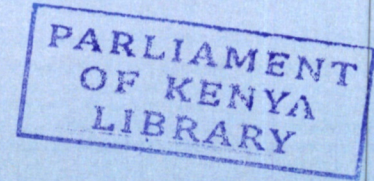


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by
Majority Whip
Wednesday Morning
25/1/2017 Agada.*

REPORT



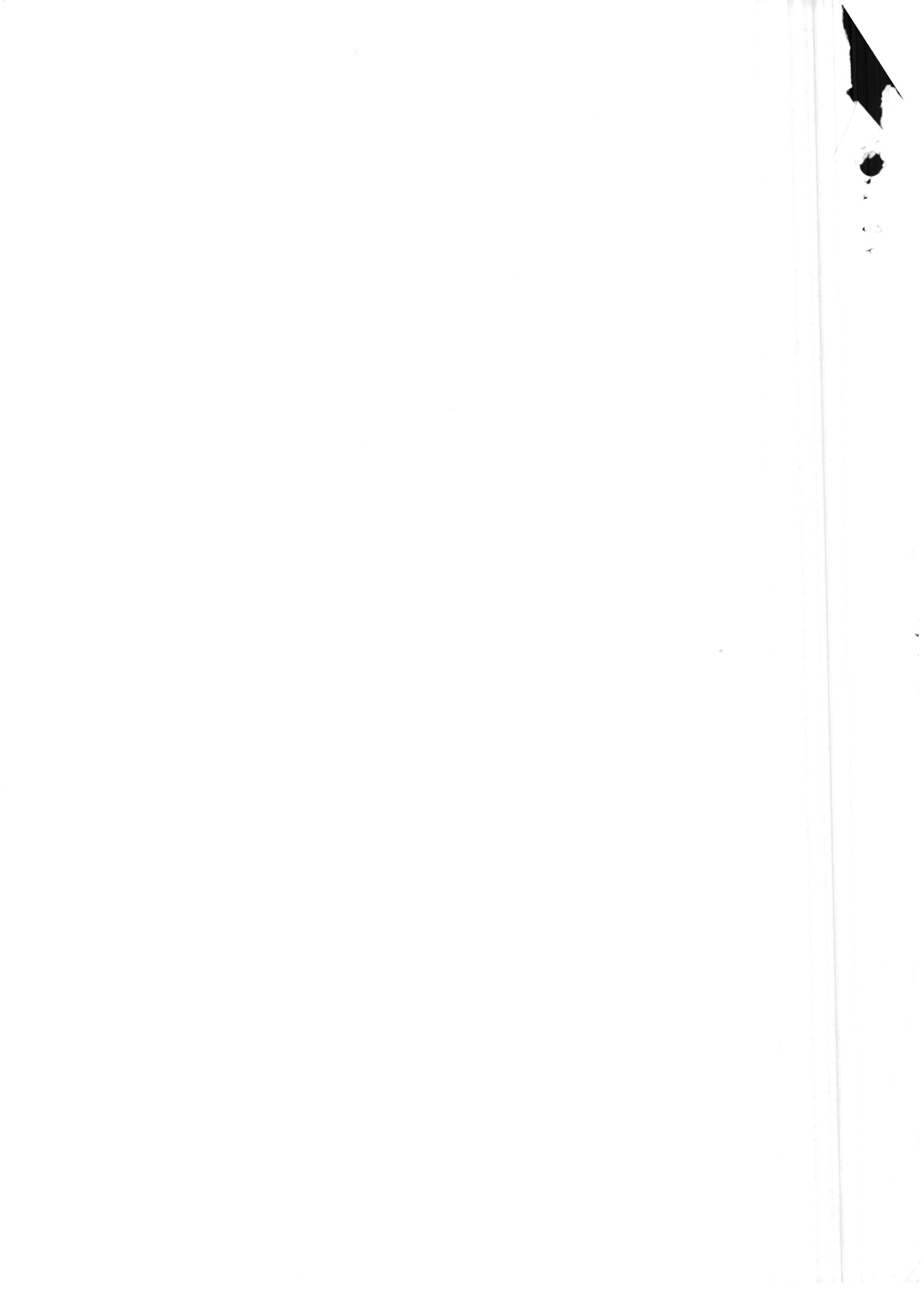
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THE AUDITOR-GENERAL

