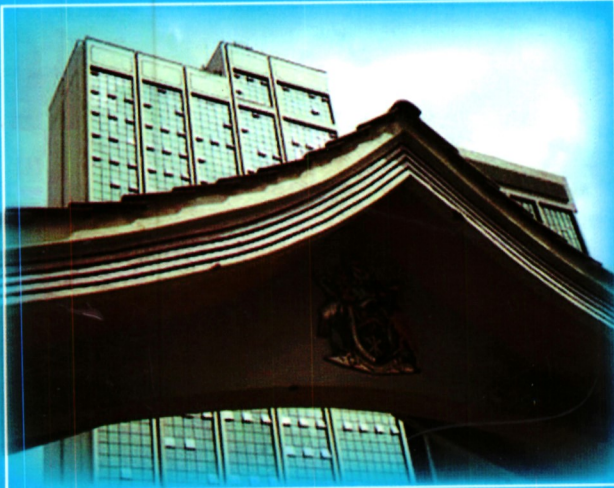


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ANNUAL
REPORT
AND
ACCOUNTS

FOR THE YEAR
ENDED 30TH JUNE
2004



UNIVERSITY OF NAIROBI

Annual Report and Accounts
for the year ended 30th June, 2004

UNIVERSITY OF NAIROBI

P.O. Box 30197
NAIROBI, Kenya
Telephone: 318262
Telegrams: Varsity
Telex: 22095



KENYA NATIONAL ASSEMBLY
Session: ~~1001-2000~~

Call No: 6272000



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Chancellor and Principal Officers of the University

Chancellor:

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

Chairman Of the University Council:

DAVID P.S. WASAWO, M.A. (Oxon.), Ph.D. (London), Hon. D.Sc. (K.U)

Vice-Chancellor:

C.M. KIAMBA, M.B.S., B.A. (Land Econ.) (Nairobi), M.Sc. (Reading), Ph.D. (Cantab.), M.I.S.K., R.

Deputy Vice-Chancellor (Administration and Finance):

G.A.O. MAGOHA, IOM., M.B.B.S. (Lagos), F.R.C.S., F.W.A.C.S., F.I.C.S., F.I.B.A., M.S.I.C., F.M.C.S. (Urol.)

Deputy Vice-Chancellor (Academic):

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

Principal, College of Agriculture and Veterinary Sciences:

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

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

Ag. Finance Officer:

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

Ag. Administration Registrar:

AWORI Wa KATAKA, B.A. (E.A)

Academic Registrar:

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

University Librarian:

S. Mathangani, B.A. (E.A), PGDLS (Wales), M. PHIL (UCW Aberystwyth)

Ag. Planning Registrar:

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

Bankers:

Barclays Bank of Kenya Ltd.
Kenya Commercial Bank Ltd.

Lawyers:

Daly and Figgis Advocates

Auditors:

Controller and Auditor General

VICE-CHANCELLOR'S REPORT FOR YEAR ENDED 30TH JUNE, 2004

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended 30th June 2004.

During the year under review the University incurred a surplus of KShs. 117,464,005.00 compared to a deficit of KShs. 203,043,381.00 for the year 2002/2003. The cumulative deficit for the University as at 30th June 2004 was KShs 1,925,896,872.00 compared to the deficit of KShs. 2,043,360,877.00 as at 30th June 2003. This is attributable 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 subsidizing 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.393,740,984.00 compared to an amount of KShs. 304,290,241.00 for the year 2002/2003 was received for research.

The University continued with its mission of teaching and research. The students total population in this period was 29,796 out of which 4,221 were postgraduate students.

In the Vice-Chancellor's report for the year ended 30th June, 2003 it was pointed out that the University of Nairobi graduation ceremony did not take place in that year due to the stalemate between the University teaching staff and the government of Kenya, over terms of service. I am happy to report that the 31st graduation ceremony of the University of Nairobi was held on 7th May, 2004, which 3,740 graduands and 830 graduates were conferred with degrees and diplomas. His excellency, the President, Hon. Mwai Kibaki, C.G.H., M.P., Commander in Chief of the Armed Forces graced the said graduation ceremony. The President was conferred with Doctor of Letters (D.Litt) (Honoris Causa) and Mr. Joseph B. Wanjui, the University's Chancellor was conferred with Doctor of Science (D.Sc.), (Honoris Causa).

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

I also wish to thank the government for the approval of revised terms of service of the University staff, implemented by Public Universities with effect from July, 2004.

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



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

22nd November, 2004

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 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;
- (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 2004

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.

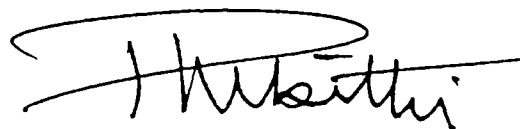
The University Council accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years and in conformity with International Financial Reporting Standards. The University Council is of the opinion that financial statements give a true and fair view of the state of the financial affairs of the University as at 30th June 2004 and of its surplus 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 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 2004

I have audited the financial statements of Nairobi University for the year ended 30 June 2004 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 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 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 provide a reasonable basis for my opinion.

Comments

1. Financial Position

The University realized a surplus of Kshs.117,464,005 which has reduced its cumulative deficit to Kshs.1,925,896,872, an improvement from previous years deficit of Kshs.203,043,381. Despite this improvement, the University still faces serious financial problems which the University attributes to inadequate funding by the Government. The financial statements have therefore been prepared on a going concern basis with the assumption that the University will continue to get financial support from the Government, its creditors and bankers.

2. Land and Buildings

Included in the land and buildings figure of Kshs.10,975,330,000 are 24 parcels of University land where title deeds have not been obtained and 44 University plots whose leases have since expired. In the circumstances, it is not possible to ascertain ownership of the respective land properties as at 30 June 2004. Consequently, I am unable to confirm that the carrying values as stated in the financial statements reflect the fair values of the properties as at the balance sheet date.

Opinion

In my opinion, except for the matters referred to in the preceding paragraphs, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the University as at 30 June 2004 and of its surplus and cashflows for the year then ended and comply with the University of Nairobi Act, 1985.



E. N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

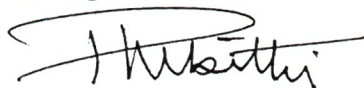
29 December 2005

Balance Sheet
as at 30th June 2004

ASSETS	Note	2004 sh	2003 sh
Non current assets			
Plant, Property and Equipment	7	10,975,330,000	10,721,689,095
Investments	8	93,140,469	76,605,253
		<u>11,068,470,469</u>	<u>10,798,294,348</u>
Current assets			
Stocks and stores	9	90,466,614	92,628,260
Debtors and Debit Balances	10	1,289,471,196	1,311,577,247
Short Term Deposits	11	541,886,977	648,628,366
Cash and cash equivalents	12	224,988,672	160,553,632
		<u>2,146,813,459</u>	<u>2,213,387,505</u>
TOTAL ASSETS		<u>13,215,283,928</u>	<u>13,011,681,853</u>
FUNDS AND LIABILITIES			
Net funds from IGUs and parallel programs	4	921,100,522	943,564,583
Special Accounts and Grants	6	298,721,573	237,080,496
General Fund	3	11,253,843,592	11,459,805,543
Trust and Endowment funds	5	133,465,331	114,154,171
Endowment for General Purposes		16,181,339	16,181,339
Appropriation for specific purposes		100,000,000	100,000,000
General Revenue Account		(1,925,896,872)	(2,037,421,785)
		<u>10,797,415,485</u>	<u>10,833,364,347</u>
Current liabilities			
Creditors and other payables	13	2,417,868,443	2,178,317,506
		<u>2,417,868,443</u>	<u>2,178,317,506</u>
TOTAL FUNDS AND LIABILITIES		<u>13,215,283,928</u>	<u>13,011,681,853</u>



