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ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR
ENDED 30TH JUNE
2005



UNIVERSITY OF NAIROBI

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Annual Report and Accounts

for the year ended 30th June, 2005

University of Nairobi

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KENYA NATIONAL ASSEMBLY
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Chancellor and Principal Officers of the University

Chancellor:

Dr. Joseph B. Wanjui, CBS, B.A. (Ohio Wesleyan University), M.Sc. (Columbia), FKIM, Hon. D.S.C. (Nairobi)

Chairman Of the University Council:

John P.N. Simba, LL.B (Dar-es-Salaam)

Vice-Chancellor:

G.A.O.MAGOHA, IOM, MBS, M.B.B.S. (Lagos), FRCS, FWACS, FICS, FABI, MSIC, FMCS (Urol.).

Deputy Vice-Chancellor (Administration and Finance):

P.M.F. MBITHI B.V.M., M.Sc. (Nairobi) M.V.Sc. (Saskatchewan) Ph.D (Nairobi)

Deputy Vice-Chancellor (Academic):

J. T. KAIMENYI, BDS (Nairobi) MDS (Mysore) Ph.D (Nairobi)

Principal, College of Agriculture and Veterinary Sciences:

A. W. Mwangombe, B.Sc (Makerere), M.Sc (Nairobi), Ph.D (London)

Principal, College of Architecture and Engineering:

F.W.O.ADUOL, B.Sc., M.Sc. (Nairobi), Dr-ing. (Stuttgart)

Principal, College of Biological and Physical Sciences:

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

Principal, College of Education and External Studies:

H. W. Mutoro, B.Ed. M. A. (Nairobi) Ph.D. (UCLA)

Principal, College of Health Sciences:

J.K.M.KITONYI, M.B.Ch.B, M.Med. (Nairobi), M.Sc. (London)

Principal, College of Humanities and Social Sciences:

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

Finance Officer:

M.KARUE, B.Com (Nairobi), C.P.A. (K)

Administration Registrar:

C. O. Ombati, B.Com (Nairobi), M.Sc (Manchester)

Academic Registrar:

S. Mbalu, B.A (Dar), M.P.A (CSULB)

Ag. University Librarian:

J. Ogany, B.Ed (Makerere), Dip.Lib (Manchester), M.Sc (Sheffield)

Ag. Planning Registrar:

W.J.ASILLA, B.Ed (Nairobi), P.G. Diploma (Nairobi)

Bankers:

Barclays Bank of Kenya Ltd.

Kenya Commercial Bank Ltd.

Auditors:

Controller and Auditor General

**VICE-CHANCELLOR'S REPORT
FOR YEAR ENDED 30TH JUNE, 2005**

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended 30th June 2005.

During the year under review the University incurred a deficit of KShs. 19,404,035 compared to a surplus of KShs. 41,687,946 for the year 2003/2004. The cumulative deficit for the University as at 30th June 2005 was KShs 1,945,300,907 compared to the deficit of KShs. 1,925,896,872 as at 30th June 2004. This is attributable to under funding by the government.

As in the previous years, the University continued with its tight financial controls in the management of the available resources. The university intensified income-generating activities especially through its subsidiary company, the University of Nairobi Enterprises and Services Limited (UNES).

Donor agencies and other governments continued to support the University of Nairobi. During the year under review, a total of KShs.342,686,330.00 compared to an amount of KShs. 393,740,984.00 for the year 2003/2004 was received for research.

The University continued with its mission of teaching and research. The students' total population in this period was 31,892 out of which 5,747 were postgraduate students.

On behalf of the University of Nairobi, I wish to take this opportunity to thank the government and our donors for financial support.

Finally, I would like to express my thanks to the University community who worked tirelessly to ensure smooth operation of this institution.



**PROF. G.A.O. MAGOHA, IOM, M.B.Bs (Lagos) FRCS, FWACS, FICS, FABI, MISIC, FMCS (Urol)
VICE-CHANCELLOR
29th September 2005**

CORE BUSINESS OF THE UNIVERSITY OF NAIROBI

The Core business of the University is provided for in the University of Nairobi Act, 1985.

The Act provides in Section 7(I) the functions and objects of the University which include:

- (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 the 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;
- (e) To determine who may teach and what may be taught and how it may be taught in the University.

**STATEMENT OF UNIVERSITY OF NAIROBI COUNCIL MEMBERS RESPONSIBILITIES
FOR THE YEAR ENDED 30TH JUNE 2005**

The University of Nairobi Council is required to prepare statements which give a true and fair view of the state of affairs of 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 judgements and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The University Council is of the opinion that these financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2005 and of its surplus or 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:



**PROF. GEORGE A.O. MAGOHA, IOM, MBS
VICE CHANCELLOR
AND
PROFESSOR OF SURGERY**



**PROF. PETER. M. F. MBITHI
DEPUTY VICE-CHANCELLOR
(ADMINISTRATION & FINANCE)**



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of University of Nairobi for the year ended 30 June 2005 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the University Council Members and the Controller and Auditor General

As set out in the statement of University Council's responsibilities, the University Council is responsible for the preparation of financial statements which give a true and fair view of the University's financial state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the University Council, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

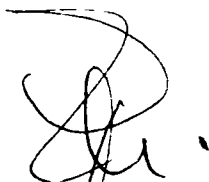
1. Property, Plant and Equipment

Included in the Balance sheet, land and buildings figure of Kshs.10,941,472,399 are 14 parcels of University land valued at Kshs.3,232,687,000 whose title documents have not been obtained. The University has also another 8 parcels of land where besides the university having no title documents, the value of such parcels of land has not been ascertained and/or included in these financial statements. This situation is indicative of significant impairment on some of the

properties. In the circumstances, it is not possible to ascertain ownership of the 22 land parcels. Consequently, I am unable to confirm that the carrying values as stated in the financial statements reflect the fair value of the university properties as at 30 June 2005.

Opinion

Except for any adjustments that might be necessary arising from the matters referred to in the preceding paragraph, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the University as at 30 June 2005 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the University of Nairobi Act, 1985.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL


Nairobi

3 May 2006

Balance Sheet

as at 30th June 2005

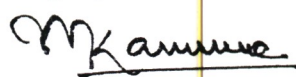
	Note	2005 sh	2004 sh
ASSETS			
Non Current Assets			
Property, Plant and Equipment	7	10,941,472,399	10,975,330,000
Investments	8	101,768,459	93,140,469
		11,043,240,858	11,068,470,469
Current Assets			
Stocks and Stores	9	109,143,822	90,466,614
Debtors and Debit Balances	10	2,168,676,197	1,289,471,196
Short Term Deposits	11	361,673,469	541,886,977
Cash and Cash Equivalents	12	345,128,466	224,988,672
		2,984,621,954	2,146,813,459
TOTAL ASSETS		14,027,862,812	13,215,283,928
FUNDS AND LIABILITIES			
Net funds from IGUs and parallel programs	4	1,364,743,768	921,100,522
Special Accounts and Grants	6	334,463,182	298,721,573
General Fund	3 (a)	11,218,267,530	10,890,509,566
Trust and Endowment funds	5	143,118,422	133,465,331
Endowment for General Purposes	2 (b)	16,181,339	16,181,339
Appropriation for specific purposes	2 (c)	200,000,000	100,000,000
General Revenue Account		(1,945,300,907)	(1,925,896,872)
		11,331,473,334	10,434,081,459
Non-Current Liabilities			
Capital Reserves	3 (b)	143,027,424	363,334,026
Current Liabilities			
Creditors and Other Payables	13	2,553,362,054	2,417,868,443
		2,696,389,478	2,781,202,469
TOTAL FUNDS AND LIABILITIES		14,027,862,812	13,215,283,928