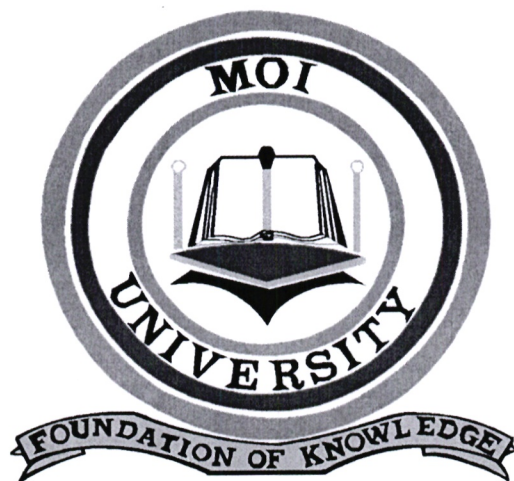
ON

**THE FINANCIAL STATEMENTS OF
MOI UNIVERSITY**

**FOR THE YEAR ENDED
30 JUNE 2015**



MOI UNIVERSITY



ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
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BACKGROUND INFORMATION

Moi University was established in 1984 as the second public university in Kenya by an Act of Parliament. The University is a body corporate established under the Moi University Charter 2013.

At Cabinet level, the University is represented by the the Cabinet Secretary for Education, Science and Technology, who is responsible for the general policy and strategic direction of the University.

PRINCIPAL ACTIVITIES

The principal activity of the University is the provision of university education through teaching, research and outreach.

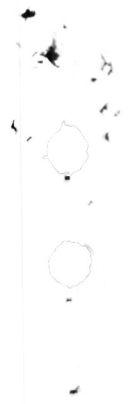
COUNCIL MEMBERS

The Council Members who served the University during the year were as follows:

- | | |
|-----------------------------------|--|
| 1. Prof Jenesio Kinyamario | - Chairman |
| 2. Prof Richard K. Mibey | - Vice Chancellor (Council Secretary) |
| 3. Dr. S.A Omar | - Member |
| 4. Dr. Richard Belio Kipsang | - Principal Secretary, Ministry of Education |
| 5. Dr.Kamau Thugge | - Principal Secretary, National Treasury |
| 6. Felicity Nkirote Biriri | - Member |
| 7. Clement B. Ogomo | - Member |
| 8. Lucy Wangui Njeru | - Member |
| 9. Rt. Rev (Dr) Christopher Rutto | - Member |

In Attendance:

- | | |
|-------------------------|--|
| 1. Edward Mugo Njeru | - Inspector General (Corporations) |
| 2. Moses A. Nyakiongora | - Chief Quantity Surveyor, Min. of Lands |



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FOR THE YEAR ENDED 30 JUNE 2014**