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



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



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

22-Nov-2004

**General Revenue Account
for the year ended 30th June 2004**

INCOME	<i>Note</i>	2004 sh	2003 sh
Capitation grant		1,970,459,432	1,653,860,014
Special Grant		0	245,157,700
Tuition and other fees		286,389,333	261,503,755
Accreditation fees		2,680,830	0
Other services rendered			4,595,627
Service Units	14(i)	64,458,969	64,448,007
Accommodation , Catering and other income	14(ii)	170,902,504	171,366,536
Transfers from IGUs for specific purposes	14(iii)	680,696,063	440,974,230
		<u>3,175,587,131</u>	<u>2,841,905,869</u>
 EXPENDITURE			
Academic Departments	15(i)	1,768,748,813	1,524,636,378
Administration and Central Services	15(ii)	643,752,209	621,239,701
Academic services	15(iii)	111,919,289	112,734,948
General educational services	15(iv)	168,228,887	172,024,697
Maintenance of premises	15(v)	155,600,994	151,522,026
Staff and students facilities and welfare	15(vi)	111,818,684	89,336,165
Student Welfare authority (Catering & Accom services)	15(vii)	92,628,671	104,833,057
		5,425,579	11,010,559
Miscellaneous expenditure	15(viii)	0	257,611,719
Exceptional Item		<u>3,058,123,126</u>	<u>3,044,949,250</u>
 SURPLUS/ (DEFICIT) FOR THE YEAR		 117,464,005	 (203,043,381)
 Accumulated surplus/(deficit) brought forward		 (2,043,360,877)	 (1,713,027,111)
Prior Year adjustment			(127,290,385)
Surplus/(deficit) for the year		117,464,005	(203,043,381)
Accumulated deficit carried forward		<u>(1,925,896,872)</u>	<u>(2,043,360,877)</u>

Cash Flow Statement
for the year ended 30th June, 2004

		2004	2003
	<i>Note</i>	sh	sh
Cash Inflows from Operating activities			
General Revenue Surplus/ (Deficit) for the year	3	117,464,005	(294,581,590)
Grants and other income allocated for Capital Fund		(205,961,951)	398,051,973
Net funds for Income Generating Units	5	(22,464,061)	400,445,510
Trust and Endowment Funds		19,311,160	6,664,285
Additions to Special Accounts and Grants:-			
Overspent and claimable from Donors	6	(27,714,626)	80,196,164
Receipt for the year	7	393,740,984	304,290,241
Adjustment for Depreciation		174,680,000	169,207,000
Operating surplus/(deficit) before working Capital		449,055,511	1,064,273,583
	9		
(Increase)/Decrease in Stocks and Stores	10	2,161,646	3,018,502
(Increase)/Decrease in Debtors	13	22,106,054	(466,709,573)
Increase/(Decrease) in Creditors		239,550,937	94,576,921
		<u>263,818,637</u>	<u>(369,114,150)</u>
Net Cash Flow from Operating Activities		712,874,148	695,159,433
Cash Outflow from Investment Activities			
Appropriation for Specific Purposes	5	0	642,983
Expenditure from Trust and Endowment funds	6	9,000	0
Expenditure from Special Accounts and Grants	7	304,385,281	293,947,760
Purchase of Fixed Assets	8	434,251,000	138,794,905
Increase in Investments		16,535,216	3,589,189
		<u>755,180,497</u>	<u>436,974,837</u>
Net Increase/(Decrease) in Cash & Cash Equivalents		(42,306,349)	258,184,596
Movement in Cash and Cash Equivalents			
At start of the year		809,181,998	550,997,402
Increase(Decrease) in cash and cash equivalents		(42,306,349)	258,184,596
Cash and cash equivalents at end of year		766,875,649	809,181,998

Notes to the Accounts
for the year ended 30th June, 2004

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 Fixed assets are stated at cost of 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
Depreciation is charged to the Capital Fund.
Depreciation has not been provided on the gas plant as the replacement of this item becomes the subject of special grants when such replacement is necessary.
- 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 Revenue commitments represent goods and services ordered but not delivered at the end of the Financial year.
- 1.10 Appropriation for specific purposes represent revenue generated by the Colleges and unspent balances on certain votes, carried forward to meet expenditure in the ensuing year.
- 1.11 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.
- 1.12 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.
- 1.13 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 appropriation fund account.
- 1.14 Values for equipment donated are estimated by the University or as advised by donors.

2. OTHER CAPITAL FUND ASSETS

Funds reimbursable by the Ministry of Education
Other sources

2004	2003
sh	sh
75,986,204	75,986,205
75,986,204	180,370,332
	256,356,537

3. GENERAL FUND*Note***2004
sh****2003
sh**

Balance as at 1st July 2003		11,459,805,543	11,061,753,570
Capital Receipts:			
Capital Development - Internal Revenue (W.I.P.)		363,334,026	514,818,000
Motor Vehicles purchased from revenue budget		20,089,238	21,516,293
Motor Vehicles Donated		0	947,150
Furniture and Equipment purchased from revenue budget		9,604,936	11,303,530
Furniture and Equipment purchased from Grants		838,117	
Purchase of computers - Revenue		20,725,167	14,934,000
Purchase of computers - Grants		11,438,565	3,740,000
	SUB TOTAL	<hr/> 426,030,049	<hr/> 567,258,973
	TOTAL FUND	<hr/> 11,885,835,592	<hr/> 11,629,012,543
Less:			
Prior year Adjustment (WIP Overstated)	18	457,312,000	0
Depreciation	7	174,680,000	169,207,000
Balance in General Fund		<hr/> 11,253,843,592	<hr/> 11,459,805,543

