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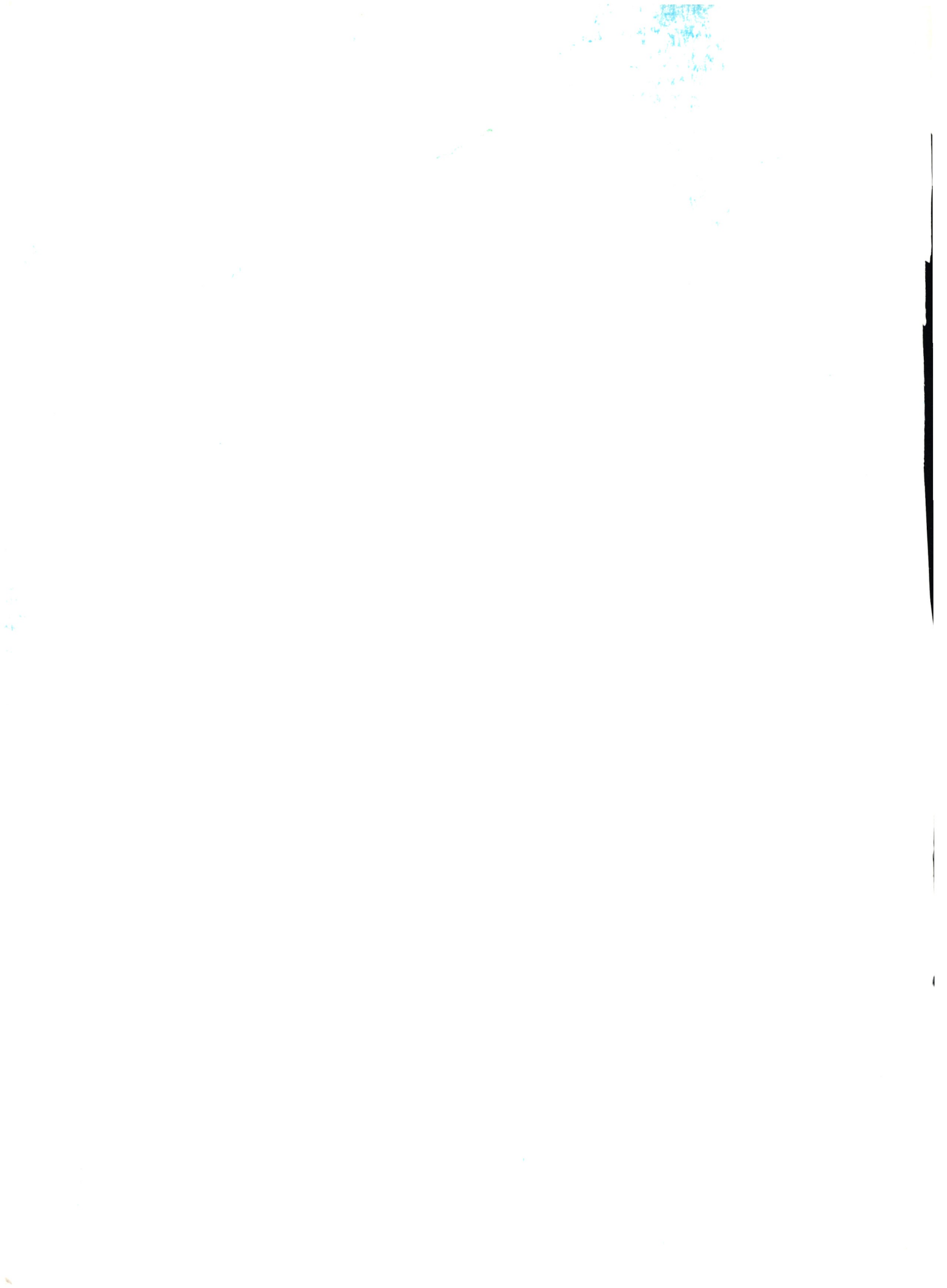
ANNUAL REPORT

&

ACCOUNTS

For the Year Ended 30th June 2002

657.3
UON



Annual Report And Accounts

For the year ended 30th June, 2002

University of Nairobi

P.O. BOX 30197
NAIROBI, KENYA
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CHANCELLOR AND PRINCIPAL OFFICERS OF THE UNIVERSITY

Chancellor:

H.E. the Hon. DANIEL T. Arap MOI. C.G.H., M.P. Hon. LL.(NAIROBI), D.Sc.(NEW BRUNSWICK).
D.Sc.(MOI),D.Ed.(K.U.), D.Sc. Agric.(EGERTON), D.ScEng.(JKUAT),Ph.d.(SOKA)
President of the Republic of Kenya and Commander-in-Chief of the Armed Forces.

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.IS.K.,R.V

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)

F.A.KARANI(Mrs), O.G.W., B.A.(E.A),Dip.Ed.,M.A.(Nairobi),Ph.D.(Pittsburgh)

Principal, College of Agriculture and Veterinary Science:

D.M.MUKUNYA, D.M.,B.Sc (Pomona, California),M.Sc.Agric.Ph.D (Cornell)

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:

R.K.MIBEY,B.Sc.(Warren),M.Sc. Appalanchian/S.U),D.Ed. (Oklahoma), Ph.D. (London)

Principal,College of Education and External Studies:

L.N.OMONDI (Mrs),M.B.S.,B.A. (E.A.) Dip. Appl. Ling.(Edin.),B.Phil. (Nairobi), Ph.D.(London)

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)

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 THE YEAR ENDED 30TH JUNE 2002

It gives me much pleasure in presenting the Annual Report and Accounts of the University of Nairobi for the year ended 30th June 2002.

As in the previous year the university of Nairobi operated on a deficit. This is as a result of insufficient funding by the government. The adverse financial position notwithstanding, the University continued with its mission of teaching and research culminating in its 30th graduation ceremony presided over by His Excellency the President of Kenya and Chancellor of the University on 4th November, 2002 at which 3,227 graduands and 548 graduates were conferred with degrees and diplomas.

During the year under review, the University incurred a deficit of Kshs.202,193,163 compared to Kshs 139,639,817 for the year 2000/2001 increasing the cumulative deficit to Kshs 1,713,027,111 as at 30th June 2002. The cumulative deficit for the year 2000/2001 was Kshs. 1,510,833,948.

It will be noted that since 1998/99 with supplementary funding from internally generated resources, the annual deficit has been decreasing. But during the year 2001/2002 arising from implementation of the new housing policy the deficit has assumed an upward trend.

Donor agencies and other governments continued to support the University of Nairobi financially. These included, the Rockefeller Foundation, Sasakawa Foundation of Japan, Belgium Government, Mellinda and Bill Gates Foundation, among others.

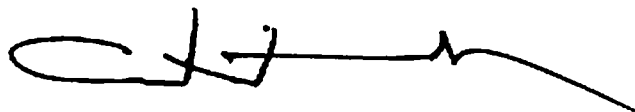
In this year the University entered into a number of collaborative arrangements, coordinated through its centre of International Programmes. This is evidenced by the collaboration with the Belgium Flemish Universities under the auspices of Flemish Inter-University Council involving University of Nairobi, Free University of Brussels, Ghent University and University of Antwerp.