G.A.O. MAGOHA, IOM, M.B.B.S. (Lagos), FRCS, FWACS, FICS, FABI, MSIC, FMCS (Urol.).
Vice-Chancellor



P.M.F. MBITHI B.V.M., M.Sc. (Nrbi) M.V.Sc. (Saskatchewan) Ph.D (Nrbi)
Deputy Vice-Chancellor - (Administration & Finance)



M. KARUE, B.COM., CPA (K)
Finance Officer

29-Sep-2005

**General Revenue Account
for the year ended 30th June 2005**

	Note	2005 sh	2004 sh
INCOME			
Capitation grant		2,675,862,503	1,970,459,432
Tuition and other fees		378,264,644	286,389,333
Accreditation fees		1,200,200	2,680,830
Other services rendered:			
Other income	14(i)	83,525,074	64,458,969
	14(ii)	207,499,836	170,902,504
	14(iii)	1,223,292,860	680,696,063
Gain on disposal of Property and Equipment		2,642,240	
		4,572,287,357	3,175,587,131
EXPENDITURE			
Academic Departments	15(i)	2,849,107,549	1,753,392,211
Administration and Central Services	15(ii)	903,043,798	738,766,187
Academic services	15(iii)	192,898,464	108,037,972
General educational services	15(iv)	195,928,633	168,228,887
Maintenance of premises	15(v)	203,315,109	155,600,994
Staff and students facilities and welfare	15(vi)	122,049,985	111,818,684
Welfare authority (Catering services)	15(vii)	119,961,458	92,628,671
Miscellaneous expenditure	15(viii)	5,386,396	5,425,579
		4,591,691,392	3,133,899,185
SURPLUS/ (DEFICIT) FOR THE YEAR		(19,404,035)	41,687,946
APPROPRIATION ACCOUNT			
Accumulated surplus/(deficit) brought forward		(1,925,896,872)	(1,967,584,818)
Surplus/(deficit) for the year		(19,404,035)	41,687,946
Accumulated surplus/ (deficit) carried forward		(1,945,300,907)	(1,925,896,872)

Note

The comparative figures for the Financial Year 2003/2004 have been restated in order to comply with the change in depreciation policy (seen Note 1.5 significant accounting policies)

**Cash Flow Statement
for the year ended 30th June, 2005**

	Note	2005 sh	2004 sh
Cash Inflows from Operating activities			
General Revenue Surplus/ (Deficit) for the year		(19,404,035)	41,687,946
Grants and other income allocated for Capital Fund	3	(35,576,062)	(130,185,892)
Net funds for Income Generating Units		544,655,484	(22,464,061)
Trust and Endowment Funds	5	9,653,091	19,311,160
Additions to Special Accounts and Grants:-			
Overspent and claimable from Donors	6	49,196,232	(27,714,626)
Receipt for the year		342,686,330	393,740,984
Adjustment for Depreciation	7	231,823,000	174,680,000
Gain on Diposal of property and Equipment		(2,642,240)	
Adjustment for Capital Reserves		143,027,425	
Operating surplus/(deficit) before working Capital		<u>1,263,419,225</u>	<u>449,055,511</u>
Proceeds from sale of Property and Equipment		2,642,240	
(Increase)/Decrease in Stocks and Stores	9	(18,677,208)	2,161,646
(Increase)/Decrease in Debtors	10	(879,205,001)	22,106,054
Increase/(Decrease) in Creditors	13	135,493,611	239,550,937
		<u>(759,746,358)</u>	<u>263,818,637</u>
Net Cash Flow from Operating Activities		<u>503,672,866</u>	<u>712,874,148</u>
Cash Outflow from Investment Activities			
Expenditure from Trust and Endowment funds	5	910,935	9,000
Expenditure from Special Accounts and Grants	6	356,241,655	304,385,281
purchase of Non current Assets	7	197,966,000	434,251,000
Increase in Investments	8	8,627,990	16,535,216
		<u>563,746,580</u>	<u>755,180,497</u>
Net Increase/(Decrease) in Cash & Cash Equivalentents		<u>(60,073,714)</u>	<u>(42,306,349)</u>
Analysis of Balances of Cash and Cash Equivalentents			
Cash and cash equivalent at start of the year		766,875,649	809,181,998
Increase(Decrease) in cash and cash equivalentents		(60,073,714)	(42,306,349)
Cash and cash equivalentents at end of year	3 (D)	<u>706,801,935</u>	<u>766,875,649</u>

**Notes to the Accounts
for the year ended 30th June, 2005**

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.
- 1.2 Income from grants and fees includes only amounts receivable in relation to the current financial year.
- 1.3 Income from Endowments and Donations, Research Grants and other services rendered is included only to the extent of the expenditure incurred during the year.
- 1.4 Income on short-term deposits is credited to the General Revenue Account or used for purchase of fixed assets and for capital minor works to the extent determined by the University Council during the year.
- 1.5 Property, Plant and Equipment are stated at cost or professional valuation. Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The annual rates are:
 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
 With effect from Financial Year 2004/2005, Depreciation is charged to the Capital Fund in relation to Fixed assets acquired through external grants. For assets acquired through internally generated revenue, depreciation is charged to the General Revenue Account. Due to this change in policy, comparative figures for the Financial Year 2003/2004 have been restated in compliance with International Financial Reporting Standards
- 1.6 Endowment and Trust Fund investments are stated at market value.
- 1.7 Stocks are valued at the lower of cost and net realisable value.
- 1.8 The cost of Library books is written off to expenditure as incurred.
- 1.9 Deans Committee research grants are votes set aside from current and past financial years. The uncommitted balance on each research is carried forward until the related research project is completed.
- 1.10 The main pension scheme for the University's staff is the University of Nairobi Pensions Fund which was started from January 1, 1987. The University's contributions to this scheme have been charged to the relevant salaries votes. A small number of staff still remain in the U.K. based F.S.S.U. Pension Scheme.
- 1.11 Assets and liabilities in foreign currencies are converted into Kenya shillings at the rates of exchange ruling at the balance sheet date. Conversion differences are accounted for in the appropriate fund accounts.
- 1.12 Values for equipment donated are estimated by the University or as advised by donors.

2. (a) OTHER CAPITAL FUND ASSETS

Funds spent by the University and reimbursable by the Ministry of Education as provided for in the previous Estimates

Capital Fund Debtors Note 10

2005	2004
Shs	Shs
77,047,784	75,986,204
77,047,784	75,986,204

2. (b) Endowment for General Purposes

16,181,339	16,181,339
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Designated Funds set aside for applications as determined by the University e.g. Students' prizes, Students' Scholarships

2. (C) Appropriation for specific purposes

200,000,000	100,000,000
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Contingency Funds set aside to meet emergencies

3. (a) GENERAL FUND

	Note	2005 sh	2004 sh
Balance as at 1st July 2004		11,253,843,592	11,459,805,543
Capital Receipts from External Grants		10,489,429	12,276,682
TOTAL FUND		11,264,333,021	11,472,082,225
Less:			
Prior year Adjustment (WIP Overstated)	18	2,642,841	184,034,058
Depreciation	7	43,422,650	34,204,575
		46,065,491	218,238,633
Balance as at 30th June 2005		11,218,267,530	11,253,843,592

3. (b) CAPITAL RESERVES

Funds set aside to cater for Capital Work in Progress (Current work in progress Kshs. 143,027,424 balance of Kshs. 1,062,420 relating to Capital Debtors	7 2	143,027,424	363,334,026
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3.(C) Retirement benefit obligations