PRINCIPAL CAMPUSES AND CONSTITUENT COLLEGES

Main Campus
P.O Box 3900
ELDORET
TEL: 053-43620
FAX: 254053-043047

Coast Satellite Campus
P.O Box
MOMBASA

OderaAkango Satellite Campus
YALA

Kericho Satellite Campus
P. O Box
KERICHO

Town Campus
P.O Box 4606
ELDORET

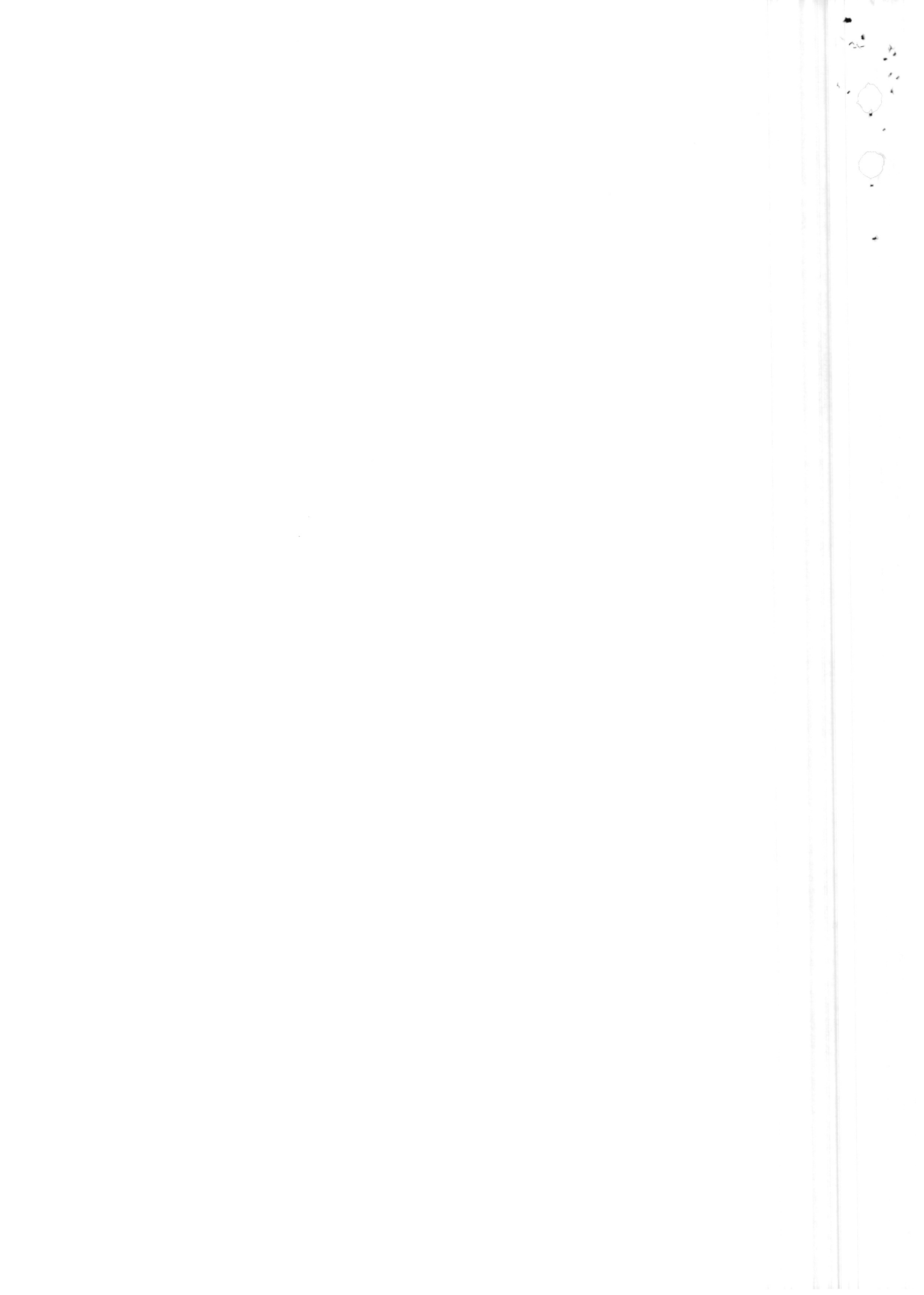
Garissa University College
P. O Box
GARISSA

Eldoret West Campus
P.O Box 8210
ELDORET
TEL: 31077/82

Nairobi Satellite Campus
Bazaar Plaza
P.O Box 63056-00200
NAIROBI
TEL: 020 - 2224954, 221206

