by Ksh.86.5 million which are attributed to bank charges incurred to address the timing difference between capitation remittance and payment of salaries.

UNIVERSITY OF NAIROBI

XVI. NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS).

The University adopted IPSAS in the year 2014 following the gazettelement of the Public Sector Accounting Standards Board (PSASB). which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB, issued financial reporting standards and guidelines to be adopted by all state organs and public entities, which the University complies with.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Kshs'000).The comparative values for the previous financial year are also rounded to the nearest thousand (Kshs'000) to enhance comparability.

The accounting policies have been consistently applied to all the years presented.

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

Summary of significant accounting policies

1. Changes in accounting policies and estimates

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

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

2. Revenue recognition

Revenue from non-exchange transactions

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

Revenue from exchange transactions

Student Income

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

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

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

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

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

Sales and Services of related Enterprises

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

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

Research Grants

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

Interest income

Interest Income is recognized when earned using the applicable rate.

Dividends

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

Rental income

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

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

Disposal Gains and Losses

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

Revaluation gains and Surpluses

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

3. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or revalued amount. The valuation is carried out after every five years. The last valuation was done in June 2012.

Revaluation is carried out for land and buildings to reflect the service potential or economic benefit obtained through control of the asset. Revaluation is based on the fair value of the asset, with changes reported by class of asset. Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

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

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

Furniture and Equipment - 10% on straight line basis

Motor Vehicles - 20% on straight line basis

Academic gowns - 5% on straight line basis

Buildings - 2% on straight line basis

Computers and software development - 20% on straight line basis

4. Leases

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

NOTES TO THE FINANCIAL STATEMENTS cont'd

5. Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

6. Endowment and Trust Fund

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

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

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

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

7. Financial instruments

Financial assets and Liabilities

Initial recognition and measurement

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

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

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

Financial assets

Receivables

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

Cash and Cash Equivalents

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

The figures in the financial statements reflect the cash book positions at the close of the year.

Impairment of financial assets

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

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

Short-term deposits

Short-term deposits are made for varying periods depending on the immediate cash requirements of the University. Interest rates are negotiated with the financial institutions to fetch the University the best available returns in the market. Interest earned thereof are recognized in the statement of financial performance.

Financial liabilities

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS cont'd

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

Loans and borrowing

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

8. Risk Management Frame Work

The University recognizes that in order to pursue its objectives and take advantage of opportunities, it cannot avoid taking risks and that no risk management programme can aim to eliminate risk fully.

The University's risk management approach is to increase the likelihood of success in its strategic activities that is to raise the potential reward of activities relative to the risks undertaken.

Accordingly, the University's approach to risk management is intended to increase risk awareness and understanding, thus taking risks where appropriate in a structured and controlled manner.

To assist in implementing its risk management policy, the University has:

- Identified, analysed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten the ongoing survival.
- Raised awareness of the integrated risk management into its management policies
- Promoted an understanding of the importance and value of risk management.
- Established risk management roles and responsibilities for the University Council, Audit Committee, University Management Board and Internal Audit

The Risk management function is supervised by the Audit Committee.

The Management identifies, evaluates, hedges and manages financial risks under policies approved by University Council.

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

Credit Risk

The credit risk is the risk of the financial loss to the university if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the receivables from customers.

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

Trade and Other Receivables

The University's exposure to credit risk is influenced mainly by the characteristics of each individual customer, the demographics of the customer base and their sources of funding. The University has an established fee policy through its statute xxx which states among other things:

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

The University has endeavored to enforce the above statute in order to reduce the student debtors. The University secured a written undertaking from the Government of Kenya with respect to the outstanding debt of Ksh.822 million relating to the Pension Component of the CBA.

Liquidity Risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The university's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to University reputation. The university also monitors the level of expected cash flows from trade and other receivables with expected cash outflows on trade and other payables.

Market Risk

The University has done sensitivity analysis on the bank accounts and trade other receivables denominated in foreign currencies and the results shows that the there is no significant effect on the University's financial position.

9. Use of Estimates and Judgments

In preparing the annual financial statements, the management is required to make estimates and assumptions that affect amounts presented in the Financial statements and related disclosures. Use of available information and application of Judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant estimates and judgments include:

- Provisions for gratuity computations
- Useful lives and residual values of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS cont'd

10. Inventory Valuation

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

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

11. Research Grants

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

The Deans Committee Research Grants are funds set aside from University revenue. The uncommitted balance on each research is carried forward until the related research project is completed.