The University operates a defined benefit retirement scheme for its employees. The University obligation to the scheme is the contribution of 20% of basic Salary whereas the employees contribute 5% of their basic Salary. The University also contributes to NSSF currently at the rate of Ksh. 200 per employee per month. The University contribution to the above schemes are charged to the General Revenue Accounts in the year to which they relate

3. (D) Cash and Cash Equivalent

i) Short Term Deposits	11	361,673,469	541,886,977
ii) Cash and Cash Equivalence	12	345,128,466	224,988,672
		706,801,935	766,875,649

3. (E) Related parties

University of Nairobi Enterprises (UNES) is a related company by virtue of it being wholly owned by University of Nairobi. During the year the University received income of Kshs. 1,364,743,768 (2004: Shs. 921,100,522)

Other related party obligations are in respect of guaranteed staff loans as disclosed in note 16 to the accounts

4. INCOME GENERATING UNITS (IGUs) AND PARALLEL PROGRAMS
Income and Expenditure Account for the Year Ended: 30th June 2005

Income Generating Activities - College Based

	2004 sh	Income 2005 Sh.	Expenditure 2005 Sh.	Surplus (Deficit)/2005 Sh.
College of Agriculture and Veterinary Sciences	12,042,176	26,654,012	14,613,282	12,040,730
College of Architecture and Engineering	3,172,651	19,018,058	15,755,603	3,262,455
College of Biological and Physical Sciences	52,566,198	50,302,859	53,338,330	(3,035,471)
College of Education and External Studies	63,277,628	3,491,491	8,892,309	(5,400,818)
College of Health Sciences	23,448,848	47,198,800	40,043,126	7,155,674
College of Humanities and Social Sciences	54,532,542	128,591,994	35,638,231	92,953,763
Central Administration (Fuel station)	(12,362,436)	0	2900	(2,900)
Health Services --Students Medical	(1,371,919)	19,172,814	17,234,424	1,938,390
Sale of Mobile Phones	1,075,029	6,279,222	4,203,728	2,075,494
Sub- Total	196,380,717	300,709,250	189,721,933	110,987,317

Other Income Generating Units

	2004 Sh.	Income 2005 Sh.	Expenditure 2005	Surplus (Deficit)/2005 Sh.
Chiromo Funeral Parlour	6,511,646	17,179,572	14,429,403	2,750,169
Main Cafeteria	989,110	9,919,686	12,668,219	(2,748,533)
Chiromo Campus Cafeteria	(558,092)	2,751,375	3,824,885	(1,073,510)
Diagnostic Radiology	6,447,962	18,684,776	10,646,493	8,038,283
Others	14,513,379	51,666,317	34,300,690	17,365,627
Sub- Total	27,904,005	100,201,726	75,869,690	24,332,036

Other Activites-investments & sale

of detergent	6,270,410	5,189,491	2,850,402	2,339,089
Dividends receivable	54,135,148	54,135,148	0	54,135,148
Sub- Total	60,405,558	59,324,639	2,850,402	56,474,237

Parallel Programmes

Faculty of Commerce	107,007,012	451,144,569	162,366,726	288,777,843
Faculty of Law - L.L.B.	39,030,465	166,718,046	84,536,227	82,181,819
Institute of Nuclear Science	1,293,292	3,750,872	4,026,655	(275,783)
College of Health Sciences-Medicine	171,828,196	440,571,843	195,963,392	244,608,451
Faculty of Pharmacy	24,045,230	61,118,900	26,461,317	34,657,583
Faculty of Dental Sciences	15,870,300	25,212,877	10,055,670	15,157,207
Faculty of Arts	81,167,983	199,690,612	72,832,216	126,858,396
Faculty of Education	62,826,986	152,910,465	59,146,654	93,763,811
Faculty of External Studies	42,295,208	212,872,125	77,830,946	135,041,179
Faculty of Engineering	12,899,133	47,494,026	17,391,978	30,102,048
Institute of Computer Science	22,487,387	43,984,601	17,916,481	26,068,120
Faculty of Science	22,398,784	70,433,703	28,264,810	42,168,893
Faculty of Social Sc- Psychology	11,159,777	32,833,130	14,736,574	18,096,556
Faculty of A.D.D	7,175,492	33,348,451	16,013,567	17,334,884
Faculty of Vet. Medicine	8,334,343	24,799,476	14,796,743	10,002,733
Faculty of Agriculture	6,590,654	12,169,028	3,762,590	8,406,438

Sub- Total	636,410,242	1,979,052,724	806,102,546	1,172,950,178
GRAND TOTAL	921,100,522	2,439,288,339	1,074,544,571	1,364,743,768

5. TRUST AND ENDOWMENT FUNDS

	As at 30 Jun-04 KShs	Receipts during the year KShs	Increase/ (Decrease) in market Value of investment KShs	Expenditure KShs	Balance As at 30 Jun-05 KShs
Trust funds					
Gandhi Academic Society	15,781,758	97,517	2,399,078	687,795	17,590,558
Prior year adjustment	110,009	0	0	0	110,009
Kenya Railways	662,903	0	0	0	662,903
A.C.I. De Souza Memorial	36,441	0	0	0	36,441
R.G. Amin Bursary	389,914	665	0	0	390,579
Kamala Gold Memorial	138,578	0	18,772	5,000	152,350
Tom Mboya Memorial	4,906,481	74,321	2,558,100	0	7,538,902
M.M. Bhatt Trust	103,866	0	0	0	103,866
UoN Allumni	0	0	1,088,000	214,090	873,910
TOTAL TRUST FUNDS	22,129,950	172,503	6,063,950	906,885	27,459,518
Endowment Funds:					
Sasakawa Fellowship	98,918,143	600,439	3,652,050	1,050	103,169,582
Others	8,981,531	4,418	0	3,000	8,982,949
Non attributable Funds	3,335,707	70,666	0	0	3,406,373
TOTAL ENDOWMENT FUNDS	111,235,381	675,523	3,652,050	4,050	115,558,904
University of Nairobi Enterprises and Services Limited (UNES)	100,000	0	0	0	100,000
TOTAL FUNDS	133,465,331	848,026	9,716,000	910,935	143,118,422

Note:

Prior year adjustment:

The closing balance on Gandhi Memorial fund for the year 2003/2004 was understated by an amount of Kshs. 110,009. With this adjustment the closing balance on Trust and endowment funds is Kshs. 143,018,422 as at 30th June 2005.

6. SPECIAL ACCOUNTS AND GRANTS

	NOTE	Balance as at 1st July 2004	Received during year	Expenditure during year	Balance as at 30th June 2005
		Sh.	Sh.	Sh.	Sh.
Ford Foundation		8,347,126	6,770,000	4,345,128	10,771,997
Rockefeller Foundation		13,534,735	356,434	1,036,376	12,854,793
International Development Research Centre		4,134,514	4,478,696	2,894,215	5,718,996
National Council for Science & Technology		97,399	600,000	612,754	84,645
DAAD		(6,182,450))	3,608,024	(9,790,474)
World Health Organisation		(108,270)	6,441,698	1,164,228	5,169,200
VLIR		(351,142)	24,107,930	16,763,270	6,993,519
International Aids Vaccine		16,168,379	103,052,031	111,840,942	7,379,468
World Trade Organisation		4,576,777	0	2,906,959	1,669,818
CIAT		1,014,460	17,991,296	10,035,954	8,969,801
Centre for Disease Control		47,169,210	2,341,350	51,700,493	(2,189,932)
AERC		3,045,006	5,036,416	7,638,345	443,077
Miscellaneous		79,044,416	171,510,479	141,694,967	108,960,629
Balance net of overspent amounts		170,490,160	342,686,330	356,241,655	157,035,537
Amount overspent and claimable from donors	10				177,427,645
Gross balance at year end		298,721,573			334,463,182