4. INCOME GENERATING UNITS (IGUs) AND PARALLEL PROGRAMS

Income and Expenditure Account for the Year Ended: 30th June 2004

Income Generating Activities - College Based	Balance B/F	Income Sh.	Expenditure Sh.	Surplus/Deficit 2004 Sh.
College of Agriculture and Veterinary Sciences	4,762,771	32,410,238	25,130,833	12,042,176
College of Architecture and Engineering	5,974,136	14,111,057	16,912,542	3,172,651
College of Biological and Physical Sciences	47,150,971	39,777,072	34,361,845	52,566,198
College of Education and External Studies	33,761,762	29,776,673	260,807	63,277,628
College of Health Sciences	27,489,836	35,471,564	39,512,552	23,448,848
College of Humanities and Social Sciences	47,097,842	55,746,938	48,312,238	54,532,542
Central Administration (Fuel station)	(12,353,536)	0	8,900	(12,362,436)
Health Services - Students Medical	2,307,557	10,193,000	13,872,476	(1,371,919)
Sale of Mobile Phones	0	6,414,698	5,339,669	1,075,029
Sub- Total	156,191,339	223,901,240	183,711,862	196,380,717
Other Income Generating Units				
	Balance B/F Sh.	Income Sh.	Expenditure Sh.	Surplus/Deficit Sh.
Chiromo Funeral Parlour	7,355,686	18,569,570	12,057,924	6,511,646
Main Cafeteria	(1,069,563)	11,274,505	10,285,395	989,110
Chiromo Campus Cafeteria	(676,514)	1,665,445	2,223,537	(558,092)
Diagnostic Radiology	6,886,945	20,911,901	14,463,939	6,447,962
Others	14,152,853	40,893,450	26,380,071	14,513,379
Sub- Total		93,314,871	65,410,866	27,904,005
Other Activities-investments & sale of detergent	27,322,901	7,853,355	1,582,945	6,270,410
Dividends receivable	0	54,135,148	0	54,135,148
Sub- Total		61,988,503	1,582,945	60,405,558
Parallel Programmes				
Faculty of Commerce	181,508,695	240,495,790	133,488,778	107,007,012
Faculty of Law	43,607,141	92,150,529	53,120,064	39,030,465
Institute of Nuclear Science	2,784,475	4,754,000	3,460,708	1,293,292
College of Health Sciences-Medicine	141,882,229	286,827,761	114,999,565	171,828,196
Faculty of Pharmacy	30,173,433	42,961,770	18,916,540	24,045,230
Faculty of Dental Sciences	8,847,107	20,998,273	5,127,973	15,870,300
Faculty of Arts	106,517,869	142,902,994	61,735,011	81,167,983
Faculty of Education	55,239,372	97,447,336	34,620,350	62,826,986
Faculty of External Studies	70,861,045	98,440,990	56,145,782	42,295,208
Faculty of Engineering	19,112,444	24,419,469	11,520,336	12,899,133
Institute of Computer Science	14,173,377	38,749,333	16,261,946	22,487,387
Faculty of Science	18,471,005	39,996,171	17,597,387	22,398,784
Faculty of Social Sc- Psychology	14,908,235	20,208,560	9,048,783	11,159,777
Faculty of A.D.D	11,890,985	18,401,422	11,225,930	7,175,492
Faculty of Vet. Medicine	10,556,068	16,960,262	8,625,919	8,334,343
Faculty of Agriculture	2,867,456	10,433,398	3,842,744	6,590,654
Sub- Total	787,373,244	1,196,148,058	559,737,816	636,410,242
GRAND TOTAL	943,564,583	1,575,352,672	810,443,489	921,100,522

NOTE:

Other Income generating Units (IGUs) and parallel Programs presentation in the University Accounts is adopted with effect from the Financial year 2003/2004. Previously these figures were dealt with in the UNES Limited Accounts where the same are reflected

5. TRUST AND ENDOWMENT FUNDS

	As at 30 Jun-03	Receipts during the year	Increase/ (Decrease) in market Value of investment	Expenditure	Balance As at 30 Jun-04
	KShs	KShs	KShs	KShs	KShs
Trust funds					
Gandhi Academic Society	13,138,405	115,835	2,527,518	0	15,781,758
Kenya Railways	662,903	0	0	0	662,903
A.C.I. De Souza Memorial	36,440	0	0	0	36,440
R.G. Amin Bursary	400,736	1,330	(12,152)	0	389,914
Kamala Gold Memorial	84,298	0	59,280	5,000	138,578
Tom Mboya Memorial	2,900,333	162,559	1,843,589	0	4,906,481
M.M. Bhatt Trust	103,866	0	0	0	103,866
TOTAL TRUST FUNDS	17,441,133	279,724	4,418,235	5,000	22,129,950
Endowment Funds:					
Sasakawa Fellowship	83,788,080	2,490,374	12,639,689	0	98,918,143
Others	9,495,404	8,835	(522,708)	0	8,981,531
Non attributable Funds	3,329,554	10,153	0	4,000	3,335,707
TOTAL ENDOWMENT FUNDS	96,613,038	2,509,362	12,116,981	4,000	111,235,381
University of Nairobi Enterprises and Services Limited (UNES)	100,000	0	0	0	100,000
TOTAL FUNDS	114,154,171	2,789,086	16,535,216	9,000	133,465,331

6. SPECIAL ACCOUNTS AND GRANTS

	Balance as at 1st July 2003	Received during year	Expenditure during year	Balance as at 30th June 2004
	Sh.	Sh.	Sh.	Sh.
Ford Foundation	8,461,359	4,650,426	4,764,659	8,347,126
Rocketefeller Foundation	16,369,829	13,816,009	16,651,103	13,534,735
International Development Research Centre	4,340,622	1,314,381	1,520,489	4,134,514
National Council for Science & Technology	97,399	0	0	97,399
DAAD	(4,029,124)	408,944	2,562,270	(6,182,450)
World Health Organisation	(661,886)	2,601,770	2,048,154	(108,270)
VLIR	6,870,858	26,598,500	33,820,500	(351,142)
International Aids Vaccine	(34,274,480)	99,037,813	48,594,954	16,168,379
World Trade Organisation	3,571,963	32,040,486	31,035,672	4,576,777
CIAT	2,533,341	5,004,774	6,523,655	1,014,460
Centre for Disease Control	(1,445,698)	59,272,332	10,657,424	47,169,210
AERC	0	4,680,030	1,635,024	3,045,006
Miscellaneous	79,300,274	144,315,519	144,571,377	79,044,416
Balance net of overspent amounts	81,134,457	393,740,984	304,385,281	170,490,160
Amount overspent and claimable from donors	155,946,039			128,231,413
Gross balance at year end	<u>237,080,496</u>			<u>298,721,573</u>

7. PLANT, PROPERTY AND EQUIPMENT

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Gas Plant	Motor Vehicles	Academic Gowns	Totals
	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)	KSh.(000)
Cost Valuation									
1st July 2003	4,950,058	4,951,399	514,818	923,497	18,674	361	255,584	5,932	11,620,323
Additions	0	0	363,334	19,518	31,310	0	20,089	0	434,251
30th June 2004	4,950,058	4,951,399	878,152	943,015	49,984	361	275,673	5,932	12,054,574
Depreciation									
1st July 2003	0	198,056	0	472,696	3,734	0	225,287	4,791	904,564
Charge for the year	0	99,028	0	47,089	10,094	0	18,172	297	174,680
30th June 2004	0	297,084	0	519,785	13,828	0	243,459	5,088	1,079,244
Net Book Value									
30 June 2004	4,950,058	4,654,315	878,152	423,230	36,156	361	32,214	844	10,975,330
30 June 2003 (Note iii)	4,950,058	4,753,343	514,818	450,801	14,940	361	46,341	1,141	10,715,759

NOTE:

- i) Additional to motor vehicles were obtained through donations and purchased from revenue budget during the year.
- ii) 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.
- iii) The Net Book value of Plant, property and Equipment in the Balance Sheet as at 30th June 2003 reflects KShs. 10,721,689,095/= which includes UNES assets of KShs. 5,930,118/= and UoN assets of KShs. 10,715,758,977/=

8. TRUST AND ENDOWMENT FUNDS INVESTMENTS

		2004 Sh.	2003 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 6,676 Ordinary shares of Shs.10/- each		2,970,820	920,046
Car and General (Kenya) Limited 15,222 Ordinary shares of Shs.5/- each		210,064	133,954
C.M.C. Holdings Limited 12,592 Ordinary shares of Shs.5/- each		654,784	281,746
Unga Limited 28,782 Ordinary shares of Shs.5/- each		417,339	346,823
Kenya Power and Lighting Co. Limited 1,118 Ordinary shares of Shs.20/- each		102,856	35,776
		4,455,843	1,818,325
R.G. Amin Bursary Fund £700 9 1/2% Kenya Government Stock	2006	15,060	15,060
Lonrho Motors (E.A.) Limited 942 Ordinary shares of Shs.5/- each		0	12,152
Kamala Gold Memorial Fund Kenya Power & Lighting Co. Limited 988 Ordinary shares of Shs.20/- each		90,896	31,616
Tom Mboya Memorial Fund Kenya Breweries Ltd. 8,527 Ordinary shares of Shs.10/- each		3,794,515	1,964,618
Total of Trust Fund Investments		8,356,314	3,315,401
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
Lonrho Motors (E.A.) Limited 40,520 Ordinary shares of Shs.5/- each		0	522,708
Stg.£588,166.09 Sasakawa Fellowship Fund		84,584,165	71,944,476
Other Endowment Funds		0	622,688
Total of Endowment Fund Investments		84,784,155	73,289,852
Total Trust and Endowment Fund Investments		93,140,469	76,605,253