12. Employee benefits

Retirement Benefits

The University currently operates a defined contribution scheme for its employees.

The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 10% of their basic Salary. The University also contributed to NSSF Kshs. 200 per employee per month for the period under review. The University contributions to the above schemes are charged to the Statement of Financial Performance in the year to which they relate.

13. Foreign Currency Conversion

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

14. Provisions

Bad Debt Provision

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

Other liabilities and provisions

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

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

Contingent liabilities

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

Current employee obligations

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

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

Non-Current employee obligations

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

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

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

15. The Statement of Comparison of Budget

The University budget was prepared on the basis of the prescribed National Treasury **format given** for the year under review. The budget was approved by the Ministry Education, Science and Technology

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

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

INCOME	2016	2015
16. Capitation Grant	Kshs'000	kshs'0011
July -2015	526,207	40.718
August -2015	526,207	46(018
September -2015	526,207	4(30.518
October -2015	526,207	460.518
November -2015	526,207	438.018
December -2015	526,207	348.018
January -2016	526,207	4:38.018
February -2016	526,206	438.018
March -2016	526,206	4138.018
April -2016	526,206	438.018
May -2016	470,280	438.1)18
June -2016	470,280	438.018
	6,202,627	5,256,215
17. Special Grant	2016	2015
	Kshs'000	hslis'1001
18. Special Donations		
In FY 2015/2016,the University did not receive any donations from Chandaria Foundation (Kshs 50 million in FY 2014/2015) and the Chinese Government (Kshs 152.5 Million in FY 2014/2015)		'02.5o4
19. CBA Pension Reimbursements		
In FY 2015/2016,the University accrued Kshs 151.302 million which is part of the expected amount of Ksh. 779.018 million from the Government and Kshs 194.758 million from other public universities, being amount outstanding for 2010/2013 CBA	151,302	10 ³ ,60;;
20. Tuition and other fees Module 1		
Tuition fees and other charges collected from regular students	604,312	648.122
21. CESSP Collections		
Module II Tuition Fees and other charges	5,729,984	
(Module II fees is now directly under the management of the University with the establishment of Centre for Self Sponsored Programmmes(CESSP) as a department of the University to manage parallel programmes. Prior to FY 2015/2016 Module II fees were reported under Parallel programmes in UNES limited)		

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2016 Kshs'000	2015 Kshs'000
22. Accreditation Fees		
Amount received from accredited Institutions	900	940
23. Other Services Rendered		
UNES dividends	21,349	6,049
Services Units	5,822	8,010
	27,171	68,959
24. Accommodation , Catering and other income		
House Rents	154,165	100,871
Sale of Tender Documents	136	601
Income from endowment fund	28,996	10,790
Agency fees (Insurance & Hire purchase)	9,239	8,818
Staff Education Support Fund	122	141
Certificate Storage	13	450
Reimbursement (Emoluments)	217,389	194,112
Rental Income - Commercial & Billboards	28,476	23,424
KPLC Lease		48,000
Miscellaneous	10,007	9,198
Accommodation and Catering	258,733	20,000
Saving from decrease in provision for bad debts	19,388	
	726,664	830,311
25. Transfer from IGUs for specific purposes		
Income from Grants Overheads Charges	70,101	87,498
Other IGUs		
Management & Support Services		150,11111
Payroll Supplementation		1,615,257
Funds to Pay Creditors		200,000
Library		70,0011
Physical Space and Development		3211.001)
Pension — Current		1111,11111
Debt Reduction — General		150,000
Debt Reduction — Pension		9,000
Grants to pay KRA — Current		8110.000
KPLC		2811.0011
ICT Revolving Fund	10,005	121,312
	10,005	3,823,570
	80,106	3,911,068