Kitale Satellite Campus
P.O Box 175
KITALE

Rongo University College
P.O Box 184
RONGO



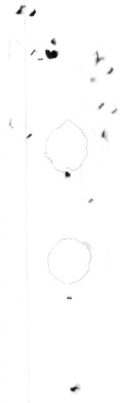
**MOI UNIVERSITY
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BANKERS

National Bank of Kenya Limited
Kenya Commercial Bank Limited
Standard Chartered Bank Limited
Co-operative Bank of Kenya Limited
Barclays Bank of Kenya Limited
Equity Bank

INDEPENDENT AUDITORS

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O Box 30084-00100
NAIROBI, KENYA
TEL: 335777
FAX: +254-20-330829



**MOI UNIVERSITY
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MEMBERS OF THE UNIVERSITY COUNCIL

Chairperson	Jenesio Kinyamario, OGW B.Sc (UoN), M.Sc. (Texas A&M), Ph.D. Botany (University of Nairobi)
Vice- Chancellor & Secretary to Council	Richard K. Mibey, FWIF, EBS B.A Biology (Warren Wilson College), M.Sc (Appalachian State University), M.Sc Plant Pathology (Oklahoma State University), D.Ed. Agricultural Education and Extension (Oklahoma State University), Ph.D. Mycology (Nairobi)
Principal Secretary Ministry of Education	Richard Belio Kipsang B.Ed., M.A. (UoN) Ph.D. (Catholic University of Eastern Africa)
Principal Secretary National Treasury	Kamau Thugge Ph.D (John Hopkins University)
Members	Sabah Ahmed Omar B.Sc., (UoN), M.Sc. (UoN) Ph.D (University of London) Felicity Nkirote Biriri B.A. (KU). Clement B. Ogomo B.Ed. (UoN), M.A (Sheffield, U.K) Lucy Wangui Njeru B.Ed.Arts (UoN), M.Sc (JKUAT) Rt. Rev. (Dr.) Christopher Rutto B.D. (St. Paul's University), M.A (Open University), Ph.D. (Birmingham University)
In Attendance	
Ag. Inspector General (State Corporations)	Edward Mugo Ngigi
Chief Quantity Surveyor Ministry of Lands, Urban	Moses A. Nyakiongora. OGW B.A. (Econ), Hons, M.A (Contr. Mgt) (UoN), FIQSK FICPMK, MAAK (QS)

**MOI UNIVERSITY
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FOR THE YEAR ENDED 30 JUNE 2015**

MEMBERS OF THE UNIVERSITY COUNCIL



**Prof. Jenesio Kinyamario
Chair of Council**



**Dr. S.A Omar
Member**



**M. Kahiti
Member**



**Felicity Nkirote
Member**



**Prof. R.K Mibey
Vice Chancellor –
Secretary to Council**



**Lucy Njeru
Member**



**Clement Ogomo
Member**



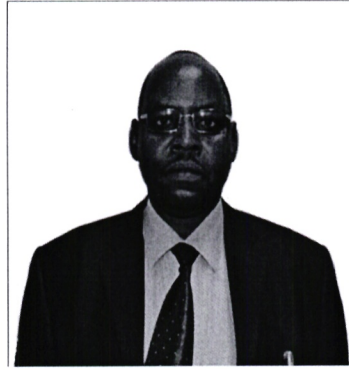
**Rev. Dr. Christopher Rutto
Member**

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MEMBERS OF THE MANAGEMENT BOARD



**Prof. R.K Mibey
Vice Chancellor**



**Prof. David Tuigong
DVC- Finance**



**Prof Paul K. Chepkuto
DVC- Admin, P&Dev**



**Prof. Bob Wishitemi
DVC- A, R&E**



**Prof Nathan. O Ogechi
DVC- Students' Affairs**



**Milcah J. Mutwol
Finance Officer**



**Prof Joseph Rasowo
Principal- OderaAkango**



**Prof F. Esamai
Principal- CHS**

**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

REPORT OF THE CHAIRMAN

I am pleased to present this report for the year ended 30 June 2015.