NOTE:

Trust and Endowment funds Investment for the year 2002/2003 have been restated to include KShs 100,000/= investment in UNES Limited

	2004	2003
	Sh.	Sh.
9. STOCKS AND STORES		
General Stocks	73,463,932	76,440,980
Dental Materials	7,944,754	6,486,256
Pharmacy, Cafeterias	1,203,822	1,193,229
SWA stocks	7,854,106	8,507,795
	90,466,614	92,628,260
10. DEBTORS AND DEBIT BALANCES		
Sundry debtors	1,009,288,564	1,046,290,093
Dividends receivable	54,135,148	0
Deans Committee research grants	2,742,498	0
IGU Program balances	0	12,834,023
Specific puposes revenue grants	128,231,413	155,946,039
Capital fund	75,986,205	78,085,242
Withholding Tax (Claimable)	0	200,428
Students Welfare Authority (SWA)	21,687,927	20,821,981
	1,292,071,755	1,314,177,806
Less: Provision for bad & doubtful debts	(2,600,559)	(2,600,559)
	1,289,471,196	1,311,577,247
11. SHORT TERM DEPOSITS		
Joint Admissions Board	0	12,000,000
Recurrent Grants	95,819	3,127,420
Colleges	69,389,523	41,681,609
Specific purposes revenue grants	55,422,316	42,276,875
Trust and Endowment funds	247,707	247,707
IGU Accounts	414,477,154	543,756,088
Students Welfare Authority	2,254,458	5,538,667
	541,886,977	648,628,366
12. CASH AND CASH EQUIVALENTS		
Central Cash Balances	190,335,967	186,639,840
Nairobi University Press	239,539	755,984
Colleges	29,366,216	31,572,638
IGU Accounts		(84,396,522)
Cash in hand	2,503,547	11,323,177
SWA Balances	2,543,403	14,658,515
	224,988,672	160,553,632
13. CREDITORS AND OTHER PAYABLES		
Sundry Creditors	696,486,615	936,983,183
Statutory Deductions - payroll	1,618,199,291	1,601,348,032
Provision for staff gratuities	22,627,158	19,917,767
Deans Committee research		693,319
Amounts due to contractors	1,803,805	1,803,805
IGU Program balances	37,624,942	(413,608,495)
SWA Balances	41,126,632	31,179,895
	2,417,868,443	2,178,317,506

NOTE:

The amounts included in short term Deposits and Cash and Cash Equivalents for the Financial Year 2002/2003 have been restated to reflect the adjustment on prior period item. The 2002/2003 Cashflow statement also reflect the same restated position (KShs 809,181,998/=)

14. INCOME	Note 19	2004 Sh.	2003 Sh.
(i) Other Services Rendered			
Services Units		64,458,969	64,448,007
		64,458,969	64,448,007
(ii) Accomodation , Catering and other income			
House Rents		58,178,807	70,511,419
Hire of Transport		0	10,500
Income from telephone, telex and fax		1,173,183	713,434
Library services		114,996	117,997
Sale of Uniforms - Tailoring Unit		0	0
Sale of mobile phones			439,500
Central Admin. Share college Income		3,474,297	0
Income from endowment fund		239,852	3,327,777
Helath Services		192,000	312,651
Agency fees (insurance & Hire purchase)		1,343,373	667,832
Printing and photocopying (Personnel Div)		2,845	600
Staff Education Support Fund		215,000	2,200
Loan Defaulters Interest		16,684	13,275
Miscellaneous		199,857	1,534,231
Accomodation and Catering		105,751,610	93,715,121
		170,902,504	270,940,224
iii Transfers from IGUs for Specific purposes			
Transfer of Funds from IGUs		5,689,335	14,588,152
Management & support services		110,092,177	87,890,289
Payroll supplementation		1,534,000	0
Rates and Ground Rents		2,433,771	10,203,808
Funds to pay creditors		328,259,885	191,175,770
Purchase of motor vehicles		17,771,000	20,715,000
Research Grants-Internal		13,900,974	17,917,619
Library		17,216,330	7,468,442
Physical spce and Development		158,798,591	33,940,167
Debt reduction - Pension		25,000,000	297,923,399
Medical support fund		0	19,835,664
Others		0	7,446,981
		680,696,063	709,105,291

15. EXPENDITURE	2004	2003
	Sh.	Sh.
(i) Academic Departments		
Personal Emoluments	757,395,719	802,494,666
Clinical Allowance	254,687,270	0
House allowance	586,972,181	587,591,884
Teaching Practice C.E.E.S. Kikuyu	6,084,243	3,833,058
Teaching and Office Expenses	58,344,145	43,897,149
Travelling and Transport	35,283,350	26,839,558
Equipment and Furniture	15,356,602	5,919,569
Expenditure from service units	54,625,303	54,060,494
	1,768,748,813	1,524,636,378
(ii) Central Administration and Central Services		
Personal Emoluments	147,735,025	142,365,695
Management and support services	100,131,116	109,172,126
House Allowance	114,492,791	110,103,996
Travelling and Transport	20,939,207	15,218,314
Purchase of Motor Vehicles	20,089,238	21,516,293
Equipment and Furniture	4,647,042	5,796,783
Publishing and Printing	1,035,511	3,226,750
Purchase of Uniforms	694,968	293,382
Purchase of Stationery	31,558,854	23,191,025
postal and telegram expenses	761,110	640,734
Telephones	25,477,353	34,055,204
Computer Charges	1,737,485	2,283,078
Insurances	38,063,944	35,014,949
Council Meetings and ceremonial expenses	5,509,576	1,152,245
Conference and seminars	17,185,661	31,652,174
Subscriptions	3,399,506	8,288,630
Bank charges	4,316,189	738,554
Audit fees	1,800,000	1,700,000
Fees, commission & Honoraria	5,113,360	1,467,927
Official entertainment	116,301	335,120
Transport operating expenses	19,064,815	16,167,723
Graduation Expenses	14,467,220	10,940,786
University Choir Expenses	3,520,427	3,267,125
Funeral Expenses	3,582,369	795,369
Legal fees	6,548,835	6,208,857
Contracted security services	26,174,518	19,789,863
Purchase of computers	20,725,167	13,911,755
Other expenses	4,864,621	1,945,244
	643,752,209	621,239,701