7. PROPERTY, PLANT AND EQUIPMENT

	Land *	Buildings *	Work in Progress **	Furniture and Equipment	Computers	Gas Plant	Motor Vehicles	Academic Gowns	Totals
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Valuation									
1st July 2004	4,950,057,851	4,951,399,000	878,152,000	943,014,913	49,984,086	360,860	275,673,528	5,931,525	12,054,573,763
Additions	-	-	141,965,004	36,981,844	19,019,152	-	-	-	197,966,000
Disposals	-	-	-	-	-	-	(9,684,528)	-	(9,684,528)
30th June 2005	4,950,057,851	4,951,399,000	1,020,117,004	979,996,757	69,003,238	360,860	265,989,000	5,931,525	12,242,855,235
Depreciation									
1st July 2004	-	297,084,000	-	519,785,017	13,828,232	-	243,459,014	5,088,101	1,079,244,364
Charge for the year	-	99,026,841	-	98,000,032	17,251,009	-	17,248,000	297,118	231,823,000
Acc. Depreciation on disposed assets	-	-	-	-	-	-	(9,684,528)	-	(9,684,528)
30th June 2005	0	396,110,841	0	617,785,049	31,079,241	0	251,022,486	5,385,219	1,301,382,836
Net Book Value									
30 June 2005	4,950,057,851	4,555,288,159	1,020,117,004	362,211,708	37,923,997	360,860	14,966,514	546,306	10,941,472,399
30 June 2004	4,950,057,851	4,654,315,000	878,152,000	423,229,896	36,155,854	360,860	32,214,514	843,424	10,975,329,399

Notes:

* Land and Buildings previously registered in the name of the Government and exclusively used by the University have been transferred to the University but title deeds are not yet ready.

** Work in Progress comprise of stalled projects due to under funding and other capital works uncompleted as at 30th June, 2005

8. TRUST AND ENDOWMENT FUNDS INVESTMENTS

	2005 Sh.	2004 Sh.
TRUST FUND - SPECIAL ACCOUNTS		
Gandhi Memorial Academy Society		
£4,650 9 1/2% Kenya Government Stock, 2006	99,980	99,980
Kenya Breweries Limited		
33,380 Ordinary shares of Shs.2/- each	4,973,620	2,970,820
Car and General (Kenya) Limited		
15,222 Ordinary shares of Shs.5/- each	456,660	210,064
C.M.C. Holdings Limited		
12,592 Ordinary shares of Shs.5/- each	642,192	654,784
Unga Limited		
28,782 Ordinary shares of Shs.5/- each	558,371	417,339
Kenya Power and Lighting Co. Limited		
1,118 Ordinary shares of Shs.20/- each	124,098	102,856
	6,854,921	4,455,843
R.G. Amin Bursary Fund		
£700 9 1/2% Kenya Government Stock, 2006	15,060	15,060
Kamala Gold Memorial Fund		
Kenya Power & Lighting Co. Limited		
988 Ordinary shares of Shs.20/- each	109,668	90,896
Tom Mboya Memorial Fund		
Kenya Breweries Ltd.		
42,635 Ordinary shares of Shs.2/- each	6,352,615	3,794,515
Total of Trust Fund Investments	13,332,264	8,356,314
INVESTMENT NOT ATTRIBUTABLE TO ANY PARTICULAR FUND		
Investment in University of Nairobi Enterprises and Services Limited (UNES)	100,000	100,000
Endowment Fund		
£4,650 9 1/2% Kenya Government Stock, 2006	99,980	99,980
Stg.£620,158.95 Sasakawa Fellowship Fund	88,236,215	84,584,165
Total of Endowment Fund Investments	88,336,195	84,784,155
Total Trust and Endowment Fund Investments	101,768,459	93,140,469

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

9. STOCKS AND STORES

	2005	2004
	shs.	shs.
General Stocks	89,695,470	73,463,932
Dental Materials	8,680,140	7,944,754
Pharmacy, Cafeterias	902,189	1,203,822
SWA stocks	9,866,023	7,854,106
	109,143,822	90,466,614

10. DEBTORS AND DEBIT BALANCES

Sundry debtors	604,985,305	1,009,288,564
Program and projects balance	1,137,852,711	0
Dividends receivable	54,135,148	54,135,148
Deans Committee research grants	4,787,583	2,742,498
IGU Program balances	95,143,406	0
Specific puposes revenue grants	177,427,645	128,231,413
Capital fund	77,047,784	75,986,205
Students Welfare Authority (SWA)	19,897,174	21,687,927
	2,171,276,756	1,292,071,755
Less: Provision for bad & doubtful debts	(2,600,559)	(2,600,559)
	2,168,676,197	1,289,471,196

11. SHORT TERM DEPOSITS

Recurrent Grants	364,495	95,819
Nairobi University Press	2,000,559	0
Colleges	74,855,837	69,389,523
Specific purposes revenue grants	130,337,131	55,422,316
Trust and Endowment funds	274,854	247,707
IGU Accounts	151,586,135	414,477,154
Students Welfare Authority	2,254,458	2,254,458
	361,673,469	541,886,977

12. CASH AND CASH EQUIVALENTS

Central Cash Balances	139,964,036	190,335,967
Nairobi University Press	0	239,539
Colleges	18,224,256	29,366,216
IGU Accounts	159,519,018	0
Cash in hand	1,143,339	2,503,547
SWA Balances	26,277,817	2,543,403
	345,128,466	224,988,672

13. CREDITORS AND OTHER PAYABLES

Sundry Creditors	797,186,810	696,486,615
Statutory Deductions - payroll	1,461,044,179	1,618,199,291
Provision for staff gratuities	31,765,880	22,627,158
Nairobi University Press balances	274,384	0
Amounts due to contractors	1,803,805	1,803,805
IGU Program balances	223,618,949	37,624,942
SWA Balances	37,668,047	41,126,632
	2,553,362,054	2,417,868,443

14. INCOME

(i) Other Services Rendered		
Services Units	83,525,074	64,458,969
	83,525,074	64,458,969
(ii) Accomodation , Catering and other income		
House Rents	67,679,573	58,178,807
Income from telephone, telex and fax	1,243,269	1,173,183
Library services	65,583	114,996
Sale of Tender Documents	475,000	0
Consultancy	468,853	0
Central Admin. Share college Income	0	3,474,297
Income from endowment fund	268,677	239,852
Health Services	0	192,000
Agency fees (insurance & Hire purchase)	993,707	1,343,373
Printing and photocopying (Personnel Div)	21,827	2,845
Staff Education Support Fund	229,200	215,000
Loan Defaulters Interest	3,206	16,684
Miscellaneous	782,202	199,857
Accomodation and Catering	135,268,739	105,751,610
	207,499,836	170,902,504

(iii) Transfer from IGUs for specific purposes**Income from Grants Overheads Charges**

Transfer of funds fom Projects

2005

shs.

24,206,795

24,206,795**2004**

shs.