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

EXPENDITURE	2016	2015
26. Academic Departments	Kshs'000	kshs'000
Basic pay	4,124,031	4,241,400
Clinical Allowance	611,033	581,744
House allowance	1,622,302	1,558,381
Teaching Practice C.E.E.S. Kikuyu		44,235
Teaching and Office Expenses	186,049	175,625
Travelling and Transport	78,713	62,574
Expenditure from service units	2,986	7,521
	6,625,114	6,671,530
27. Central Administration and Central Services		
Basic pay	848,017	903,657
Management and support services	151,021	149,190
House Allowance	333,591	332,021
Travelling and Transport	20,855	19,034
Publishing and Printing	5,444	6,914
Purchase of Uniforms	8,979	11,844
Purchase of Stationery	66,310	69,104
Postal Expenses	430	798
Telephones	26,253	28,517
Computer Charges	54,466	49,823
Insurances	78,641	70,7130
Senate Expenses	5,166	2,611
Committee Members Responsibility Allowance	40	52
Tender Committee Members Expenses	2,866	6,040
Conference and Seminars	33,167	32,076
Membership Subscriptions	2,287	4,303
Bank Charges	132,394	56,413
Audit Fees	4,640	4,780
Fees, Commission & Honoraria	858	1,249
Official Entertainment	1,894	1,743
Transport Operating Expenses	40,418	50,025
Graduation Expenses	13,793	13,263
University Choir Expenses	2,171	2,110
Funeral Expenses	3,557	2,144
Legal Fees	22,701	17,796
Contracted Security Services	140,424	115,819
Performance Contracting activities	21,604	22,677
ISO Expenses	2,528	7,601
Depreciation	519,085	555,329
Alumni	367	888
Provision for Bad Debts)3,355
Public relations expenses	9,531	13,426
Other Expenses	7,642	3,998
	2,561,140	2,630,459

UNIVERSITY OF NAIROBI

	2016 Kshs'000	2015 h_slis'0110
Depreciation for the year	574,430	585.962
Less: Grants Assets depreciation	(55,346)	(30,633)
	519,084	555,314)
28. Academic Services		
Library: Basic pay	135,010	137.791
Books and Periodicals	78,255	1110.5")
Sundry Charges	13,338	8.181
Computer Services:		
Basic pay	60,597	
Consumables	471	440)
	287,671	307,545
29. General Educational expenditure		
Examinations stationery	25,152	L-U,6
External Examiners	34,582	1.1.Q71
Postgraduate Programmes	75,050	
Research and Publications	24,929	26.287
Staff Development	14,813	16.841)
House to Office Transport Allowance	870.214	679.7'1
Passages and Leave Travelling Expenses	57.980	45.194
	1,102,720	893,020
30. Maintenance of Premises		
Rents and Rates	11,621	12_468
Electricity, Water and Conservancy	408,479	
Maintenance of Buildings	68,239	
	488,339	678,165
31. Staff and Students facilities and welfare		
University Medical Scheme	232,490	'29.7Th
Recruitment Expenses	39,948	40.'62
Travelling outside Kenya	12,736	15.114
Staff Education Support		10.559
Sports and Games (Inter-University)	19	19.511
Needy Students	2,429	9_(,15
Students Associations	40.861	
	328,483	361.818
32. S.W.A (Catering & Accommodation Services)		
Purchase of Foodstuff	74,713	04.1 Q99
Gas and Fuel	13,674	1-4.x>
Maintenance of plants, Machinery Equipment	494	17
Maintenance of Buildings & Stations	11,527	12.156
Other Expenses	124,596	08.798
	225,004	190,073

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2016	2015
	Kshs'000	Kshs
33. Miscellaneous Expenditure		
Maintenance of Equipment	16,695	13,476
Nairobi A.S.K. Show	4,584	4,339
	21,279	17,815
34. Council Expenses		
Council Expenses	9,120	6,630
Audit Committee Members Expenses	778	1,010
	9,898	7,670
35. CESSP (Centre for Self Sponsored Programmes)		
Direct Service Provider(DSP)	1,197,458	
Teaching practice	30,215	
Other Expenses	175,018	
	1,402,691	
36. Cash and Cash equivalents		
Central Cash at Bank	386,901	854,039
Cash in hand	339	138
Nairobi University Press	7,921	
SWA Balances	28,971	-x
Colleges	267,841	395,400
CESSP Cash at Bank	43,761	
LINES Cash at Bank	42,864	66,392
	778,598	1,352,544
37. Short Term Deposits		
Recurrent Grants	2,722	.378
Nairobi University Press	3,330	3,103
College of Health Sciences	5,000	3,000
Specific purposes revenue grants	51,013	276,478
Trust and Endowment funds	318	195
LINES Balances	121,500	136,500
Students Welfare Authority	2,177	2,177
	186,060	448,931