The other major collaborative projects included; pastoral information network programme which covers the entire IGAD region, this is supported by the government of Sweden through SIDA and SAREC.

In the local front, the University had also collaborative arrangements with some institutions, which included; Kenya College of Communications Technology, National Defence College, and Communications Commission of Kenya.

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

Finally, I wish to thank all our staff and students for their hard work and patience for the continued smooth operations of the University's programmes.



PROF. CRISPUS M. KIAMBA, M.B.S. , B.A. (Land Economics) (Nairobi).
M.S.C. (Reading) PhD (Cantab), M.I.S.K., R.V.
VICE CHANCELLOR

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30TH JUNE 2002

I have examined the financial statements of the University of Nairobi for the year ended 30 June 2002 in accordance with the provisions of Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of accounts were maintained by the University and the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, are in agreement therewith and comply with the University of Nairobi Act 1985.

Except for the reservations set out herebelow, in my opinion the accounts when read together with the notes thereon, present a true and fair view of the financial state of affairs of the University as at 30th June 2002 and of its deficit and cash flow for the year then ended.

1. FINANCIAL POSITION

The University's financial statement for the year ended 30th June 2002 reflects a deficit of Kshs. 202,193,163 which brought its cumulative deficits to Ksh. 1,713,027,111 as at the same date. The Balance Sheet also reflects a negative working capital of Ksh.562,415,663 as at 30 June 2002, a position which is attributed mainly to increased creditors and credit balances amounting to Kshs.2,083,740,585. As in previous years, the University is still facing serious financial problems and as a result it was not able to clear its obligations as they fell due. Consequently, the accounts have been prepared on a going concern basis with the assumption that the University will get continued financial support from the Government, Creditors and its bankers.

2. UNREMITTED STATUTORY DEDUCTIONS

The creditors and credit balances figure of Kshs.2,083,740,585 as at 30 June 2002 includes unremitted statutory deductions totalling Kshs 1,516,638,118.75 made up as follows:-

	<u>Amount (Kshs.)</u>
University of Nairobi Pension Scheme	447,627,437.70
Kenya Revenue Authority (P.A. Y.E)	1,051,147,333.70
N.S.S.F	12,118,857.35
N.H.I.F.	4,744,490.00
Total	<u>1,516,638,118.75</u>

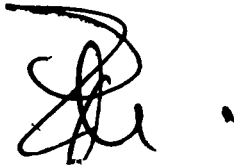
Some of these balances have remained unremitted for a long time, some since 1995. Clearly the University was in breach of law and may have to suffer penalties.

3. STUDENTS DEBTORS

Included in the Debtors and Debit balance of Kshs.874,680,758 as at 30 June 2002 is a sum of Kshs. 377,187,851 in respect of Regular students debtors. After taking account of an amount of Kshs. 28,236, 735.90 which was recovered but not posted to the main debtors account the outstanding amount stood at Kshs. 348,951, 115.30 as at 30th June 2003. Further the debtors figure excludes Kshs. 414, 154,000 in respect of parallel degree students made up of accumulated fees arrears since inception of the programme in 1998/99 as follows:

	<u>Amount (Kshs.)</u>
Continuing students	352, 611, 659
Graduated/completed students	24,844,879
Discontinued/Dropped out students	<u>36, 697, 471</u>
	<u>414, 154, 009</u>

Although the University has explained that it has put in place measures such as not releasing certificates without fees clearance restricting registration and issuance of examination cards to fees clearance, not allowing students in halls of residence or to graduate, the position does not seem to have improved. Under the circumstances the recoverability of students debtors cannot be confirmed.



**E. N. MWAI
CONTROLLER AND AUDITOR GENERAL**

Nairobi

25 June 2004

Balance Sheet
as at 30th June 2002

		2002	2001
		sh	sh
FUNDS	Note		
Capital Fund	3	11,061,753,570	2,148,480,958
Net funds for income Generating Units (UNES)	5	451,195,103	248,797,076
Net funds for income Generating Activities	6	91,923,970	86,111,394
Trust and Endowment funds	7	107,389,886	98,971,486
Endowment for General Purposes		16,181,339	16,181,339
Special Accounts and Grants	8	156,331,859	151,398,071
Appropriation for specific purposes		99,357,017	3,523,162
General Revenue Account (7&10)		<u>(1,694,482,031)</u>	<u>(1,503,457,587)</u>
		<u>10,289,650,713</u>	<u>1,250,005,899</u>

REPRESENTED BY:
FIXED ASSETS

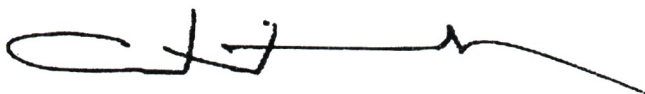
Land Buildings and Equipment	5&9	10,779,150,312	2,194,445,710
Investments	10	<u>72,916,064</u>	<u>67,712,327</u>
		<u>10,852,066,376</u>	<u>2,262,158,037</u>

CURRENT ASSETS

Stocks and stores	11	95,646,762	86,306,499
Debtors and Debit Balances	12	874,680,758	942,086,243
Short Term Deposits	13	201,996,421	37,811,466
Cash and Bank Balances	14	<u>351,506,653</u>	<u>(1,541,982,014)</u>
		<u>1,523,830,594</u>	<u>(475,777,806)</u>

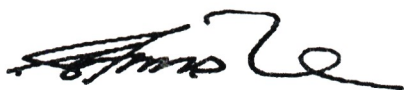
Less **CURRENT LIABILITES**

Creditors and credit Balances	15	<u>(2,083,740,585)</u>	<u>(536,374,332)</u>
NET CURRENT ASSETS		<u>(562,415,663)</u>	<u>1,012,152,138</u>
		<u>10,289,650,713</u>	<u>1,250,005,899</u>



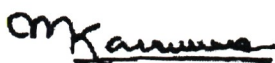
C.M. KIAMBA, M.B.S.MSc., Ph.D., M.I.S.K., R.V.

Vice-Chancellor



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

Deputy Vice-Chancellor (Administration & Finance)



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

Finance Officer (Ag.)