	2004	2003
	Sh.	Sh.
(iii) Academic Services		
Library: Personal Emoluments	62,398,246	59,169,474
Books and Periodicals	15,791,579	25,625,088
Sundry Charges	5,069,829	3,752,921
Computer Services:		
Personal Emoluments	24,892,844	23,848,148
Consumables	3,766,791	339,317
	111,919,289	112,734,948
(iv) General Educational expenditure		
Examinations stationery	7,122,929	7,529,747
External Examiners	9,821,122	7,380,907
Postgraduate Bursaries	24,067,185	25,385,031
Research and Publications	10,358,452	11,545,745
Staff Development	11,663,347	12,644,812
House to Office Transport Allowance	89,445,685	88,618,432
Passages and leave Travelling Expenses	15,750,167	18,920,023
	168,228,887	172,024,697
(v) Maintenance of Premises		
Rents and Rates	4,740,284	17,286,178
Electricity, water and conservancy	110,876,399	103,414,009
maintenance of Buildings	39,984,311	30,821,839
	155,600,994	151,522,026
(vi) Staff and Students facilities and welfare		
University Medical Scheme	76,577,387	70,071,002
Recruitment Expenses	12,774,702	6,834,667
Furniture for Staff Houses	2,153,995	0
Travelling outside Kenya	5,525,044	3,256,384
Sports and Games (Inter-University)	297,000	2,967,647
Students Associations	14,490,556	6,206,465
	111,818,684	89,336,165
(vii) S.W.A (Catering & Accomodation Services)		
Purchase of Foodstuff	45,683,943	54,837,172
Gas and Fuel	4,139,800	0
Electricity, Water and Conservancy	0	30,756
Purchase of Equipment	1,037,814	1,367,017
Maintenance of plants, Machinery Equipment	269,977	635,164
Maintenance of Buildings & Stations	437,729	1,176,200
Halls and Wardens Expenses	23,279,919	22,373,811
Other Expenses	17,779,489	24,412,938
	92,628,671	104,833,058
(viii) Miscellaneous Expenditruue		
Maintenance of Equipment	1,431,165	6,973,542
Nairobi A.S.K. Show	3,994,414	4,037,017
Retrenchment Expenses	0	164,066
	5,425,579	11,174,625

16. CONTINGENT LIABILITIES

2004
Sh.

2003
Sh.

(i) Guarantees provided to the banks on behalf of employees:

Car Loans	856,612	856,612
Housing Loans	922,572	922,572
	<u>1,779,184</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. 530,633,000 as at 30-6-2004. 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.

18. PRIOR YEAR ADJUSTMENT - Kshs 457,312,000

This is to correct the work in progress, amount overstated in 2002/2003. Included in the work in progress - Capital Development fund for the year ended 30th June 2003 was cumulative amount of KShs 457,312,000 instead of only KShs 57,506,000 being additions for the year.

**19. Summary of service units income and expenditure
for the year ended 30th June 2004**

	Income Sh.	Expenditure Sh.	Surplus/ Deficit 2003/4 Sh.
Bookshop	61,433,680	50,963,672	10,470,008
Duplicating and Printing	1,568,151	1,480,949	87,202
Kabete Garage	0	0	0
Nairobi University Press	1,457,138	2,180,682	(723,544)
	64,458,969	54,625,303	9,833,666
Surplus/(Deficit) for the year			<u>9,833,666</u>

**20. Bookshop Revenue Account
for the year ended 30th June 2004**

	2004 Sh.	2003 Sh.
Sales	61,433,680	59,081,519
Less cost of Sales:		
Stock 1 July 2003	32,610,176	29,705,391
Purchases	46,726,880	43,020,058
	79,337,056	72,725,449
Stock 30 June 2004	(34,971,048)	(32,610,176)
Cost of sales	44,366,008	40,115,273
Gross surplus for the year	17,067,672	18,966,246
Less Expenditure:		
Personal Emoluments	5,657,188	7,026,730
Office & Travelling Expenses	940,476	1,949,285
	6,597,664	8,976,015
Net surplus (deficit) for the year	10,470,008	9,977,701

Notes:

1. The personal emoluments expenditure of Sh. 5,657,188 relating to Bookshop is covered by the Government grant for the University's personal emoluments vote.

21. Summary of Approved Estimates for the year ended 30th June 2004

	Approved Estimates 2003/2004 Sh.	Actual 2004 Sh.	Actual 2003 Sh.
Personal Emoluments	853,000,000	754,606,481	734,775,562
UNES Management & Support Allowances	551,701,000	100,131,116	109,172,126
Gratuity and Pension contribution	160,000,000	139,147,310	149,958,388
House Allowance	830,000,000	739,577,635	731,986,368
Other Personal Allowances	65,000,000	60,555,379	61,732,898
House to Office Transport allowance	104,000,000	89,445,685	88,618,432
Passage and Leave Expenses	25,000,000	15,750,167	18,920,023
Clinical Allowance	195,566,433	254,687,270	0
Transport Operating Expenses	28,000,000	19,064,815	16,167,723
Travelling and Accommodation Expenses	45,000,000	56,286,887	42,109,629
External Travelling and Accommodation	4,000,000	5,525,044	3,256,384
Teaching Practice	8,000,000	6,084,243	3,833,058
Postal and Telegram Expenses	1,000,000	761,110	640,734
Telephone Expenses	28,000,000	25,477,353	35,993,559
Official Entertainment	1,000,000	116,301	335,120
Electricity, Water and Conservancy	125,000,000	110,876,399	103,414,009
Purchase of Supplies for Production	100,000,000	58,165,290	43,978,299
Publishing and Printing Expenses	3,500,000	1,035,511	3,226,750
Purchase of Uniforms and Clothing	6,000,000	694,968	293,382
Library Expenses	36,425,000	20,861,408	29,378,009
Purchase of Stationery	25,000,000	38,681,783	30,720,771
Advertising and Publicity (Recruitment)	12,000,000	12,774,702	6,834,667
Sports and Equipment (Inter-University)	2,000,000	297,000	2,967,647
Audit Fees	1,800,000	1,800,000	1,600,000
Payments of Rent and Rates Residential	15,000,000	4,740,284	17,286,178
Computer Charges	12,000,000	1,737,485	2,283,078
Hire of Transport Plant and Machinery	250,000	44,558	0
Miscellaneous Other Charges	104,850,000	99,292,586	87,682,595
Fees, Commission and Honoraria	4,500,000	5,113,360	1,467,927
Staff Development	12,000,000	11,663,347	12,644,812
Senate, Council, Ceremonial and Graduation Expenses	13,000,000	27,079,592	11,976,985
Conference and Seminars	13,500,000	17,185,661	31,652,174
University Medical Scheme	71,687,000	76,577,387	70,071,002
Postgraduate Programmes	25,000,000	24,067,185	25,385,031
University Research Programme	30,000,000	10,358,452	11,545,745
Compensation and Ex-Gratia payments	500,000	0	0
Purchase of Motor Vehicles	30,000,000	20,089,238	21,516,293
Purchase of Plant and Equipment	22,000,000	23,884,961	11,464,667
Purchase of Computers	25,000,000	20,725,167	13,911,755
Maintenance of Plant, Machinery and Equipment	8,000,000	1,431,164	6,973,542
Maintenance of Buildings and Stations	43,600,000	39,984,311	30,821,839
Students Welfare Authority	105,000,000	92,628,672	104,833,058
Management services (UNES)	70,000,000	0	0
Staff Education Support Fund	32,000,000	0	0
External Research Grants	261,012,000	0	0
Other Service Units	54,750,000	54,625,303	54,060,494
Students Associations	2,000,000	14,490,556	6,206,465
	4,166,641,433	3,058,123,126	2,741,697,178

NOTE:

Actual expenditure on Management Services and Staff support fund are dealt with under UNES Ltd Accounts

Actual expenditure on External Research Grants are as per Note 6 in these Accounts

22. Summary of Actual Expenditure for the year ended 30th June 2004
Students Welfare Authority (SWA)

	Actual 2004 Sh.	Actual 2003 Sh.
Transport Operating Expenses	522,706	222,328
Travelling and Accommodation expenses	361,937	236,187
Telephones	973,037	1,061,007
Postal and Telegram	14,879	11,100
Official Entertainment	99,226	0
Electricity, Water and Conservancy	0	30,756
Publishing and Printing Expenses	400,765	705,080
Purchase of Uniforms and Clothing	202,712	121,488
Purchase of Stationery & Office expenses	7,879,206	11,075,377
Computer Charges	74,195	175,250
Miscellaneous Other Charges	1,980,684	5,941,119
Bank Charges	218,631	15,479
Staff Development	252,362	152,500
Conferences and Seminars	121,251	446,550
University Medical Scheme	2,968,030	1,668,820
Fees, Commission and Honoraria	305,015	207,088
Purchase of Plant and Equipment	1,037,814	1,367,016
Maintenance of plant, Machinery and Equipment	269,977	635,164
Maintenance of Buildings and Station	437,729	1,176,200
Halls Wardens Expenses	23,279,919	22,373,812
Maintenance of Water Supplies and Sewerage	74,535	0
Contracted Professional Services	333,478	235,318
Gas and Fuel	4,139,800	0
Laundry Expenses	150,759	1,800
Cleaning Materials	846,085	2,136,447
Purchase of Food	45,683,943	54,837,172
	92,628,675	104,833,058

23. 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.