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2016 Kshs'000	21115 kslis'11110
38. Trade and other Receivables		
Current Receivables		
Sundry Debtors	298,306	
Deans Committee Research Grants	23,939	?-1,0,;1)
Program and Projects Balance	183,769	
Bank Guarantees	47,247	
UNES Receivables	232,623	253,514
UoN Press Receivables	1,132	
Student Debtors	1,055,316	
Students Welfare Authority (SWA)	95	1.821
	1,842,427	6,631,267
Less: Provision for bad & doubtful debts	(14,915)	(5.-42.7) *
	1,827,512	6,555,8411
Non-Current Receivables		
Pension Arrears-2010-2013 CBA	822,473	
Less: Provision for had & doubtful debts	(41,124)	
	781,349	
39. Inventories		
General Stocks	145,946	2,;,71(.
Dental Materials	33,541	
Pharmacy, Cafeterias	6,078	
UNES Bookstore	68,604	011,7*)i
SWA stocks	13,485	
	267,654	264.866

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

40. PROPERTY, PLANT AND EQUIPMENT - 2015/2016

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Motor Vehicles	Academic Gowns	Totals
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost Valuation								
1st July 2015	76,532,374	14,357,222	4,861,442	2,201,330	1,069,139	645,874	59,318	99,716,699
Additions			1,116,494	86,012	105,537	23,313	882	1,332,238
Disposals						(22,152)		(22,152)
Completed Projects								
30th June 2016	76,532,374	14,357,222	5,977,936	2,287,342	1,174,676	647,035	60,200	101,036,785
Depreciation								
1st July 2015		855,739		1,391,258	835,728	579,601	23,814	3,686,140
Acc. Depreciation on disposal						(22,152)		(22,152)
Charge for the year		287,144		125,606	120,819	37,851	3,010	574,430
30th June 2016		1,142,883		1,516,864	956,547	595,300	26,824	4,238,418
Net Book Value								
30th June 2016	76,532,374	13,214,339	5,977,936	770,478	218,129	51,735	33,376	96,798,365
UNES Assets				14,926	1,947	3,137		20,010
UoN Press Assets				872	170			1,042
Net Book Value	76,532,374	13,214,339	5,977,936	786,276	220,246	54,872	33,376	96,819,417
30th June 2015	76,532,374	13,501,482	4,861,442	810,072	233,412	66,273	35,504	96,040,559

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

PROPERTY, PLANT AND EQUIPMENT -2014/2015

	Land Kshs'000	Buildings Kshs'000	Work in Progress Kshs'000	Furniture and Equipment Kshs'000	Computers Kshs'000	Motor Vehicles Kshs'000	Academic Gowns Kshs'000	Totals Kshs'000
Cost Valuation								
1st July 2014	76,532,374	14,357,222	3,633,289	1,844,807	972,104	625,810	55,576	98,071,184
Additions			1,228,153	356,522	97,035	20,063	3,741	1,725,514
Revaluation (excess over cost)								
Less: Completed Projects								
Compulsory Acquisition								
30th June 2015	76,532,374	14,357,222	4,861,442	2,201,330	1,069,139	645,874	59,318	99,287,699
Depreciation								
1st July 2014		568,595		1,269,099	703,840	537,797	20,848	3,100,178
Acc. Dep. on Disposal								
Charge for the year		287,144		122,159	131,888	41,804	2,966	585,962
30th June 2015		855,740		1,391,258	835,728	579,601	23,813	3,606,304
Net Book Value								
30th June 2015	76,532,374	13,501,482	4,861,442	810,072	233,412	66,273	35,504	96,040,559
30th June 2014	76,523,374	13,788,627	3,633,289	575,709	268,265	88,013	34,729	95,149,282

NOTES TO THE FINANCIAL STATEMENTS cont'd

41. Investments

	2016	2015
	Kshs'000	hshs'1100
Trust and Endowment Funds - Special Accounts		
Gandhi Memorial Academy Society		
East Africa Breweries Limited		
33,380 Ordinary shares of Shs.2/- each	9,280	10.181
Car and General (Kenya) Limited		
15,222 Ordinary shares of Shs.5/- each	540	67(1)
C.M.C. Holdings Limited*		
125,920 Ordinary shares of Shs.0.5/- each	1,700	1.71(1)
Unga Limited		
28,782 Ordinary shares of Shs.5/- each	979	1.2-1(1)
Kenya Power and Lighting Co. Limited		
8944 Ordinary shares of Shs.2.50 - each	88	
	12,587	14.061
Kamala Gold Memorial Fund		
Kenya Power & Lighting Co. Limited		
7904 Ordinary shares of Shs.2.50 — each	78	14(i)
Tom Mboya Memorial Fund		
East Africa Breweries Limited		
42,635 Ordinary shares of Shs.2/- each	11,853	13.004
Total of Trust Fund Investments	24,518	27,211
Investment not attributable to any particular fund		
Investment in University of Nairobi Enterprises and Services Limited (UNES)	100	IOU
Guarantee for UON Press	3,809	
Endowment Fund		
Stg.i516800 Sasakawa Fellowship Fund *	97,173	11)5, 198
Total of Endowment Fund Investments	101,082	1(0,498
Total Trust and Endowment Fund Investments	125,600	132,708