General Revenue Account
for the year ended 30th June 2002

INCOME	<i>Note</i>	2002 sh	2001 Sh
Capitation grant		1,625,717,154	1,589,748,454
Special Grant		8,604,870	457,755,135
Tuition and other fees		264,493,649	262,759,480
Other services rendered	16(i)	42,292,384	27,094,545
Other income	16(ii)	176,070,244	155,121,089
	16(iii)	147,695,353	
		<u>2,264,873,654</u>	<u>2,492,478,703</u>
 EXPENDITURE			
Academic Departments	17(i)	1,502,471,890	1,125,065,309
Administration and Central Services	17(ii)	447,928,564	521,706,125
Academic Services	17(iii)	83,185,380	73,794,768
General educational services	17(iv)	173,285,135	206,990,067
Maintenance of premises	17(v)	99,276,116	78,989,566
Staff and Students facilities and welfare	17(vi)	59,499,039	69,479,066
Welfare authority (Catering services)	17(vii)	91,703,731	94,333,169
Miscellaneous expenditure	17(vii)	9,716,962	4,005,315
Exceptional Item			457,755,135
		<u>2,467,066,817</u>	<u>2,632,118,520</u>
SURPLUS/ (DEFICIT) FOR THE YEAR		<u>(202,193,163)</u>	<u>(139,639,817)</u>
Accumulated surplus/ (deficit) brought forward		(1,510,833,948)	(1,361,494,825)
Prior Year adjustment (UNES)		0	(9,699,306)
Surplus / (deficit) for the year		<u>(202,193,163)</u>	<u>(139,639,817)</u>
Accumulated surplus/ (deficit) carried forward		<u>(1,713,027,111)</u>	<u>(1,510,833,948)</u>

Cash Flow Statement

for the year ended 30th June,2002

		2002	2,001
	Note	Shs	Shs
Cash inflows from operating activities			
General Revenue Surplus/ (Deficit) for the year		(183,648,083)	(149,557,972)
Grant and other income allocated for Capital Fund	3	8,913,272,612	(49,947,212)
Endowment fund for General Purposes		0	0
Net funds for income Generating Units (UNES)	5	202,398,027	157,764,938
Net funds from income Generating Activities	6	5,208,737	17,863,547
Trust and Endowment Funds	7	8,418,400	2,485,002
Additions to Special Accounts and Grants:-			
Overspent and claimable from Donors	8	(117,389,720)	69,417,729
Receipt for the year		404,996,193	216,556,264
Revaluation		(8,640,948,828)	
Adjustment for Depreciation	9	177,158,887	76,242,695
Operating surplus/(deficit) before working capital		769,466,225	334,824,991
Increase/(Decrease) in Stocks and Stores	11	(9,340,263)	(2,568,922)
Increase/(Decrease) in Debtors	12	67,405,485	(154,672,794)
Increase/(Decrease) in Creditors	15	1,547,366,253	122,031,035
Net cash Flow from Operating Activities		2,374,897,700	299,614,310
Cash Outflow from Investment Activities			
Appropriations for specific Purposes		(95,833,855)	421,011
Expenditure from Trust and Endowment funds	7		0
Expenditure from Special Accounts and Grants	8	282,672,685	319,140,906
Purchase of Fixed Assets	5&6	128,995,268	26,779,688
Increase in Investments	10	5,203,737	(5,107,825)
		321,037,835	341,233,780
Net Increase/(Decrease) in Cash & Cash Equivalents		2,053,859,865	(41,619,470)
Analysis of Balances of Cash and Cash Equivalents			
Increase/(decrease) in short-term deposits		159,896,682	(26,721,567)
Increase/(decrease) cash and bank balances		1,893,963,183	(14,897,903)
		2,053,859,865	(41,619,470)

**Notes to the Accounts
for the year ended 30th June, 2002**

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 amount receivable in relation to financial year 1997/98.
- 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 Accounts 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 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 reducing balance method
 - Motor Vehicles - 20% on straight line basis
 - Academic gowns - 5% on straight line basis
 - Buildings - 2% on a 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 buildings and the gas plant as the replacement of these items 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 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 rate 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

	2002	2001
	Shs	Shs
Funds reimbursable by the Ministry of Education	75,986,205	7,769,813
Other sources	2,099,038	1,372,284
Total	78,085,243	9,142,097

3. CAPITAL FUND	Sh.	2002 Sh.
Balance as at 1st July 2001		2,148,480,958
Capital Receipts:		
Government receipts	0	
Motor Vehicles Donated	2,100,000	
Motor Vehicles purchased from revenue budget	28,658,807	
Furniture and Equipment donated	0	
Furniture and Equipment purchased from revenue budget	15,887,827	
Furniture and Equipment purchased from grants	314,900	
Revaluation adjustment-Land and Building	8,920,453,173	
Revaluation adjustment-others	123,016,792	
	<u>9,090,431,499</u>	
Less:		11,238,912,457
Depreciation (Note 9)		177,158,887
Balance as at 30 th June 2002		<u>11,061,753,570</u>
	2,002	2,001
4. Investment in subsidiary company (Wholly owned at cost)	Sh.	Sh.
University of Nairobi Enterprises and Services Limited (UNES)	100,000	100,000
5. University of Nairobi Enterprises and Services Limited Share Capital		
Authorised		
5000 ordinary shares of shs 20 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid		
5000 ordinary shares of shs 20 each	100,000	100,000
Surplus for the year	<u>18,545,080</u>	<u>7,376,361</u>
	18,645,080	7,476,361
Surplus B/F	<u>9,775,892</u>	<u>6,239,531</u>
	28,420,972	13,715,892
Fixed Assets	4,132,139	1,942,537
Current Assets:	Sh.	
Stock	1,165,096	1,120,927
Sundry Debtors	4,572,261	6,585,220
Short-term Investments	108,777,501	0
Bank Balances	95,182,455	102,836,984
	<u>209,697,313</u>	<u>110,543,131</u>
Net funds for income Generating U	451,195,103	248,797,072
Audit fees	150,000	150,000
Grants	5,288,690	4,643,079
Refundable Caution Deposits	17,526,733	8,567,818
Provision for Rent	394,457	2,520,000
Provision for staff emoluments	11,477,912	5,517,983
Sundry Creditors-Cafeteria	391,724	
Sundry Creditors-Diagnostic Radiol	5,860,252	6,078,334
University of Nairobi (Current Acco)	(306,876,391)	(177,504,510)
Less Current Liabilities	<u>185,408,480</u>	<u>98,769,776</u>
Net Current Assets	24,288,833	11,773,355
	Sh.	Sh.
	<u>28,420,972</u>	<u>13,715,892</u>

6. INCOME GENERATING ACTIVITIES

Income and Expenditure Account for the Year Ended: 30th June 2002

	As at 1st July 2001 Sh.	Income Sh.	Expenditure Sh.	Surplus/ (Deficit) 2002 Sh.
College of Agriculture and Veterinary Sciences	18,718,729	21,106,473	27,684,333	12,140,869
College of Architecture and Engineering	4,353,964	23,843,578	30,612,265	(2,414,723)
College of Biological and Physical Sciences	31,458,369	186,705	9,508,190	22,136,884
College of Education and External Studies	22,744,478	13,365,918	6,238,809	29,871,587
College of Health Science	5,763,423	48,235,298	30,015,797	23,982,924
College of Humanities and Social Sciences	14,949,505	16,357,747	12,731,888	18,575,364
Central Administration (Share of income from IGUS)	0	0	0	0
Central Administration (Fuel station)	(12,799,442)	0	(445,906)	(12,353,536)
Health Services - Students Medical	922,368	11,718,471	12,656,238	(15,399)
	86,111,394	134,814,190	129,001,614	91,923,970