The University went through one of its darkest days following the heinous terrorist attack in Garissa University College. I wish to express the Council's heartfelt appreciation for the invaluable support that we received from the Government, the international community, institutions and individuals during this trying moment. The material and psychological support that we received is clear testimony that the University has true friends.

During this year, the University made fundamental progress in various fields. The University established new academic programmes, projects and schools, including the launch of the Confucius Institute, thanks to the Government of China and Dong Hua University. This institute has already admitted over 300 students and this number is expected to grow.

The University Council has been focused on ensuring that the necessary learning infrastructure is provided and that qualified academic and administrative staff are recruited. I thank the University Management for the progress they have made in improving the University infrastructure despite the challenges we have due to limited funding from the Government. I urge the Government to find ways and means to fund public universities to provide adequate learning infrastructure because this is one of the biggest challenges that we face.

This year the University admitted over 5,000 first year students admitted under the Kenya Universities and Colleges Placement Service. I am happy to note that our students have continued to excel in the various disciplines that they are engaged in. We are committed to providing a conducive environment so that our students continue to receive quality service.

I would like to appeal to the Government to consider increasing both our recurrent and capital budgets to enable the University meet its funding deficit which negatively impact on the quality of our programmes.

I thank all our partners, donors, collaborating institutions and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.


.....
PROF. JENÉSIO KINYAMARIO, OGW
CHAIRPERSON – MOI UNIVERSITY COUNCIL

**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

REPORT OF THE VICE-CHANCELLOR

I am pleased to present the report on the financial statements for the year ended 30 June 2015.

Moi University is recognised as a leading university in science and technology. We offer quality academic programmes in all the schools of the University that meet the demands of the market. Our Engineering degree programmes, for example, are duly accredited and recognised by the Engineers Board of Kenya. I wish to commend our high calibre academic and administrative staff for ensuring that the University's services continue to be of high standards. This has contributed to the University improving its ranking during the year from number 73 to 43 in Africa. The University is also ranked number 2 in Kenya. It is also worth noting that the University has continued to maintain the ISO 9001:2008 certification and also made significant improvements in the Performance Contracting index.

The year 2014/2015 was marked with various challenges and development milestones. Our constituent college, Garissa University College, experienced a most horrific terrorist attack that led to the deaths and injuries of many students. Our heartfelt condolences go to the families of all the students who lost their lives during this incident.

Following the attack, 650 students were relocated to Moi University, Main Campus to continue with their studies. Out of these students, 300 were given scholarships by the German Government through DAAD, 109 will receive support from the French Government while 25 will be supported by the Italian Government. The University has also received moral and material support from the Government and other development partners. The support we have received has enabled the University to deal with the pressure of settling the affected students and to integrate them in our programmes. The support will also ease the financial burden on the parents of paying school fees.

We acknowledge that the challenges being faced by the victims of the terrorist attack will be long term as the students not only suffered physical injuries but also psychological trauma. The University has since established a guidance and counselling programme specifically targeted to help the students overcome the trauma they went through.

I also wish to thank the Government through the Inspector General of Police for supporting the establishment of a police post at the Main Campus.

During the year we launched the University Academic Calendar 2015-2018. I thank the Management, Senate and Committee members who worked tirelessly to complete the document.

The University has continued to benchmark with other institutions globally through strong collaborations. The University has collaborations in various fields including health, education, engineering, aviation and social sciences. The most recent collaboration is with the Institute of Social Sciences in the Hague, the Foreign Service Institute in the Ministry of Foreign Affairs and the Institute for Democracy in Africa. Through this collaboration we have developed a new programme – Master of Arts (Executive) in Diplomacy and Foreign Service. This programme is designed to build capacity in diplomacy and foreign policy in order to produce highly trained and critical scholars skilled in dealing with diplomatic and foreign policy issues.

Financial Performance Highlights

The funding the University receives from the Government has not kept pace with the growing financial requirements of the University. This has led to strains in meeting the University's financial obligations as and when they arise. There is therefore an urgent need to increase the recurrent and capital development funding to the University.