Note

Long term Investments in securities are stated at fair value as provided by University stock brokers. The resultant Gain/loss are recognized in the appropriate fund accounts

*The Value for CMC shares is historical after the takeover by Alfa Motors.

The university is in the process of realizing the value of the investment.

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

42. Intangible Assets

	2016 Kshs'000	2015 Kshs'000
ICT Software acquired from UNES	114	

The University has internally developed information system modules to manage students and human resource and their associated costs are charged to the statement of performance in the period the expenditure was incurred.

The financial module, accpac (now sage 300 ERP) was acquired in 2006 and was recognized as an ICT investment. It has since been fully amortized.

	2016 Kshs'000	2015 Kshs'000
43. Creditors and Other Payables		
Current Payables		
Sundry Creditors	711,588	
Deans Committee Research Grants	25,545	(100)
Statutory Deductions — Payroll	415,519	4(4).N2N
Provision for Gratuity	338,690	400.41)1
UNES Limited Payables	375,468	177.414
UoN Press Payables	4,703	
Refundable Customer deposits	122,786	3.057
Centre for Self-Sponsored Programmes Payables	126,446	
Student Welfare Authority(SWA)	43,650	oix
	2,164,395	1.611.1511
44. Bank Overdraft		
UNES Overdraft	4,125	1(L oSo
BBK-Queensway Branch	549,498	N:07'';
BBK - Central Stores	4,912	
Central - Grants Accounts & Others	20,179	
BBK – CHSS	10.830	
	589,544	874.566
	2,753,939	2,485,715

The overdrafts refer to bank accounts which had overdrawn cash book balances at close of the period.

NOTES TO THE FINANCIAL STATEMENTS cont'd

45. Special Accounts and Grants

	Balance as at 30th June 2015 Kshs'0011	Received During Year Kshs'000	Expenditure During Year Kshs'000	Balance as At 30th June 2016 kshs1H111
Ford Foundation	69,452	580	18,195	51,837
Rockefeller Foundation	2,885		3,145	(260)
International Development Research Center	37,911	8,242	18,026	28,127
National Commission for Science and Technology	1,694	7,965	11,262	(1,503)
DAAD	41			41
World Health Organization	16,199	5,967	3,251	18,915
VLIR	1,080	2,288	264	3,104
International Aids Vaccine Initiatives	11	112,433	114,789	(1,265)
World Trade Organization	100	449	449	100
CIAT	11	405	1,144	(728)
Centre for Disease Control (CDC)	166,521	1,214,651	909,902	971,270
Commission for Higher Education	145			145
African Economic Research Consortium (AERC)	2,085	34,782	23,901	12,966
National Institute of Health	57,363	28,303	23,199	62,467
AGRA	49,961	25,613	64,063	(8,489)
Other Grants	1,070,159	909,970	1,018,594	961,535
	1,569,145	2,151,648	2,211,184	1,710,609
	1,569,145	2,351,648	2,210,124	1,710,609

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

46. TRUST AND ENDOWMENT FUNDS

	Balance As at 31 June 2015	Receipts during the year	Increase/ (Decrease) in market Value of investment	pendit urc during the year	Balance As at 30 June 2016
	Kshs'000	Kshs'000	Kshs'000		Kshs'000
Trust funds					
Joint Admission Board	17,318	12,102		36,921	22,499
Gandhi Academic Society	12	39		226	25,126
Kenya Railways					663
A.C.I. De Souza Memorial					36
R.G. Amin Bursary					393
Kamala Gold Memorial					184
Tom Mboya Memorial	10,710	119			16,865
M.M. Bhatt Trust	1101				104
UoN Alumni		18,966		15,259	47,412
UON Alumni Centre Project Funds	1,000				2,000
Eng. Carry Oregge - Civil Engineering Prizes	480				480
Meteorology CBPS - IGAD climate Prediction	317	36		30	320
TOTAL TRUST FUNDS	137,260	31,262		52,439	116,082
Endowment Funds:					
Sasakawa Fellowship	97,711	2,271		5,500	94,482
Others	9,017				9,017
Non attributable Funds	(0)				3,693
TOTAL ENDOWMENT FUNDS	106,728	2,271		5,500	107,192
University of Nairobi Enterprises and Services Limited (UNES)	1,000				1,000
TOTAL FUNDS	244,988	33,533		57,939	223,374

	2016 Kshs'000	2015 kshs'000
47. Endowment for General Purposes	16,181	16,181

Designated Funds set aside for applications as determined by the University.