5,689,335

5,689,335**Other IGUs**

Management & support services

96,745,443

110,092,177

Payroll supplementation

8,038,073

1,534,000

Rates and Ground Rents

1,902,125

2,433,771

Funds to pay creditors

44,660,173

328,259,885

Purchase of motor vehicles

0

17,771,000

Research Grants-Internal

2,500,000

13,900,974

Library

61,587,072

17,216,330

Physical space and Development

150,196,615

158,798,591

Debt reduction - Pension

50,090,000

25,000,000

Grants to pay KRA

591,537,981

0

KRA Old Debt

100,000,000

0

KPLC

54,770,509

0

Telkom Kenya

9,290,754

0

Insurance

13,237,182

0

Others

14,530,138

0

1,199,086,065**675,006,728****1,223,292,860****680,696,063****15. EXPENDITURE****(i) Academic Departments**

Personal Emoluments

1,497,255,961

757,395,719

Clinical Allowance

186,235,471

254,687,270

House allowance

989,146,335

586,972,181

Teaching Practice C.E.E.S. Kikuyu

8,430,744

6,084,243

Teaching and Office Expenses

73,538,595

58,344,145

Travelling and Transport

30,632,470

35,283,350

Expenditure from service units

63,867,973

54,625,303

2,849,107,549**1,753,392,211****(ii) Central Administration and Central Services**

Personal Emoluments

217,630,149

147,735,025

Management and support services

106,672,612

100,131,116

House Allowance

143,775,059

114,492,791

Travelling and Transport

19,323,272

20,939,207

Publishing and Printing

1,382,640

1,035,511

Purchase of Uniforms

1,316,763

694,968

Purchase of Stationery

23,532,319

31,558,854

postal and telegram expenses

593,061

761,110

Telephones

35,469,265

25,477,353

Computer Charges

4,765,098

1,737,485

Insurances

32,130,133

38,063,944

Council Meetings and ceremonial expenses

4,066,716

5,509,576

Conference and seminars

21,685,183

17,185,661

Subscriptions

2,073,551

3,399,506

Bank charges

3,296,285

4,316,189

Audit fees

1,800,000

1,800,000

Fees, commission & Honoraria

1,987,158

5,113,360

Official entertainment

623,220

116,301

Transport operating expenses

25,756,334

19,064,815

Graduation Expenses

6,696,041

14,467,220

University Choir Expenses

1,326,168

3,520,427

Funeral Expenses

1,726,720

3,582,369

Legal fees

21,024,273

6,548,835

Contracted security services

34,233,496

26,174,518

Depreciation

188,402,350

140,475,425.00

Alumni

155,800

0

Other expenses

1,600,132

4,864,621

903,043,798**738,766,187**

(iii) Academic Services	2005 Sh.	2004 Sh.
Library: Personal Emoluments	89,143,982	62,398,246
Books and Periodicals	44,539,515	15,791,579
Sundry Charges	6,564,976	5,069,829
Computer Services:		
Personal Emoluments	53,387,444	24,892,844
Consumables	(737,453)	(114,526)
	192,898,464	108,037,972
(iv) General Educational expenditure		
Examinations stationery	9,008,065	7,122,929
External Examiners	7,722,785	9,821,122
Postgraduate Bursaries	21,827,405	24,067,185
Research and Publications	4,190,668	10,358,452
Staff Development	43,029,729	11,663,347
House to Office Transport Allowance	94,148,316	89,445,685
Passages and leave Travelling Expenses	16,001,665	15,750,167
	195,928,633	168,228,887
(v) Maintenance of Premises		
Rents and Rates	7,774,041	4,740,284
Electricity, water and conservancy	152,278,735	110,876,399
maintenance of Buildings	43,262,333	39,984,311
	203,315,109	155,600,994
(vi) Staff and Students facilities and welfare		
University Medical Scheme	93,361,722	76,577,387
Recruitment Expenses	11,177,804	12,774,702
Maintenance for Staff Houses	2,037,980	2,153,995
Travelling outside Kenya	4,195,789	5,525,044
Sports and Games (Inter-University)	1,406,004	297,000
Students Associations	9,870,686	14,490,556
	122,049,985	111,818,684
(vii) S.W.A (Catering & Accommodation Services)		
Purchase of Foodstuff	54,636,612	45,683,943
Gas and Fuel	11,942,673	4,139,800
Maintenance of plants, Machinery Equipment	1,995,193	1,307,791
Maintenance of Buildings & Stations	4,212,986	437,729
Halls and Wardens Expenses	21,860,937	23,279,919
Other Expenses	25,313,057	17,779,489
	119,961,458	92,628,671
(viii) Miscellaneous Expenditure		
Maintenance of Equipment	3,011,274	1,431,165
Nairobi A.S.K. Show	2,375,122	3,994,414
	5,386,396	5,425,579

16. CONTINGENT LIABILITIES

	2005 Sh.	2004 Sh.
(i) Guarantees provided to the banks on behalf of employees:		
Staff Loans	121,191	1,779,184
	<u>121,191</u>	<u>1,779,184</u>

(ii) There is a pending law suit against the University filed in the High Court of Kenya by former employees who were retrenched by the University in March 2001. The claim is for damages amounting to about Ksh 279 million. The University has entered its defence.

(III) The University has accumulated pending bills due to contractors and consultants amounting to KShs. 530,633.00 as at 30-6-2005. One contractor N. K. Brothers has sued the University to recover the outstanding amount.

17. Legal Status

The University is a body corporate established in Kenya under the University of Nairobi Act (Cap 210). The University of Nairobi Act No. 11 which is University of Nairobi Successor to the 1970 Act became effective on 6th September, 1985.

SUPPLEMENTARY ACCOUNTS

(i) Summary of service units income and expenditure for the year ended 30th June 2005

	Income Sh.	Expenditure Sh.	Surplus/ (Deficit 2004/2005 Sh.
Bookshop	79,287,542	59,205,499	20,082,043
Duplicating and Printing	1,723,904	1,199,330	524,574
Nairobi University Press	2,513,628	3,463,144	(949,516)
	<u>83,525,074</u>	<u>63,867,973</u>	<u>19,657,101</u>
Surplus/(Deficit) for the year			<u>39,314,202</u>

(ii) Bookshop Revenue Account for the year ended 30th June 2005	2005 Sh.	2004 Sh.
Sales	<u>79,287,542</u>	<u>61,433,680</u>
Less cost of Sales:		
Stock 1 July 2004	34,971,048	32,610,176
Purchases	<u>57,826,747</u>	<u>46,726,880</u>
	92,797,795	79,337,056
Stock 30 June 2005	<u>(42,271,515)</u>	<u>(34,971,048)</u>
Cost of sales	<u>50,526,280</u>	<u>44,366,008</u>
Gross furplus for the year	<u>28,761,262</u>	<u>17,067,672</u>
Less Expenditure:		
Personal Emoluments	6,621,415	5,657,188
Office & Travelling Expenses	<u>2,057,804</u>	<u>940,476</u>
	8,679,219	6,597,664
Net surplus (deficit) for the year	<u>20,082,043</u>	<u>10,470,008</u>

Notes:

1. The personal emoluments expenditure of Sh. 6,621,415 relating to Bookshop is covered by the Government grant for the University's personal emoluments vote.