	2003/2004 %	2002/2003 %	2001/2002 %	2000/2001 %	1999/2000 %
Income					
Government Grants	62.0	67	72	64	75.8
Tuition and other fees	9.0	10	12	11	15.1
Other services rendered	8.0	6	2	1.1	1.4
Other income	21.0	17	14	23.9	7.7
	100.0	100.0	100.0	100.0	100.0
Total Income	3,177,618,956	2,827,317,718	2,264,873,654	2,492,478,703	1,953,243,253
Expenditure					
Academic Departments	57.00	50.00	61.00	43.00	50.40
Administration and Central Services	23.00	22.00	18.20	20.00	24.60
Academic Services	4.50	3.60	3.00	3.00	3.30
General Educational Services	6.65	5.50	7.00	8.00	8.50
Maintenance of Premises	5.40	4.80	4.00	3.00	4.60
Miscellaneous expenditure	0.05	8.00	0.50	17.00	0.10
Staff and students facilities and Welfare	3.40	2.80	2.50	2.50	2.00
		3.30	3.80	3.50	6.50
	100.00	100.00	100.00	100.00	100.00
Total Expenditure	2,996,365,468	2,741,697,178	2,467,066,817	2,632,118,520	2,198,764,355

(ii) Capital Development Statistics

Receipts

Government Grants - Constructions	0	0	0	0	0
- Fixed Assets	39,725,167	0	0	0	0
External Grants - Constructions	0	0	0	0	0
- Fixed Assets	11,921,838	4,687,150	2,100,000	7,426,656	293,079,494
	51,647,005	4,687,150	2,100,000	7,426,656	293,079,494

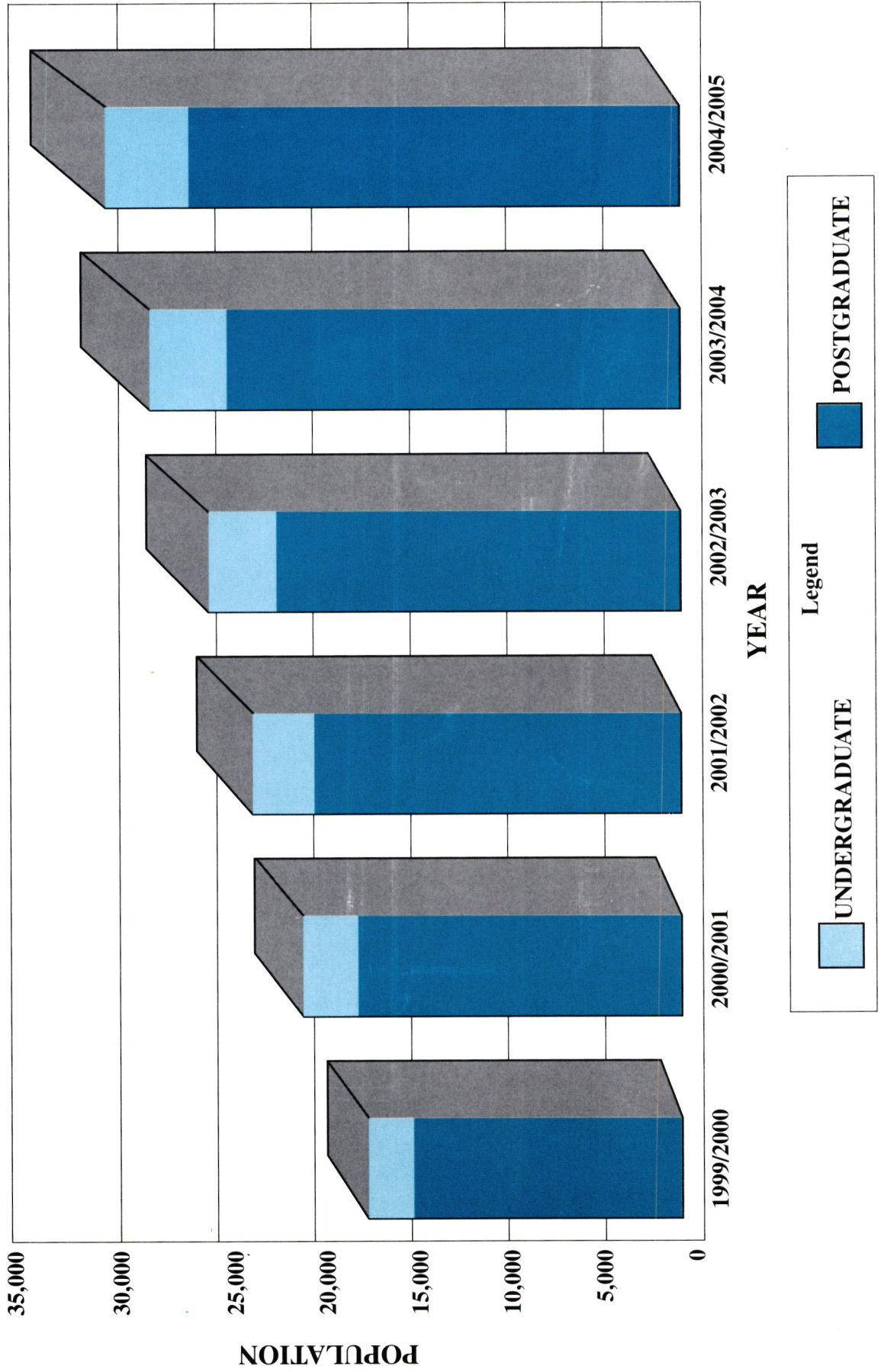
Expenditure

Construction	363,334	0	457,312,298	0	410,641,374
Purchase of fixed assets	72,005	52,441,000	126,132,458	26,277,645	312,801,999
	435,339	52,441,000	583,444,756	26,277,645	723,443,373