	2016 Kshs'000	2015 kshs'000
48. GENERAL FUND		
Balance as at July 1st 2015	94,786,408	94,468,111
Capital Receipts:		
(i) Grants	16,264	
(ii) GOK & Other Sources	30,538	4,000
(iii) Grants Donated		
TOTAL FUND	94,833,210	94,817,040
Less:		
Depreciation	55,345	30,322
Decrease in General Fund	28,782	
Balance as at June 30th 2015	94,749,083	94,786,408

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

49. INCOME GENERATING UNITS (IGUs) AND PARALLEL PROGRAMS

Income and Expenditure Account for the Year Ended: June 30th 2016

Income Generating Activities - College Based	Balance as at June 30, 2015	Income 2016	Expenditure 2016	Balance at June 30, 2016
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
College of Agriculture and Veterinary Sciences	(1717)	101,737	105,220	7,740
College of Architecture and Engineering	68,729	89,283	132,468	
College of Biological and Physical Sciences		173,689	276,539	(102,850)
College of Education and External Studies	11,131	518,260	435,305	194,086
College of Health Sciences	(70,143)	331,667	360,372	(98,848)
College of Humanities and Social Sciences	(182,919)	248,099	276,947	1211,767
Health Services - Students Medical & Others	(10,966)	39,911	52,907	
Sub- Total	(136,980)	1 502 646	1 639 758	7 1,008
Other Income Generating Units				
Chiromo Funeral Parlour	10,033	41,722	27,639	31,116
UNES Consultancy		325,121	291,307	
Chiromo Conference Center & Arziki Restaurants	7,713	52,935	46,499	11,170
Diagnostic Radiology	10,077	18,713	10,553	18,237
UNES Bookstore-Nairobi	2,683	93,777	91,463	4,997
UNES Bookstore-Kisumu	1,100	10,291	13,151	(6,477)
UNES Bookstore-Mombasa		12,166	10,830	(407)
Other Projects	15,151	36,334	35,610	16,175
Sub- Total	76,344	591,059	527,052	
Parallel Programmes				
School of Business	1,280,612			
School of Law	342,411			
School of Economics	103,420			
School of Medicine	701,677			

UNIVERSITY OF NAIROBI

Faculty of Pharmacy				
Faculty of Denial Sciences				
School of Nursing				
Department of Immunology	180)	256	635	
Institute of Tropical & Infectious Diceases	7,02.0			
Faculty of Arts				
School of Education	185.85'			
School of Continuing & Distance Education	078			
School of Engineering	'1 5.2.5 1			
School of Computing and Informatics				
School of Mathematics	62.125			
School of physical Sciences				
School of Biological Sciences	20.560			
School of Built Environment				
School of the Arts & Design	18.147			
Faculty of Vet. Medicine	;0 7(1			
Faculty of Agriculture	61. 61			
Institute of Diplomacy & International Studies	115,556			
School of Journalism	117.857			
Institute of African Studies	1 7.152			
Institute For Climate Change and Adaptation	18.716			
Centre for Self Sponsored Programs	34.602)			
Sub- Total	1,644,929	591,315	527,687	139,19
GRAND TOTAL	4,584,287	2,093,994	2,187,982	(134,606)

The reduction in this fund is due to the settlement of the fund balance through the current account managed by UNES Limited upon takeover of the management of parallel programmes by the University from UNES Limited. The resultant negative position was caused by the negative **returns** posted by the College based Income Generating Activities.