7. TRUST AND ENDOWMENT FUNDS

	As at 1 July 2001 Sh.	Receipts during the year Sh.	Increase/ (Decrease) in market Value of investment Sh.	Expenditure Sh.	As at 30 June 2002 Sh.
Trust funds					
Gandhi Academic Society	12,133,339	60,655	13,025		12,097,010
Kenya Railways	662,903	0			662,903
A.C.I. De Souza Memorial	36,440	0			36,440
Tom Mboya Memorial	399,538	599	0	0	400,137
R.G. Amin Bursary	103,336	500	0	0	103,866
Kamala Gold Memorial	81,581	0	(20,353)	0	61,228
M.M Bhatt Trust	1,427,438	105,415	12,385		1,545,238
TOTAL TRUST FUNDS	14,844,605	167,169	5,057	0	15,016,831
Endowment Funds:					
Sasakawa Fellowship	71,326,110	3,041,938	5,198,677	0	79,566,726
Others	9,468,657	3,976	0	0	9,472,632
TOTAL ENDOWMENT FUNDS	80,794,767	3,045,914	5,198,677	0	89,039,358
Non Attributable Funds	3,332,114	0	0	0	3,333,697
TOTAL FUNDS	98,971,486	3,213,083	5,207,877	0	107,389,886

8. SPECIAL ACCOUNTS AND GRANTS

	Balance as at 1st July 2001	Received during year	Expenditure during year	Balance as at 30th June 2002
	Sh.	Sh.	Sh.	Sh.
Ford Foundation	1,572,952	5,772,000	2,026,691	5,318,261
Rockefeller Foundation	15,694,779	24,361,814	33,494,882	6,561,711
International Development Research Centre	4,155,460	195,524	469,082	3,881,902
National Council for Science & Technology	146,970	678,260	727,831	97,399
DAAD	(3,551,552)	2,235,526	2,351,003	(3,667,029)
World Health Organization	1,489,670	1,835,361	3,636,023	(310,992)
VLIR	(100,825,014)	165,650,676	64,186,030	639,632
International Aids Vaccine	0	58,023,162	30,826,926	27,196,236
World Trade Organization	0	10,595,994	0	10,595,994
Miscellaneous	29,785,203	135,647,876	144,954,217	20,478,862
Balance net of overspent amount	(51,531,532)	404,996,193	282,672,685	70,791,976
Amount overspent and claimable from donors	202,929,603			85,539,883
Gross balance at year end	151,398,070	404,996,193	282,672,685	156,331,859

9. FIXED ASSETS

	Land	Buildings	Work in Progress	Furniture and Equipment	Gas Plant	Motor Vehicles	Academic Gowns	Totals
	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
Cost Valuation								
1st July 2001	635,485,212	599,753,628	410,641,374	895,990,247	360,860	202,361,897	5,931,525	2,750,524,743
Additions	32,500,000	0	46,670,924	16,202,727	0	30,758,807	0	126,132,458
Revaluation	4,578,588,298	4,359,513,877						8,938,102,173
	(286,735,396)						0	(286,735,396)
	(9,780,502)	(7,868,499)					0	(17,649,001)
30th June 2002	4,950,057,610	4,951,399,006	457,312,298	912,192,974	360,860	233,120,704	5,931,525	11,510,374,977
Depreciation								
1st July 2001	0	0	0	368,209,994	0	185,790,369	4,197,554	558,197,917
Charge for the year	0	99,027,980	0	54,398,298	0	23,436,033	296,576	177,158,887
30th June 2002	0	99,027,980	0	422,608,292	0	209,226,402	4,494,130	735,356,804
Net Book Value	4,950,057,610	4,852,371,026	457,312,298	489,584,682	360,860	23,894,302	1,437,395	10,775,018,173
30 June 2002								
30 June 2001	635,485,212	599,753,628	410,641,374	527,956,592	360,860	16,571,528	1,733,979	2,192,503,173

Notes:

(i) Additions 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.

10. TRUST AND ENDOWMENT FUNDS INVESTMENTS

		2002 Sh.	2001 Sh.
TRUST FUND - SPECIAL ACCOUNTS			
4,650 9 1/2% Kenya Government Stock	2006	99,980	99,980
Kenya Breweries Limited			
6,676 Ordinary shares of Shs. 10/- each		550,770	323,644
Car and General (Kenya) Limited			
15,222 Ordinary Shares of Shs.5/- each		152,220	152,220
C.M.C Holdings Limited			
6,296 Ordinary Shares of Shs.5/- each		74,293	55,405
Unga Limited			
3,198 Ordinary shares of Shs.5/- each		13,104	223,061
Kenya Power and Lighting Co. Limited			
1,118 Ordinary shares of Shs.20/- each		9,671	32,702
		900,038	887,012
R.G. Amin Bursary Fund			
£ 700 9 1/2% Kenya Government Stock	2006	15,060	15,060
			0
Lonrho Motors (E.A) Limited			
942 Ordinary shares of Shs.5/- each		12,152	12,152
		27,212	27,212
M.M Bhatt Trust Fund			
			0
Kamala Gold Memorial Fund			
Kenya Power & Lighting Co. Limited			
988 Ordinary Shares of Shs.20/- each		8,549	28,899

	2002 Sh.	2001 Sh.
Tom Mboya Memorial Fund		
Kenya Breweries Ltd.		
8,527 Ordinary shares of Shs. 10- each	703,478	691,094
INVESTMENT NOT ATTRIBUTABLE TO ANY PARTICULAR FUND		
	0	0
Total of Trust Fund Investment	1,639,277	1,634,217
Endowment Fund		
£ 4,650 9 1/2% Kenya Government Stock	2006	99,980
Lonho Motors (E.A) Limited		
40,520 Ordinary shares of Shs.5/- each	522,708	522,708
	622,688	622,688
Stg.£588,166.09 Sasakawa fellowship fund	70,654,099	65,455,422
Total of Endowment Fund Investments	71,276,787	66,078,110
Total Trust and Endowment Fund Investments	72,916,064	67,712,327