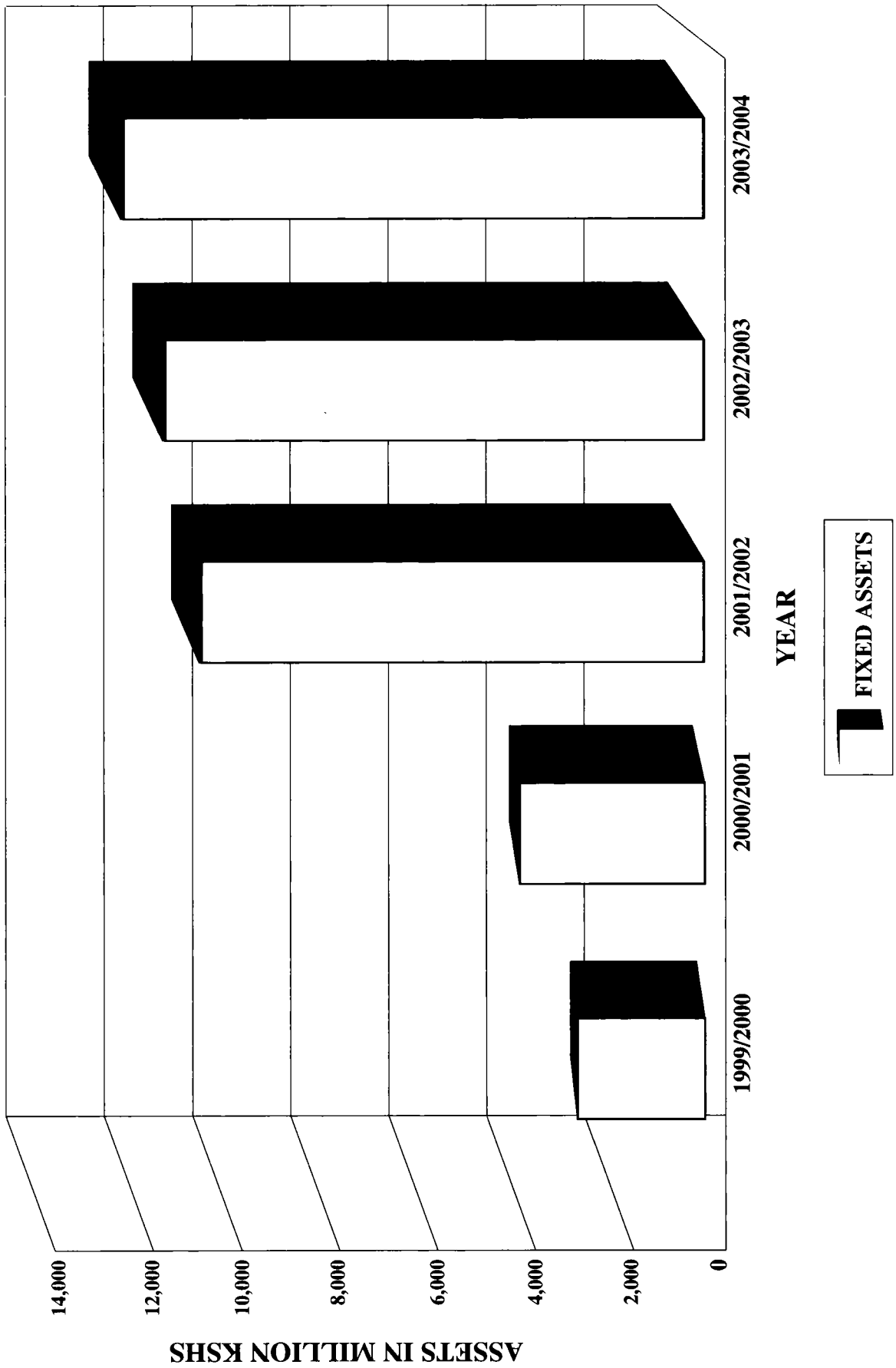
(iii) Research Grants, Endowment & Donations Statistics Receipts

Research grants	393,740,984	304,290,241	404,996,193	216,556,264	202,660,698
Endowment and donations	2,789,086	3,075,096	3,213,083	6,976,007	6,993,796
Expenditure					
Research grants	304,385,281	293,947,760	282,672,685	319,140,906	210,570,600
Endowment and donations	9,000	0	0	3,000	6,000

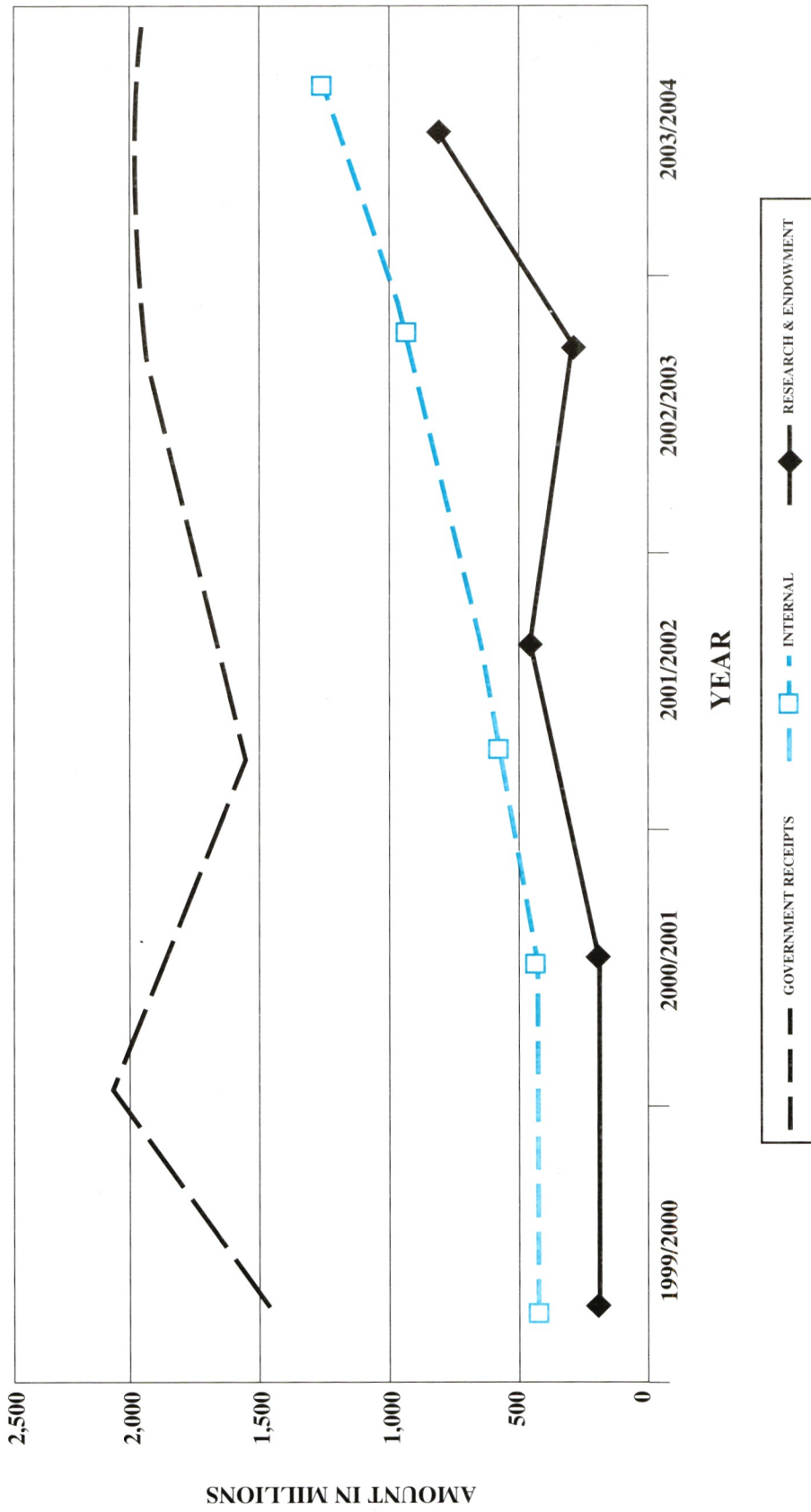
STUDENT POPULATION FROM 1999/2000 TO 2004/2005