**Summary of Approved Estimates
for the year ended 30th June 2005**

	Approved Estimates 2004/2005 Sh.	Actual 2004/2005 Sh.	Actual 2003/2004 Sh.
Personal Emoluments	1,494,242,082	1,451,274,373	754,606,481
UNES Management & Support Allowances	748,000,000	106,672,612	100,131,116
Gratuity and Pension contribution	271,647,445	277,341,068	139,147,310
House Allowance	1,165,872,816	1,189,623,576	739,577,635
Other Personal Allowances	68,250,000	72,099,913	60,555,379
House to Office Transport allowance	100,000,000	94,148,316	89,445,685
Passage and Leave Expenses	25,000,000	16,001,665	15,750,167
Clinical Allowance	215,000,000	186,235,471	254,687,270
Transport Operating Expenses	25,000,000	25,756,334	19,064,815
Travelling and Accomodation Expenses	40,000,000	50,036,415	56,286,887
External Travelling and Accomodation	3,500,000	4,195,789	5,525,044
Teaching Practice	8,000,000	8,430,744	6,084,243
Postal and Telegram Expenses	1,000,000	593,061	761,110
Telephone Expenses	25,000,000	35,469,265	25,477,353
Official Entertainment	500,000	623,220	116,301
Electricity, Water and Conservancy	131,000,000	152,278,735	110,876,399
Purchase of Supplies for Production	105,000,000	72,720,469	58,165,290
Publishing and Printing Expenses	3,500,000	1,382,640	1,035,511
Purchase of Uniforms and Clothing	4,000,000	1,316,764	694,968
Library Expenses	36,000,000	51,104,491	20,861,408
Purchase of Stationery	20,000,000	32,540,384	38,681,783
Advertising and Publicity (Recruitment)	7,500,000	11,177,804	12,774,702
Sports and Equipment (Inter-University)	1,500,000	1,406,004	297,000
Audit Fees	1,800,000	1,800,000	1,800,000
Payments of Rent and Rates Residential	10,000,000	7,774,041	4,740,284
Computer Charges	15,000,000	4,765,098	1,737,485
Hire of Transport Plant and Machinery	250,000	0	44,558
Miscellaneous Other Charges	97,500,000	106,462,574	99,292,586
Fees, Commission and Honoraria	1,500,000	1,987,158	5,113,360
Staff Development	8,000,000	43,029,729	11,663,347
Senate, Council and Graduation Expenses	10,000,000	13,846,829	27,079,592
Conference and Seminars	10,000,000	21,685,183	17,185,661
University Medical Scheme	80,000,000	93,361,720	76,577,387
Postgraduate Programmes	25,000,000	21,827,405	24,067,185
University Research Programme	20,000,000	4,190,668	10,358,452
Compensation and Ex-Gratia payments	100,000	0	0
Maintenance of Plant, Machinery and Equipment	4,000,000	3,011,274	1,431,164
Maintenance of Buildings and Stations	20,000,000	43,262,333	39,984,311
Students Welfare Authority	110,250,000	119,961,458	92,628,672
Management services (UNES)	120,000,000	0	0
Staff Education Support Fund	25,000,000	0	0
External Research Grants	350,000,000	0	0
Other Service Units	55,000,000	63,867,973	54,625,303
Depreciation		188,402,350	140,475,425
Alumni Association	0	155,800	0
Students Associations	5,000,000	9,870,686	14,490,556
	5,467,912,343	4,591,691,392	3,133,899,185
Capital Expenditure			
Purchase of Motor Vehicles	10,000,000	0	20,089,238
Purchase of Plant and Equipment	15,000,000	32,145,541	23,884,961
Purchase of Computers	72,000,000	13,366,030	20,725,167
	97,000,000	45,511,571	64,699,366

Summary of Actual Expenditure for the year ended 30th June 2005 Students Welfare Authority (SWA)	Actual 2005 Shs.	Actual 2004 Sh.
Transport Operating Expenses	218,882	522,706
Travelling and Accommodation expenses	297,218	361,937
Telephones	2,179,914	973,037
Postal and Telegram	3,700	14,879
Official Entertainment	0	99,226
Publishing and Printing Expenses	96,600	400,765
Purchase of Uniforms and Clothing	1,850,513	202,712
Purchase of Stationery & Office expenses	11,865,585	7,879,206
Computer Charges	22,822	74,195
Miscellaneous Other Charges	526,513	1,980,684
Bank Charges	199,449	218,631
Staff Development	109,862	252,362
Conferences and Seminars	0	121,251
University Medical Scheme	3,829,139	2,968,030
Fees, Commission and Honoraria	1,625,416	305,015
Maintenance of plant, Machinery and Equipment	1,995,193	1,307,791
Maintenance of Buildings and Station	4,212,986	437,729
Halls Wardens Expenses	21,860,937	23,279,919
Maintenance of Water Supplies and Sewerage	5,500	74,535
Contracted Professional Services	154,860	333,478
Gas and Fuel	11,942,673	4,139,800
Laundry Expenses	0	150,759
Cleaning Materials	2,327,084	846,085
Purchase of Food	54,636,612	45,683,943
	119,961,458	92,628,675

Other information (5 year Trend)

I) General Revenue Statistics

The following table show changes in the percentage distribution of income and expenditure over the last five years.

	2004/2005	2003/2004 %	2002/2003 %	2001/2002 %	2000/2001 %
Income	58.5	62.0	67	72	64
Government Grants	8.3	9.0	10	12	11
Tuition and other fees	4.4	8.0	6	2	1.1
Other services rendered	28.8	21.0	17	14	23.9
Other income	100.0	100.0	100.0	100.0	100.0

Total Income	4,569,750,125	3,177,618,956	2,827,317,718	2,264,873,654	2,492,478,703
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Expenditure

Academic Departments	64.60	57.00	50.00	61.00	43.00
Administration and Central Services	16.50	23.00	22.00	18.20	20.00
Academic Services	4.30	4.50	3.60	3.00	3.00
General Educational Services	4.40	6.65	5.50	7.00	8.00
Maintenance of Premises	4.50	5.40	4.80	4.00	3.00
Miscellaneous expenditure	0.10	0.05	8.00	0.50	17.00
Staff and students facilities and Welfare	2.70	3.40	2.80	2.50	2.50
Students Welfare Authority	2.9	3.1	3.30	3.80	3.50
	100.00	100.00	100.00	100.00	100.00

Total Expenditure	4,448,906,455	2,996,365,468	2,741,697,178	2,467,066,817	2,632,118,520
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ii) Capital Development Statistics

Receipts

Government Grants - Constructions	0	0	0	0	0
- Fixed Assets	51,225,705	39725167	0	0	0
External Grants - Constructions	0	0	0	0	0
- Fixed Assets	10,674,331	11,921,838	4,687,150	2,100,000	7,426,656
	61,900,036	51,647,005	4,687,150	2,100,000	7,426,656

Expenditure

Construction	761,968	363,334	0	457,312,298	0
Purchase of fixed assets	61,900	72,005	52,441,000	126,132,458	26,277,645
	823,868	435,339	52,441,000	583,444,756	26,277,645