This year the University admitted the highest number of government sponsored students. This has stretched the available teaching and learning facilities. Additional learning facilities like lecture halls and laboratories are urgently required to ensure that we maintain the quality of our programmes.

It is also crucial that we construct additional students' hostels to house our students and avoid cases of students staying outside the campus because of the attendant insecurity.

Appreciation

On behalf of the University Council, I extend my gratitude to the Government and our development partners and collaborators for the support and advice that they have extended to the University to enable us realize our objectives

I also thank the University Council for the commitment in mobilizing resources and the guidance they have provided to the University that has led to the remarkable achievements and growth of the University.


.....

PROF. RICHARD K. MIBEY, FWIF, EBS
VICE- CHANCELLOR

**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 201**

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which organizations are directed and controlled and held accountable in order to achieve long term value and taking cognizance of the interest of all stakeholders.

The Council of Moi University is responsible for the governance of the University and is accountable to the Government for ensuring that the University complies with the law and highest standards of business ethics and corporate governance. Accordingly, the Council attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance.

The roles of the Chairman and the Vice Chancellor are distinct and their respective responsibilities clearly defined.

The Council comprises of nine members, eight of whom are independent and non-executive, including the Chairman. The Council defines the University's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The Council Members bring their diverse experience and qualifications into the Council's deliberations.

Except for direction and guidance on general policy, the Council has delegated authority of its day-to-day business to the Vice Chancellor. However the Council is responsible for the stewardship of the University and assumes responsibility for the effective control of the University.

Council Meetings

The University Council deals with the overall administration of the University including policy formulation, Planning, Resource mobilization, allocation and provides a conducive environment for the implementation of Academic programmes.

The Council holds meetings on regular basis while special meetings are called when deemed necessary to do so.

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Committees of Council

The Council has set up the following committees which meet under well-defined terms of reference set by the Council. This is intended to facilitate efficient decision making of the Council in discharging its duties and responsibilities.

Audit Committee

The mandate of the audit committee includes:

- i) Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- ii) Reviewing audit issues raised by both internal and external auditors.
- iii) Resolving unsettled and unimplemented Public Investment Committees' (PIC) recommendations.
- iv) Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

Executive Committee

The mandate of the executive committee is:

To look at the Terms and Conditions of service for members of Management
To evaluate the performance of the Vice Chancellor and Deputy Vice Chancellors
To handle any urgent matter as circumstances may determine

Finance, Resource Mobilization and General Purposes Committee

1. To explore ways of raising funds for the University, both internally and externally.
 - 1.1 To liaise with external sources i.e. Development partners/linkages, Local entrepreneurs/resources, Staff/students and parents, Alumni, Endowment Fund and Commercial loans
 - 1.2 To liaise with internal sources i.e.
 - Expansion of PSSP programmes
 - Expansion of Distance Education
 - Commercialization of non-core activities of the University
 - Consultancies
 - Commercialization of research and development
2. To act on behalf of Moi University Council on all issues concerning resource

**MOI UNIVERSITY
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mobilization and income generating activities.

- 2.1 To compile and maintain a data bank of all resource mobilization and income generating activities in the University and periodically report to University Council on their performance and contribution to financing university's core business.
- 2.2 To decide on those income generating activities which could be commercialized or outsourced.
- 2.3 To ensure that University facilities and assets used for resource mobilization and income generation are properly maintained.
3. To provide linkages and synergy amongst all income generating activities.
4. To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University.

Planning, Building and Development Committee

- a) To be in charge of overall University Planning (short, medium and long term) including University Master Plan and Strategic Plan.
- b) To take charge of all arrangement for erection of new buildings once the finances have been made available.
- c) To receive and consider the report on the performance of various contractors for the proceeding tender or contract period.
- d) To be responsible for authorising expenditure for all maintenance work with the provision that the Committee will have the authority to delegate the minor maintenance work to an executive sub-committee of the University.
- e) To report progress to Council or the Finance and General Purposes Committee.
- f) To recommend and to effect as appropriate any modifications in physical facilities as may be necessary.
- g) To recommend to the Council on acquisition of new fixed assets including land and to advise the Council on utilisation of such assets and land.