	2016	2015
	Kshs'000	Kshs' 000
50. CAPITAL RESERVES		
Funds sets aside to cater for Capital Work in Progress	1,116,494	1,228,153

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2016	2015
	Kshs ' 000	Kshs '000
51. Special Capital Development Fund	25,378	25,378
Funds Designated for a Special Capital Development in the University		

52. Revenue Reserve (movement in the year)		
Accumulated Surplus/(Deficit) brought forward	(147,600)	334,757
Surplus/(Deficit)for the period	473,452	(482,357)
Accumulated Surplus Reserves	325,852	(147,600)

53. Related party Transactions

UNES Limited

University of Nairobi Enterprises (UNES) is a company wholly owned by University of Nairobi.
The University receives dividends as and when declared by the board.

	2016	2015
	Kshs'000	Kshs'000
Council Expenses		
Remuneration of Chairman	1,453	742
Remuneration of Council Members	5,750	3,464
Air ticket	317	380
Secretariat	507	1,044
Training charges	576	19
Catering and other charges	758	1,229
Hotel accommodation charges	537	792
Total	9,898	7,670

Transfers from Ministry of Education

Capitation Grant	6,202,627	5,256,215
Capital Development Grant	30,538	54,000
2010/2013 CBA Reimbursements		302,605
Total	6,233,165	5,612,820

Amount receivable from Ministry of Education

Pension arrears-2010/2013 CBA	779,018	627,716
Other Public Universities	194,758	194,758
Total	973,776	822,474

54. Provision for Gratuity

Current employees benefits	Kshs'000	kshs'111111
	338,690	469,401

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

	2016 Kshs'000	2015 kshs'11110
55. Refundable deposits to Customers		
Rent Deposit and Module I Caution money	8,618	3,057
Module II Caution money	114,168	
	122,786	3,057

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

56. Contingent Liabilities

There is a pending law suit against the University in the High Court of Kenya by former employees who were retrenched by the University in March 2001 .The claim is for damages amounting to about Kshs 279 million.The University have entered its defense.

The University has accumulated pending bills due to contractors **and consultants amounting** to Kshs 532,436,805.00 as at 30-06-2006.One contractor N.K.Brothers have sued the University to recover the outstanding amount.

57. Legal Status

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

58. SUPPLEMENTARY ACCOUNTS

Summary of service units income and expenditure for the year ended June 30,2016

	Income Kshs'000	Expenditure Kshs'000	Surplus/ (Deficit Ht kshs'000	Surplus/ (Deficit 2015 Kshs'000
Printing and Photocopying	3,333	1,344	1:189	7.17
Nairobi University Press	2,489	1,642	SI	17
Surplus/(Deficit) for the year	5,822	2,986		1.089

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

59. Summary of Approved Estimates for the year ended June 30,2016

	Approved Estimates 2015/2016 Kshs'000	Actual 2015/2016 Kshs'000	Actual 2015/2016
Basic pay	4,004,803	4,108,581	
UNES Management & Support Allowances	1,420,541	1,348,479	140.190
Gratuity and Pension Contribution	991,077	739,420	930.96-1
House Allowance	1,949,561	2,011,117	1.0-1201
Other Personal Allowances	313,878	264,430	
House to Office Transport allowance	830,936	870,214	070.7. 1
Passage and Leave Expenses	75,852	57,980	45.19-1
Clinical Allowance	699,545	611,033	581.794
Transport Operating Expenses	52,946	40,418	50.0 ¹ 5
Travelling and Accommodation Expenses	97,415	99,568	N1.008
External Travelling and Accommodation	10,710	12,736	15.1 1.1
Teaching Practice	44,368	30,215	44.235
Postal and Telegram Expenses	820	430	708
Telephone Expenses	27,300	26,253	'7.80
Official Entertainment	937	1,894	
Electricity, Water and Conservancy	498,765	408,479	
Purchase of Teaching & Production Materials	168,885	186,049	
Publishing and Printing Expenses	7,818	5,444	(0)12_
Purchase of Uniforms and Clothing	8,283	8,979	11.S*kl
Library Expenses	106,630	91,593	1(IN. 7(P
Purchase of Stationery	67,975	90,382	102i,08
Advertising and Publicity (Recruitment)	39,700	39,948	4u,)62_
Sports and Equipment (Inter-University)	3,912	19	10.:-1
Audit Fees	5,250	4,640	4.780
Payments of Rent and Rates Residential	15,756	11,621	12.408
Computer Charges	97,000	54,466	99.8?
Revaluation of University Property	6,720	469	190
Contracted security services	136,000	140,424	115.810
Fees, Commission and Honoraria	3,192	858	1.749
Staff Development	45,649	14,813	10,840
Senate, Committee Members Resp. & Council Expenses	39,256	9,898	0.636
Graduation Expenses	15,464	13,793	13.1'.03
Conference and Seminars	33,000	33,167	3").070
University Medical Scheme	338,058	232,490	
Postgraduate Programmes	78,640	75,050	'5J--1
University Research Programme	249,000	24,929	
Maintenance of Plant, Machinery and Equipment	30,163	16,695	13.470
Maintenance of Buildings and Stations	102,000	68,239	
Students Welfare Authority	234,433	225,004	190m73
University Press	4,910	1,642	-1,510