	2002 Sh.	2001 Sh.
11. STOCKS AND STORES		
General stocks	79,535,891	69,202,261
Dental Materials	6,326,542	5,468,087
UNES	1,165,100	1,120,927
SWA Stocks	8,619,229	10,515,224
	<u>95,646,762</u>	<u>86,306,499</u>
12. DEBTORS AND DEBIT BALANCES		
Sundry debtors	687,685,374	693,576,043
Specific purposes revenue grants	85,539,883	202,929,603
Capital fund	78,085,242	9,142,097
Withholding Tax (Claimable)	200,440	200,428
UNES (Notes 5)	4,572,260	6,585,220
Students Welfare Authority (SWA)	21,198,118	32,253,411
	<u>877,281,317</u>	<u>944,686,802</u>
Less: Provision for bad & doubtful debts	(2,600,559)	(2,600,559)
	<u>874,680,758</u>	<u>942,086,243</u>
13. SHORT TERM DEPOSITS		
Joint Admissions Board	12,000,000	
Recurrent Grants	0	0
Nairobi University Press	3,671,021	2,492,069
Colleges	43,681,609	27,770,253
Specific purposes revenue grants	26,432,575	3,679,451
Trust and Endowment funds	1,895,049	1,692,669
UNES (Note 5)	108,777,500	0
Students Welfare Authority	5,538,667	2,177,024
	<u>201,996,421</u>	<u>37,811,466</u>
14. CASH AND BANK BALANCES		
Recurrent grants	192,997,624	(1,611,176,456)
Nairobi University press	(1,309,984)	861,088
Colleges	53,371,976	86,928,735
UNES (Note 5)	95,182,455	102,836,984
SWA Balances	11,264,582	(121,432,365)
	<u>351,506,653</u>	<u>(1,541,982,014)</u>
15. CREDITORS AND CREDIT BALANCES		
Sundry Creditors	815,469,733	495,912,154
Statutory Deductions-payroll	1,516,638,118	
Provisions for staff gratuities	24,199,164	25,790,185
Deans Committee research grants	431,692	1,817,198
Amounts due to contractors	1,803,805	1,077,051
UNES (Note 5)	(306,876,391)	(177,504,510)
SWA Balances	32,074,464	189,282,254
	<u>2,083,740,585</u>	<u>536,374,332</u>
16. INCOME		
(i) Other Services Rendered		
Services Units	42,292,384	27,094,545
	<u>42,292,384</u>	<u>27,094,545</u>
(ii) Other Income		
House Rents	64,122,533	10,159,134

	2002	2001
iib Central Services	sh.	sh.
Hire of Transport	5,000	12,400
Income from telephone, telex and fax	908,388	1,129,974
Library Services	33,094	125,282
Sale of Uniforms - Tailoring Unit	0	79,530
Hire of Academics Gowns	0	12,720
iiic Miscellaneous	946,482	1,359,906
Income from endowment fund	749,108	415,997
Health Services	86,488	159,131
Agency fees (insurance & Hire purchase)	402,575	859,463
Printing and photocopying (Personnel Div)	0	0
Staff Education Support Fund	32,400	40,400
Miscellaneous	494,218	756,741
SWA General income	105,547,253	141,370,317
	107,312,042	143,602,049
	176,070,244	155,121,089
Transfer of Funds from UNES:		
Management & support services	46,069,856	
Payroll supplementation	30,000,000	
Funds to pay creditors & Debt reduction	41,171,000	
Rates and Ground Rents	1,041,584	
Medical Support fund	2,036,305	
Funds to purchase motor vehicles	11,298,807	
Research Grants-Internal	9,000,000	
Others	4,357,216	
17. EXPENDITURE	147,695,358	0
(i) Academic Departments		
Personal Emoluments	784,672,241	696,066,760
House Allowance	596,369,595	324,333,386
Teaching Practice C.E.E.S. Kikuyu	4,520,686	5,247,101
Teaching and office Expenses	40,629,964	37,874,376
Travelling and Transport	27,085,781	31,241,080
Equipment and Furniture	3,094,961	2,482,291
Expenditure from service units	46,098,662	27,820,315
	1,502,471,890	1,125,065,309
Central Administration and Central Services		
Personal Emoluments	133,418,387	265,611,670
House Allowance	101,404,148	121,507,339
Travelling and Transport	13,312,260	10,393,964
Purchase of Motor Vehicles	17,508,807	0
Equipment and Furniture	13,214,036	2,126,992
Publishing and Printing	1,892,415	1,688,382
Purchase of Uniforms	689,500	10,470
Purchase of Stationery	20,241,071	16,052,479
Postal and telegram expenses	572,750	758,560
Telephones	24,795,018	26,031,827
Computer Charges	203,180	839,610
Insurances	9,691,230	6,066,025
Council Meetings and ceremonial expenses	395,196	35,110,853
Subscriptions	50,627,455	1,671,460
Bank charges	1,055,476	5,466,358
Audit fees	4,338,960	1,500,000
Fees, commission & Honoraria	1,500,000	10,231,634
Official entertainment	13,968,145	43,140
Transport operating expenses	71,900	14,650,118
Graduation Expenses	15,918,863	0
University Choir Expenses	6,068,273	0
Funeral Expenses	5,776,227	0
Conferences and seminars	795,540	0
V.C'S Committee on Terms of service	2,599,235	
Legal fees	6,515,098	
Other expenses	1,358,394	1,945,244
	447,928,564	521,706,125

	2002 Sh.	2001 Sh.
(iii) Academic Services		
Library: Personal Emoluments	59,784,985	48,114,515
Books and Periodicals	1,919,220	404,502
Sundry charges	0	2,942,283
Computer Services		
Personal Emoluments	21,479,595	22,215,893
Consumables	1,580	117,575
	<u>83,185,380</u>	<u>73,794,768</u>
(iv) General Educational expenditure		
Examinations stationery	11,215,253	5,110,436
External Examiners	3,270,018	2,481,983
Postgraduate Bursaries	26,584,769	24,054,521
Research and Publications	10,338,981	2,353,045
Staff Development	10,614,997	14,427,358
House to Office Transport Allowance	89,824,559	107,168,887
Passages and leave Travelling Expenses	21,436,558	51,393,837
(v) Maintenance of premises	<u>173,285,135</u>	<u>206,990,067</u>
Rents and Rates	13,301,489	13,076,267
Electricity, water and conservancy	59,977,330	51,669,984
Maintenance of Buildings	25,997,297	14,243,315
	<u>99,276,116</u>	<u>78,989,566</u>
(vi) Staff and students facilities and welfare		
University Medical Scheme	49,883,580	57,970,628
Recruitment Expenses	6,732,382	9,099,868
Furniture for Staff Houses	3,006	0
Travelling outside Kenya	170,810	664,920
Sports and Equipment (Inter-University)	2,109,677	95,118
Students Associations	599,584	-1,648,532
	<u>59,499,039</u>	<u>69,479,066</u>
(vii) S.W.A (Catering & Accommodation Services)		
Purchase of Foodstuff	43,823,946	51,301,398
Gas and Fuel	0	0
Electricity, Water and Conservancy	1,521,990	3,238,808
Purchase of Equipment	93,318	158,250
Maintenance of plants, Machinery Equipment	52,928	258,414
Maintenance of Buildings & Stations	157,469	14,332,253
Other Expenses	23,625,615	25,044,046
	<u>22,428,465</u>	<u>94,333,169</u>
(viii) Miscellaneous Expenditure		
Maintenance of Equipment	6,925,632	2,822,220
Nairobi A.S.K Show	2,719,330	1,183,095
Ngong forest Project	0	0
Retrenchment Expenses	499,925	480,710
	<u>9,716,962</u>	<u>4,005,315</u>

18. CONTINGENT LIABILITIES

(I) Guarantees provide to the banks of employees:

Car Loans	0	6,013,914
Housing Loan	4,636,556	5,046,596
Furniture Loan	0	23,879
Short-term loans	0	124,948
	<u>4,636,556</u>	<u>11,209,337</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.