iii) Research Grants, Endowment & Donations Statistics

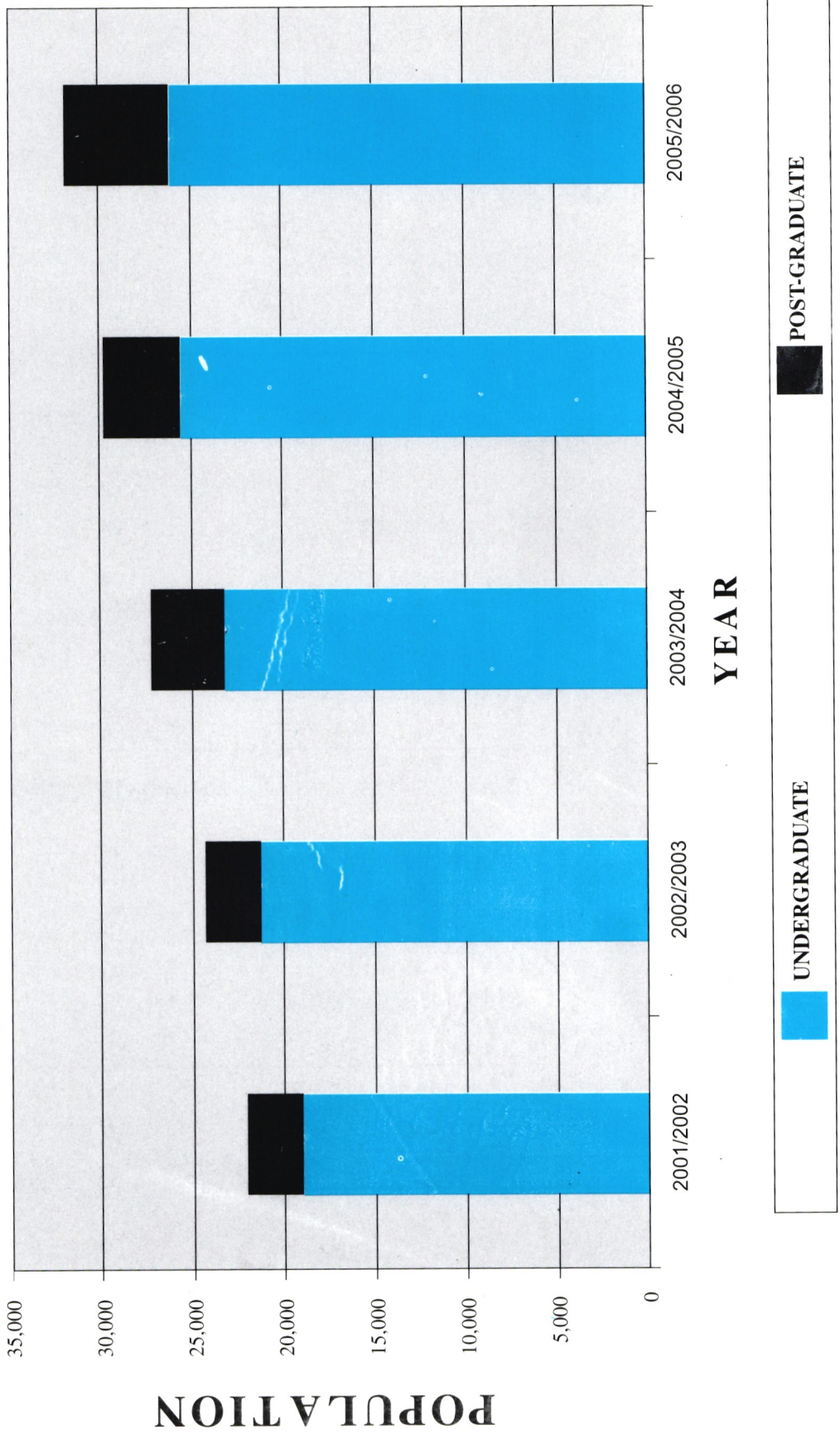
Receipts

Research grants	342,686,330	393,740,984	304,290,241	404,996,193	216,556,264
Endowment and donations	2,789,086	2,789,086	3,075,096	3,213,083	6,976,007

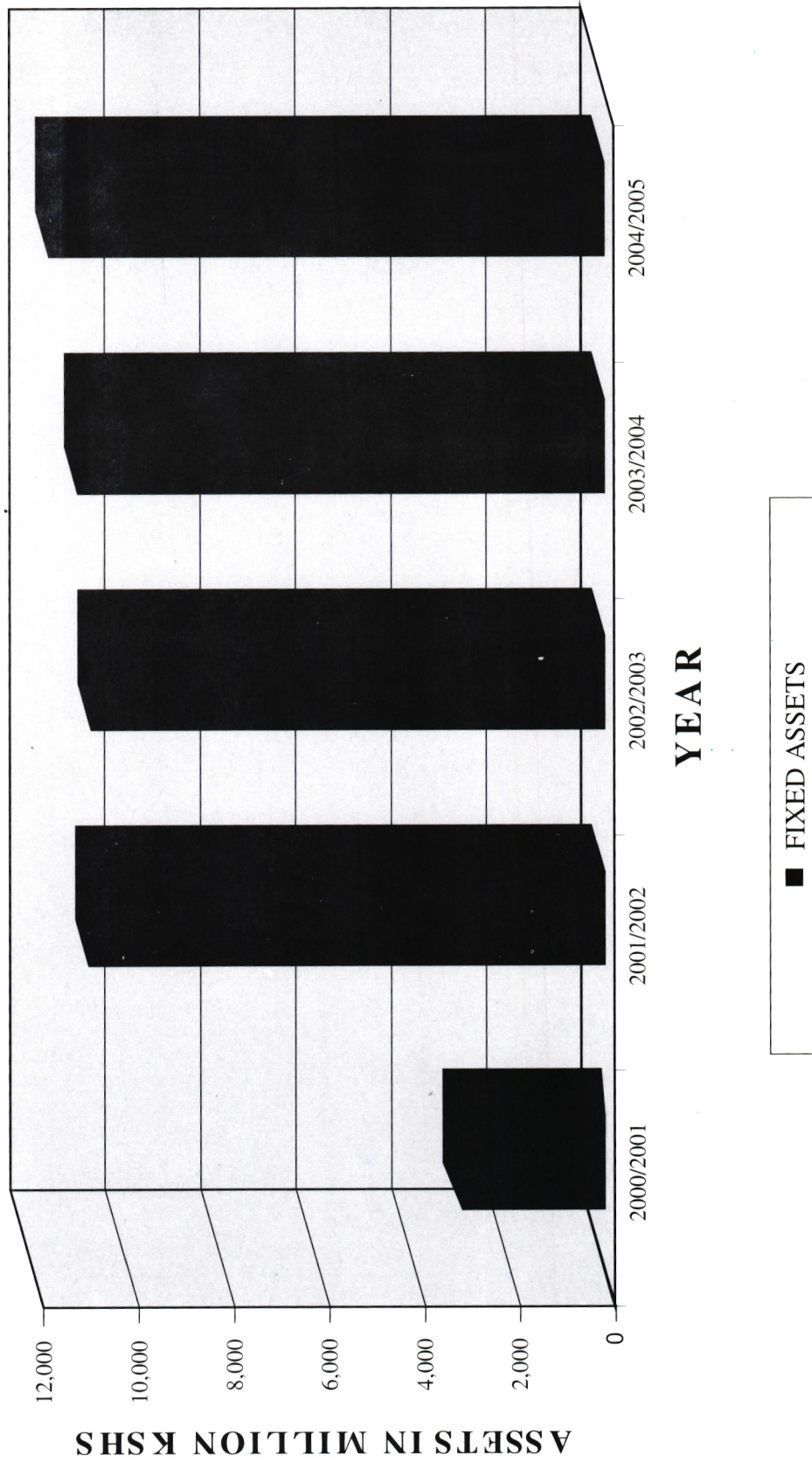
Expenditure

Research grants	356,241,655	304,385,281	293,947,760	282,672,685	319,140,906
Endowment and donations	9,000	9000	0	0	3,000