UNIVERSITY OF NAIROBI

Performance contracting	18,000	21,604	22.077
Depreciation	582,584	519,085	0)
Students amenities/Activities, Associations	35,700	40,861	Th.971
Needy Students	11,760	2,429	
Integrity Programs	9,000	3,698	7.2711
UON Advancement	28,000	9,230	
Operational Expenses (CESSP)	172,530	175,018	
Legal Fees	23,027	22,701	17.790
Bank Charges	129,746	132,394	50.413
Insurance	75,600	78,641	7(1.7 ;0
Public relations office	17,136	9,531	13.420
External Examiners	27,300	34,582	34.971
Environmental Management	21,505	20,706	32.254
	16,610,743	13,052,339	11,757,059
Capital Expenditure			
Purchase of Motor Vehicles	72,580	23,313	
Purchase of Plant and Equipment	138,637	86,012	
Capital Development-WIP	1,263,000	1,116,494	1,22S.1:: ;
Purchase of Computers	298.250	105,537	97.93
	1,772,467	1,331,356	1,701,774

60. Summary of Actual Expenditure for the year ended June 30,2016

	Actual 2016 Kshs'000	Actual 21115 kshs'000
Students Welfare Authority(SWA)		
Transport Operating Expenses	2,698	Th,507
Travelling and Accommodation expenses	5,601	
Telephones	1,592	1.7-11
Official Entertainment	37	7(1
Publishing and Printing Expenses	1,209	
Purchase of Uniforms and Clothing	10,712	
Purchase of Stationery & Office expenses	10,686	
Miscellaneous Other Charges	12,550	
Bank Charges	1,691	1.593
Staff Development	2,788	789
Conferences and Seminars		1,323
University Medical Scheme	4,652	
Performance Contracting Expenses	3,620	
Maintenance of plant, Machinery and Equipment	1,692	1.N14
Maintenance of Buildings and Station	71,474	59.1 7
Halls Expenses	3,197	
Gas and Fuel	13,674	14.393
Cleaning Materials	2,418	3.190
Purchase of Food	74,713	04.199
	225,004	190,073

UNIVERSITY OF NAIROBI

NOTES TO THE FINANCIAL STATEMENTS cont'd

61. Summary of Actual Expenditure for the year ended June 30,2016

	Actual 2016 Kshs'000	Actual 2015 kslis'111111
Centre for Self Sponsored Programs (CESSP)		
Staff Training and Development	479	
Staff Medical Expenses	1,473	
Staff Travelling & Accommodation	1,764	
Seminars & Workshops	809	
Outsourced Services	2,422	
Subscriptions to Professional Bodies	50	
Transport Operating Expenses	526	
Telecommunication	543	
Water	74	
General Office consumables	4,727	
Bank charges	3,011	
Maintenance of Motor vehicles	263	
Repair & Maintenance of equipment	55	
Maintenance of Buildings & Grounds	1,412	
Promotion and Marketing	71,111	
Insurance charges	78	
Security expenses	1,605	
ICT Services	2,952	
ISO 9001:2008	198	
Performance Contracting	223	
Anti - Corruption Activities	21	
Salaries and Wages	69,274	
Electricity	363	
Provision for Gratuity	11,585	
	175,018	

62. Other gains/(Losses)

	Actual 2016 Kshs'000	Actual 2015 Kslts111111
Centre for Self Sponsored Programs (CESSP)		
Gain on foreign currency exchange/translation	173	
Gain on disposal of Motor Vehicles		
Gain on disposal	2,552	
The Motor Vehicles disposed had fully been depreciated		

UNIVERSITY OF NAIROBI

I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe
01	Three parcels of Land without title documents	Process of acquiring title documents in advanced stage	Mr. Thuito (Estates Manager)	In progress	June 2017



PROF.PETER.M.F.MBITHI

B.V.M.,M.Sc.(Nrb)M.V.Sc.(Saskatchewan) Ph.D (Nbi)

Vice-Chancellor