19. CAPITAL COMMITMENTS

Capital Expenditure authorized by the council but
not provided for in these accounts: contracted
Not contracted

28,848,000	28,848,000
7,100,000	7,100,000
<u>35,948,000</u>	<u>35,948,000</u>

20. 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

University of Nairobi Enterprises and Services Limited
Income and expenditure Account for the Year Ended 30th June 2002

Income	Sh.
	64,780,786
Management fees	0
Grants from UON	0
	<hr/>
	64,780,786
	<hr/>
	46,235,706
Less Expenses	
Surplus income over expenditure	<u>18,545,080</u>

Income Generating Projects (Managed by UNES)

	Balance as at 1st		Expenditure	Surplus/Deficit
	July 2001	Income		
	Sh.	Sh.	Sh.	Sh.
Chiromo Funeral Parlour	29,569,798	20,856,750	12,067,036	38,359,512
Main Cafeteria	(911,679)	10,043,908	12,808,580	(3,676,351)
Bakery Unit	(6,960,066)	1,926,421	2,236,100	(7,269,745)
Stella Awinja Guest House	(8,037,338)		0 0	(8,037,338)
Stella Awinja Kitchen	3,466,287	0	0	3,466,287
Diagnostic Radiology	(2,063,524)	0	0	(2,063,524)
Others	(479,174)	13,388,498	8,390,732	4,518,592
	(782,628)	45,996,479	35,373,951	9,839,900
	<hr/>			
	13,801,676	92,212,056	70,876,399	35,137,333
	<hr/>			
Parallel Programmes				
Faculty of Commerce	97,927,466	221,048,065	101,344,722	217,630,809
LLB	77,938,988	86,588,773	47,346,323	117,181,438
Institute of Nuclear Science	(5,224,230)	5,863,008	5,288,501	(4,649,723)
College of Health Sciences-Medicine	103,905,714	194,082,425	99,718,836	198,269,303
Faculty of Commerce	11,607,997	42,031,097	20,851,419	32,787,675
Faculty of Dental Sciences	5,540,815	13,356,674	5,509,269	13,388,220
Faculty of Arts	34,412,725	111,859,937	71,277,628	74,995,034
Faculty of Education	31,042,266	54,667,342	35,129,691	50,579,917
Faculty of External Studies	30,034,523	56,240,596	30,870,112	55,405,007
Faculty of Engineering	17,317,780	23,452,419	12,481,442	28,288,757
Institute of Computer Science	4,030,937	26,630,430	20,310,555	10,350,812
Faculty of Science	11,197,185	36,140,483	15,998,234	31,339,434
Faculty of Social Sc-Psychology	7,484,466	16,896,100	8,103,941	16,276,625
Faculty of A.D.D	4,851,318	17,677,284	15,220,047	7,308,555
Faculty of Vet. Medicine	0	19,930,163	7,436,768	12,493,395
Faculty of Agriculture	0	2,046,595	1,764,459	282,136
	<hr/>			
	432,067,950	928,511,391	498,651,947	861,927,394

Summary of service units income and expenditure for the year ended 30th June 2002

	Income	Expenditure	Surplus/ (Deficit	Surplus/ (Deficit)
	Sh.	Sh.	1998	1997
			Sh.	Sh.
Bookshop	38,703,533	42,373,146	(3,669,613)	(2,224,743)
Duplicating and Printing	2,395,822	1,650,141	745,681	924,999
Kabete Garage	0	0	0	(654,375)
Nairobi University Press	1,193,029	2,075,375	(882,346)	1,228,349
	<hr/>			
	42,292,384	46,098,662		
	<hr/>			
Surplus/(Deficit) for the year			<u>(3,806,278)</u>	<u>(725,770)</u>

Bookshop Revenue Account
for the year ended 30th June 2002

	2002	2001
	Sh.	Sh.
Sales	38,703,533	22,178,284
Less cost of sales:-	28,359,784	26,138,089
Stock 1 July 2001 (see below)	36,842,508	20,461,783
Purchases	65,202,292	46,599,872
Stock 30th June 2002 (see below)	(29,705,391)	(28,359,784)
Cost of Sales	35,496,901	18,240,088
Gross surplus for the year	3,206,632	3,938,196
Less Expenditure	6,240,699	5,490,126
Personal Emoluments	635,546	672,813
Office & Travelling Expenses	6,876,245	6,162,939
Net surplus (deficit) for the year	(3,669,613)	(2,224,743)

Notes:

1. Stocks stated above for 2001/2002 are net of an obsolescence provision of Sh. 1,158,020
2. The Personal emoluments expenditure of Sh. 6,240,699 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 2002**

	Approved Estimates 2001/2002 Sh	Actual 2002 Sh.	Actual 2001 Sh.
Personal Emoluments	825,124,705	727,782,756	823,284,714
Gratuity and Pension contribution	106,800,000	157,173,784	100,568,411
House Allowance	468,107,930	732,862,893	468,195,190
Other personal Allowances	53,933,760	79,306,518	85,801,248
House to Office Transport Allowance	93,220,290	89,824,559	107,168,887
Passage and leave Expenses	44,573,062	21,436,558	51,393,837
Transport Operating Expenses	26,499,400	15,918,863	14,650,118
Travelling and accomodation Expenses	56,807,785	40,399,621	41,642,044
External Travelling and accommodation	5,000,000	170,810	664,920
Teaching practice	7,500,000	4,520,686	5,247,101
Postal and Telegram Expenses	936,500	572,750	758,560
Telephone Expenses	23,280,000	24,795,018	26,031,827
Official Entertainment	1,000,000	71,900	43,140
Electricity, Water and Consevancy	135,000,000	59,977,330	51,669,984
Purchase of Supplies for production	80,000,000	40,629,964	37,874,376
Publishing and printing Expenses	3,189,250	1,892,415	1,688,382
Purchase of Uniforms and Clothing	5,000,000	689,500	10,470
Library Expenses	32,000,000	1,919,220	3,346,785
Purchase of Stationery	10,349,820	31,456,324	21,162,915
Advertising and Publicity (Recruitment)	10,000,000	6,732,382	9,099,868
Sports and Equipment (Inter-University)	2,500,000	2,109,677	95,118
Audit Fees	1,500,000	1,500,000	1,500,000
payments of Rent and Rates Residential	29,000,000	13,301,489	13,076,267
Computer charges	1,500,000	203,180	839,610
Hire of Transport Plant and Machinery	300,000	0	0
Miscellaneous Other Charges	51,300,000	32,196,139	18,924,740
Fees, Commission and Honoraria and Graduation	29,000,000	26,601,185	10,231,634
Staff Development	8,000,000	10,614,997	14,427,358
Conference and Seminars	10,000,000	50,627,455	35,110,853
University Medical scheme	60,000,000	49,712,384	57,970,626
Postgraduate Programmes	28,000,000	26,584,769	24,054,521
University Research Programme	9,220,000	10,338,981	2,353,045
Compensation and Ex-Gratia payments	500,000	0	0
Purchase of plant & equipment	30,000,000	17,508,807	0
Maintenance of Plant, Machinery and Equipment	20,000,000	16,308,997	4,609,283
Maintenance of Buildings and Stations	5,140,000	6,925,632	2,822,220
Maintenance of water Supplies and Sewerage	20,800,000	25,997,297	14,243,315
Play Grounds	0	0	0
Students Welfare Authority	0	0	0
Other Service Units	87,661,469	91,703,731	94,333,169
External Degree Programme	42,750,000	46,098,662	24,551,764
Students Associations	0	0	0
	3,600,000	599,584	1,648,532
Income:	2,429,093,971	2,467,066,817	2,171,094,832
Capitation	1,627,943,159		
Tuition Fees	280,400,000		
Student Welfare Authority (SWA)	87,661,469		
Income from UNES	650,000,000		
Other income	64,325,000		
Total income	2,710,329,628		
Surplus/Deficit	303,585,656		