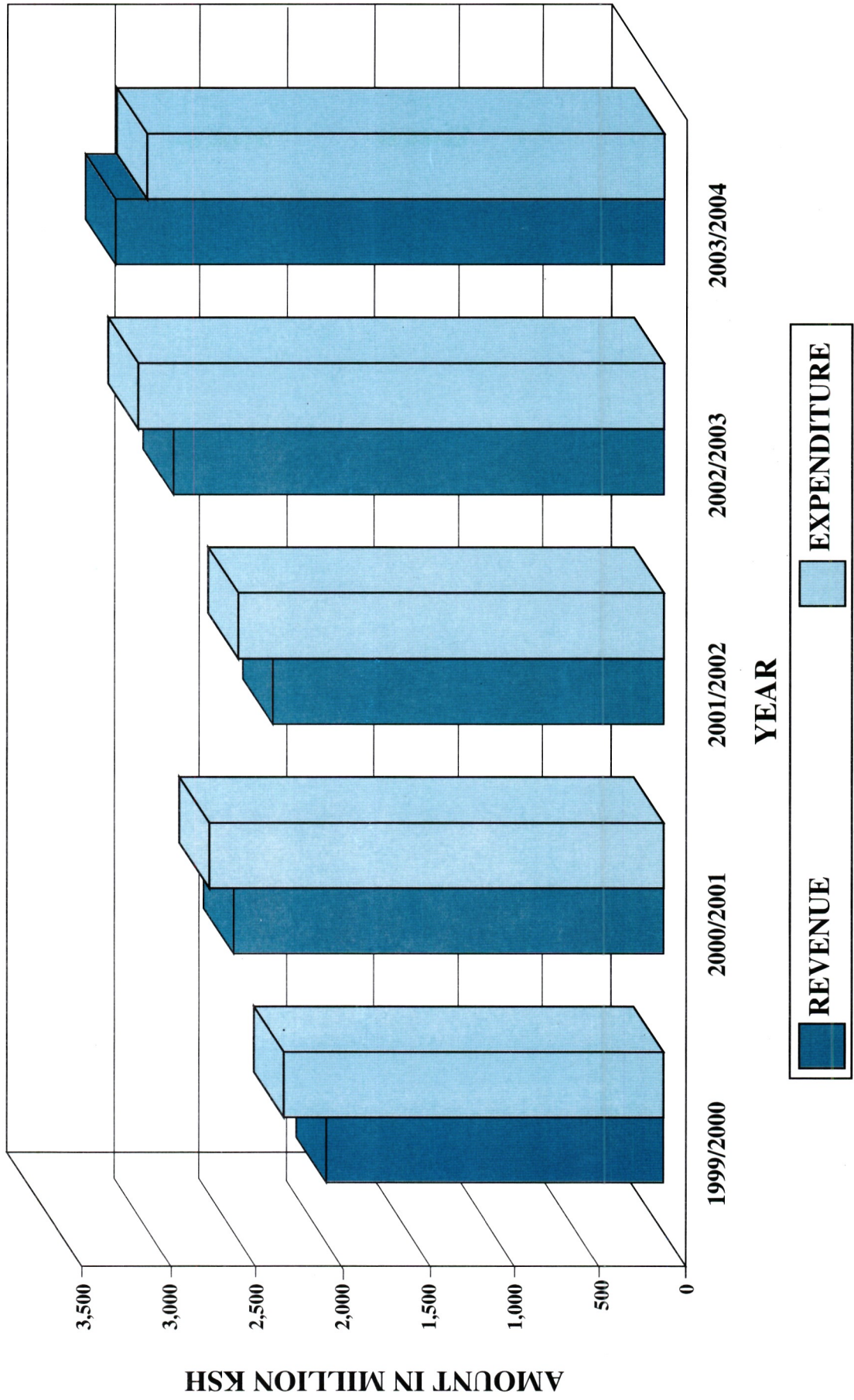
**5 YEAR GROWTH OF FIXED ASSETS
FROM 1999/2000 TO 2003/2004**



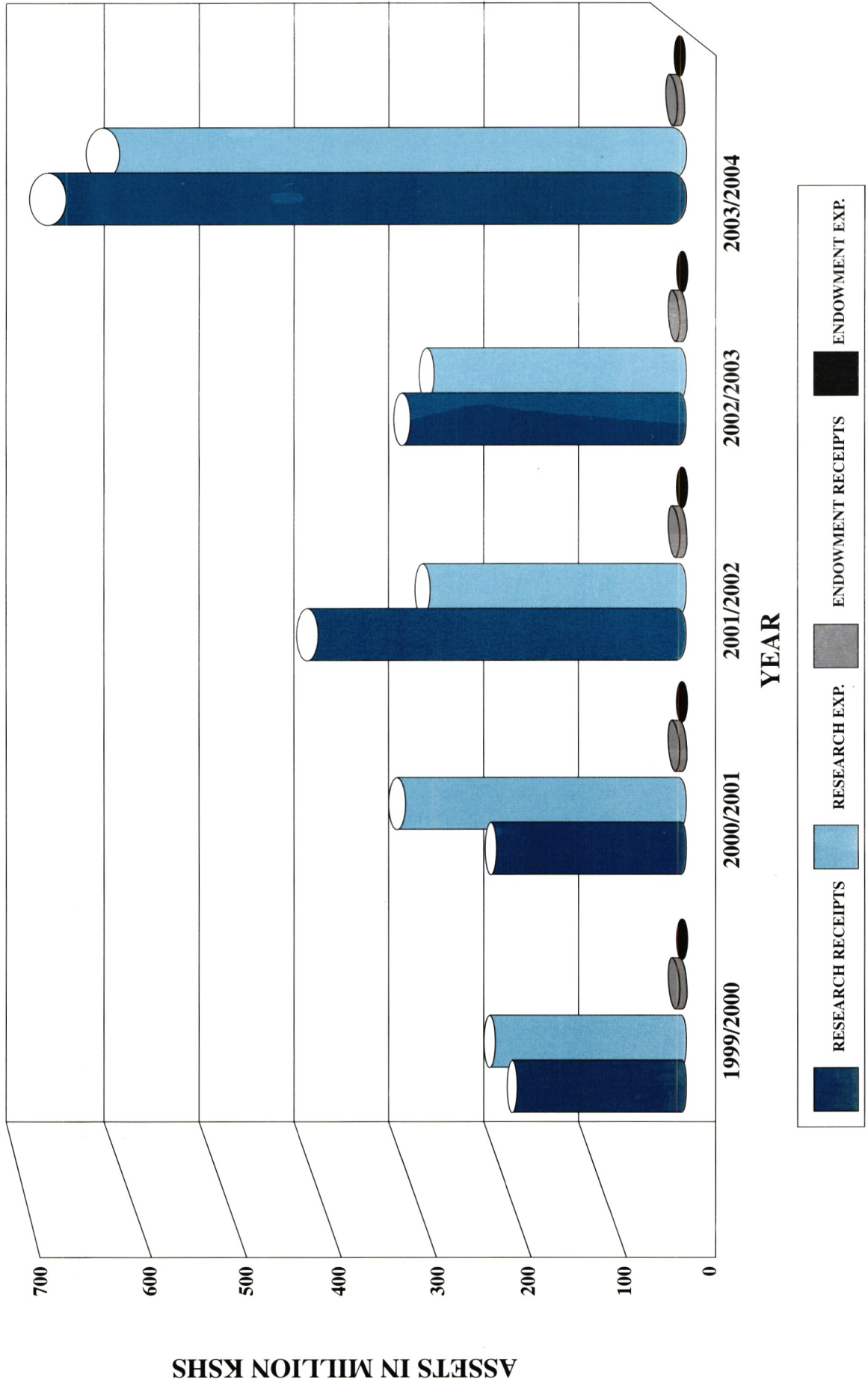
5 YEAR INCOME TREND FROM 1999/2000 TO 2003/2004



REVENUE AND EXPENDITURE FROM 1999/2000 TO 2003/2004



RESEARCH & ENDOWMENT FROM 1999/2000 TO 2003/2004



CAPITAL DEVELOPMENT FROM 1999/2000 TO 2003/2004