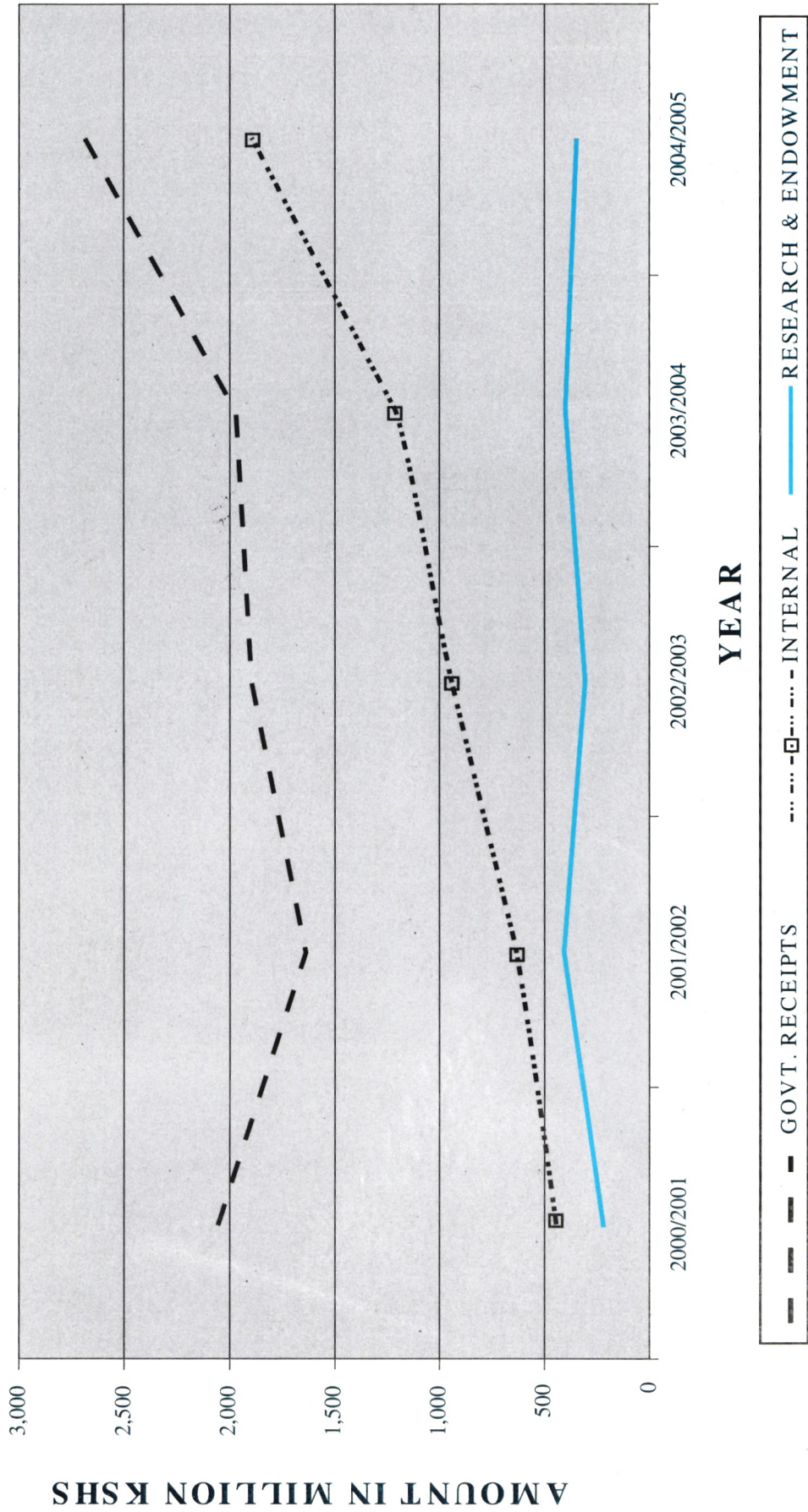
STUDENT POPULATION FROM 2001/2002 TO 2005/2006



5 YEAR GROWTH OF FIXED ASSETS FROM 2000/ 2001 TO 2004/ 2005



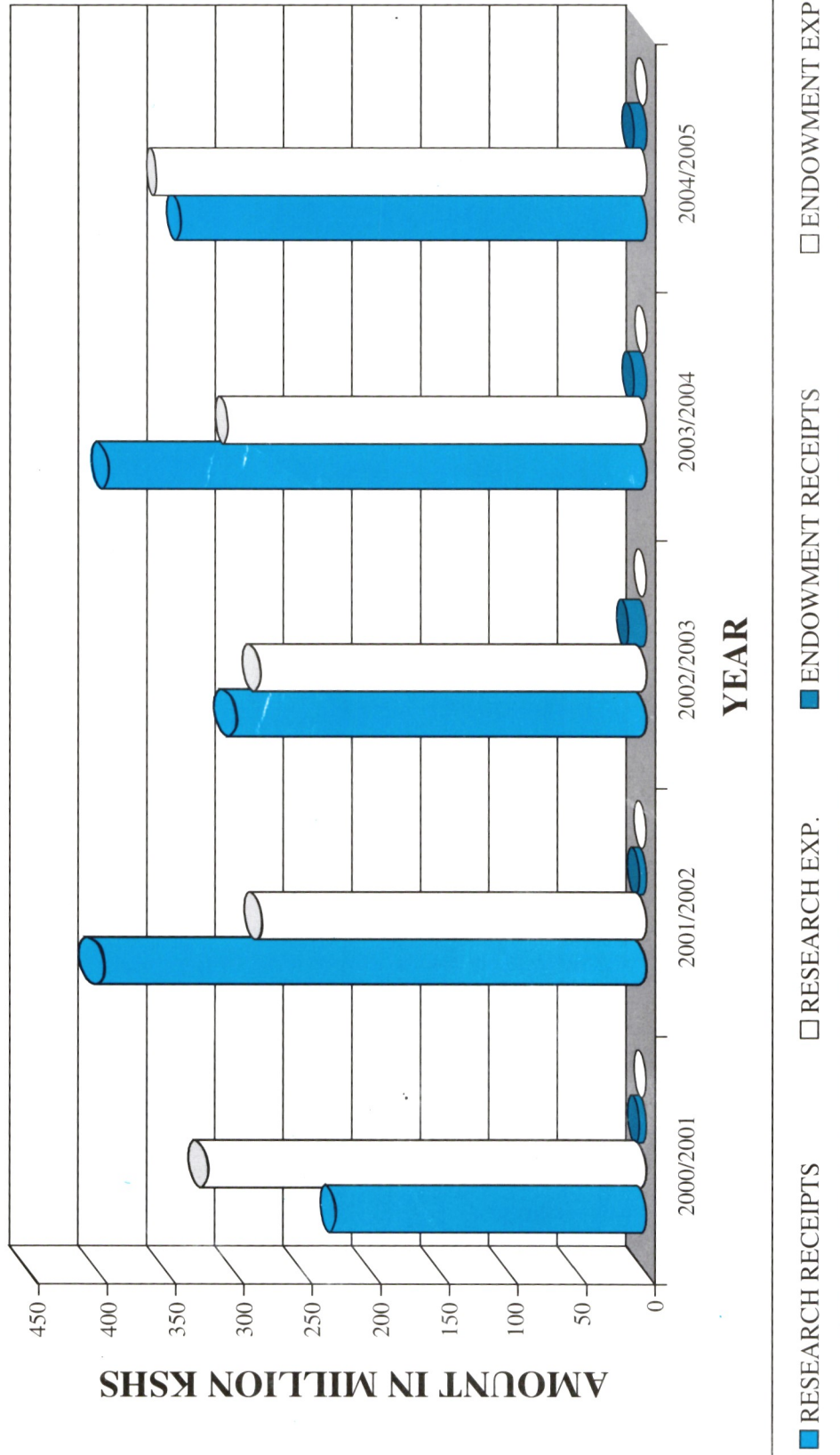
5 YEAR INCOME TREND FROM 2000/ 2001 TO 2004/ 2005



REVENUE AND EXPENDITURE TREND FROM 2000/2001 TO 2004/2005



RESEARCH AND ENDOWMENT CHART FROM 2000/2001 TO 2004/2005



CAPITAL DEVELOPMENT FROM 2000/2001 TO 2004/2005