Summary of Actual Expenditure

for the year ended 30th June 2002

Students Welfare Authority (SWA)

	Actual 2002 Sh.	Actual 2001 Sh.
	0	107,814,018
	0	804,996
Personal Emoluments	0	48,356,368
Gratuity Pension Contribution		
House Allowance		
Other Personal Allowances	0	21,661,200
House to office Transport Allowance	0	2,466,405
Passages and Leave Expenses		443,173
Transport Operating Expenses	205,704	274,938
Travelling and Accommodation expenses	165,021	1,239,942
Telephones	1,769,424	7,265
Postal and Telegram	7,400	0
Official Entertainment	0	3,238,808
Electricity, Water and Conservancy	1,521,990	1,439,441
Publishing and Printing Expenses	549,200	140,771
Purchase of Uniforms and Clothing	354,810	11,262,121
Purchase of Stationery	7,255,418	361,884
Computer Charges	227,604	5,114,951
Miscellaneous Other Charges	6,448,413	203,176
Bank charges	240,299	36,365
Staff development	168,614	231,750
Conference and Seminars	5,560	2,007,105
University Medical scheme	1,138,989	348,888
Fee, Commission and Honoraria	1,752,057	158,250
Purchase of plant and equipment	93,318	258,414
Maintenance of plant, Machinery and Equipment	52,928	14,332,253
Maintenance of Building and Station	157,469	
Halls Warden expenses	23,625,615	0
Maintenance of water supplies and sewerage	0	140,023
Contracted Professional services	22,116,	0
Gas and fuel	0	91,020
Students Amenities	9,920	130,375
Laundry Expenses	0	1,570,858
Cleaning Materials	2,107,786	0
Main Students Centre Purchase	0	51,301,398
Purchase of food	43,823,946	275,436,156
	91,703,601	

Other information (5 years Trend)

1) General Revenue Statistics

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

	1997/98 %	1996/97 %	1995/96 %	1994/95 %	1993/94 %
Income					
Government Grants	74.5	74.2	76.7	76.9	71.6
Tuition and other fees	17.3	16.4	13.6	10.7	11.6
Other services rendered	1.5	1.7	2.3	4.5	8.5
Other income	6.7	7.7	7.4	7.9	8.3
	100.0	100.0	100.0	100.0	100.0

Total income	Sh.	2,254,860,641	1,455,215,080	1,446,693,420	1,226,441,100	1,105,569,720
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Expenditure

Academic Departments	44.1	45.9	44.1	45.9	46.6
Administration and Central Services	23.9	24.1	23.9	24.1	25.2
Academic Services	3.1	3.2	3.1	3.2	3
General Educational Services	6.2	5.2	6.2	5.2	6.1
Maintenance of premises	6.2	7.3	6.2	7.3	8.3
Miscellaneous expenditure	5.6	0.2	5.6	0.2	0.1
Staff and students facilities and Welfare	10.9	14.1	10.9	14.1	12.7
	100.0	100.0	100.0	100.0	102.0

Total expenditure	Sh.	1,561,535,440	1,469,503,000	1,469,503,000	1,300,678,860	1,155,191,760
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ii) Capital Development Statistics

Receipt

Government Grants - Constructions

-Fixed Assets	4,363,380	1,918,300	1,918,300		10,798,380
External Grants -Constructions					
-Fixed Assets	98,057,360	29,735,440	29,735,440	11,372,900	12,005,600
Sh.	102,420,740	31,653,740	31,653,740	11,372,900	22,803,980

Expenditure

Construction	5,456,720	1,727,520	1,727,520	3,729,040	25,148,200
Purchase of fixed assets	103,990,740	31,653,760	31,653,760	14,942,580	16,844,740
Sh.	109,447,460	33,381,280	33,381,280	18,221,620	41,992,940

ii) Research Grants, Endowment & Donations Statistics

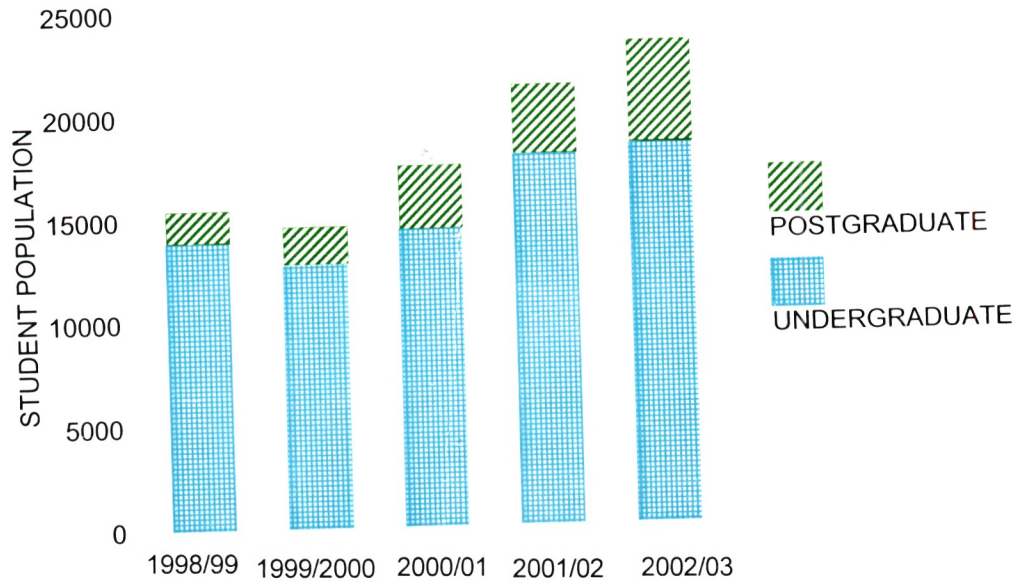
Receipts

Research grants	Sh.	135,488,240	138,296,120	138,296,120	130,961,020	122,580,180
	Sh.	3,862,120	3,650,500	3,650,500	2,996,900	2,675,940

Expenditure

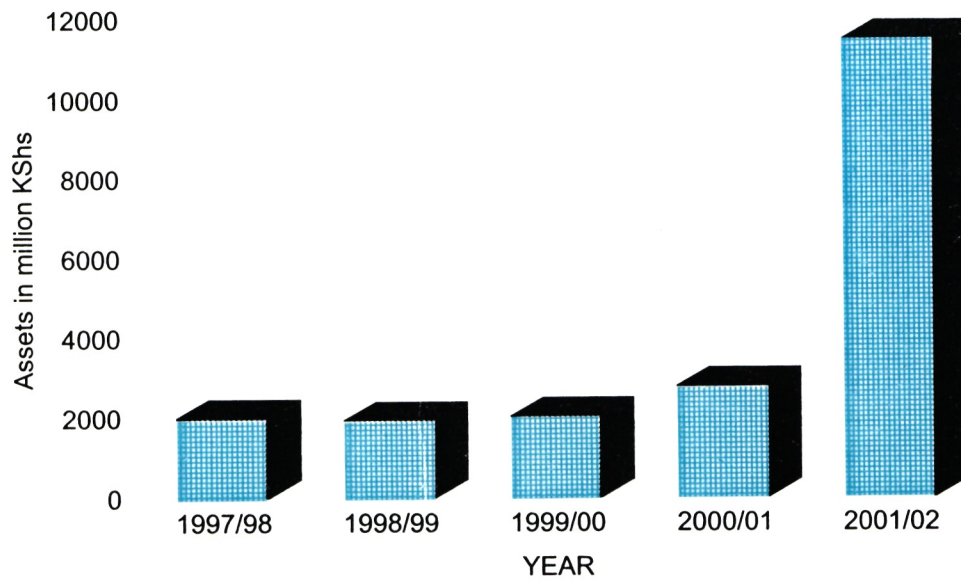
Research grants	Sh.	140,236,680	134,258,060	134,258,060	149,289,880	106,086,580
Endowment and donations	Sh.	359,960	5,713,640	5,713,640		2,223,780

STUDENT POPULATION FROM 1998/99 TO 2002/03



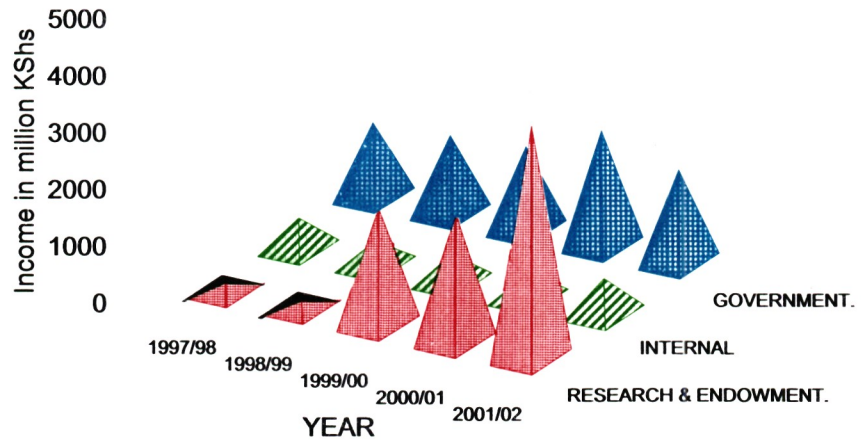
5 YEAR GROWTH OF FIXED ASSETS

From 1997/98 to 2001/02



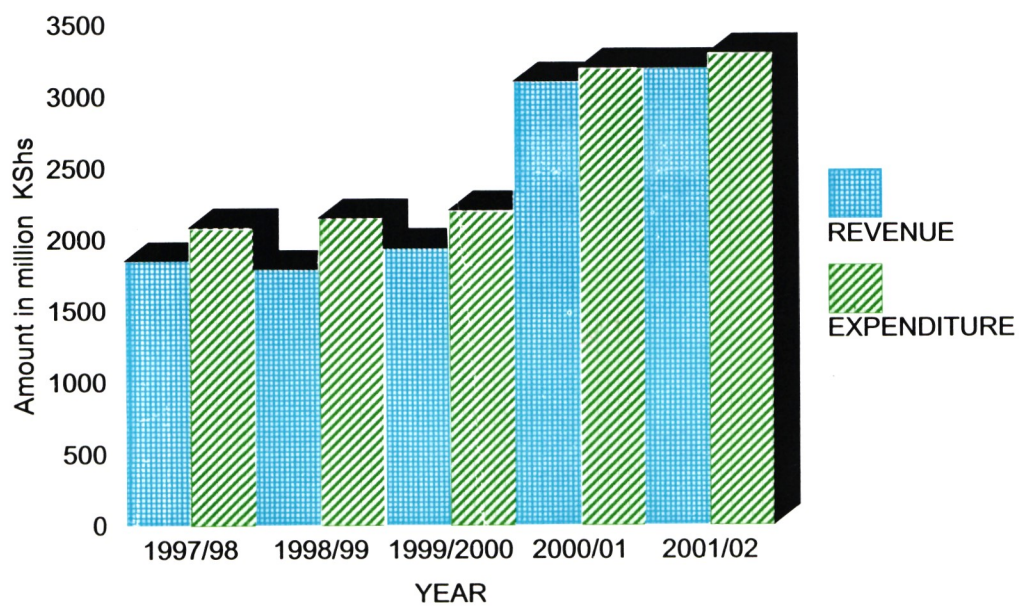
5 YEAR INCOME TREND

From 1997/98 to 2001/02



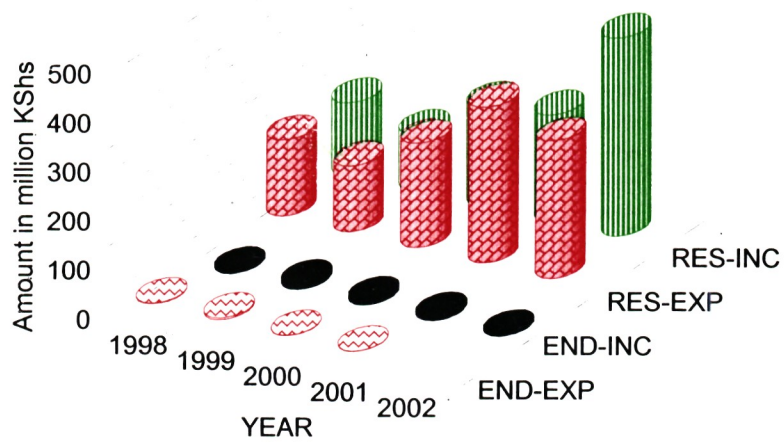
REVENUE AND EXPENDITURE TREND

From 1997/98 to 2001/02



RESEARCH AND ENDOWMENT CHART

From 1998 to 2002



LEGEND

RES-INC. Research Income END-INC. Endowment Income
 RES-EXP. Research Expenditure END-EXP. Endowment Expenditure