Research, Training, Statutes and Honorary Degrees Committee

The mandate of the committee is as follows:

- a) To deal with all matters related to Research. In particular:
 - i) To provide policy guidelines on university-wide research activities.
 - ii) To fundraise and co-ordinate all fundraising activities for research activities in the university.
 - iii) To have in place a comprehensive research structure for resource mobilization

**MOI UNIVERSITY
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and funding process.

- iv) To set priorities and targets for research activities in the university.
 - v) To submit annual progress and financial reports to Council on all research activities in the university.
 - vi) To advise on consultancies, technology transfer and intellectual property rights.
 - vii) To receive and consider on behalf of Council all Senate reports on matters touching on research programmes.
 - viii) To be the custodian of Moi University Research Policy (MURP) and Moi University Intellectual Property Policy (MUIPP) on behalf of Council, and recommend its review from time to time.
 - ix) To facilitate dissemination of research findings and product development.
- b) To deal with any other research matter that Council may refer to it.
- i) To deal with all matters related to training. In particular:
 - ii) To provide policy guidelines on university-wide training.
 - iii) To receive and consider on behalf of Council all Senate reports on staff training needs of the University.
 - iv) To advise Council on all matters relating to the Training Policy.
 - v) To be the custodian of Moi University Training Policy (MUTP) on behalf of Council, and to recommend its review from time to time.
 - vi) To deal with any other matter Council may refer to it.
- c) To deal with all matters related to Statutes. In particular:
- i) To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Moi University Act, 1984
 - d) To deal with all matters related to Honorary Degrees. In particular:
 - i) To receive and consider proposals and nominations for the award of honorary degrees
 - ii) To recommend to Council award of honorary degrees

Sealing Committee

This committee authorizes on behalf of council the application of the University Seal on documents.

Council Appeals Board

This committee considers appeals from students and members of staff and makes

**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
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recommendations to Council.

Staff Disciplinary Committee

The mandate of the committee is to consider and advise Council on action to be taken in regard to disciplinary matters for staff on Academic and non-Academic Terms of Service.

Appointments, Promotions, Terms and Conditions of Service Committee

- a) To consider qualified candidates for filling vacant posts in the University in accordance with the job description for the post to be filled.
- b) To interview, whenever possible in person, candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the post in question.
- c) To consider candidates in absentia in case any candidate is unable to appear before the committee in person for reasons the Committee considers acceptable.
- d) To recommend to Council the appointment of suitable candidate(s) after considering all the requirements for the post or in case of there being no suitable candidates to recommend re-advertisement of the position.
- e) To recommend to Council improvements in the job grading classifications as the Committee may consider appropriate.
- f) To review and make recommendations to Council on Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time.
- g) To examine and make recommendations to Council on salaries, terms and conditions of service for all University employees.

Farm Committee

1. To advise council on matters affecting the university farm
2. To develop the university Farm as an economic viable project
3. To co-opt members from other institutions whose contributions to the committee may deem appropriate

Internal audit function

The University has a fully operational internal audit function that is led by the Chief Internal Auditor, who is a member of the Institute of Certified Public Accountants of

**MOI UNIVERSITY
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Kenya. The Internal Audit Department monitors compliance with policies and standards and the effectiveness of internal control structures across the University through its audit programmes.

**MOI UNIVERSITY
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CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Moi University, as a responsible corporate institution established to achieve public good, is committed to conducting its business in a manner that ensures that social, economic and environmental benefits accrue to the society and other stakeholders. During the year the University contributed to various community initiatives and noble projects, despite the prevailing resource constraints.

The University recognises that our students form the most integral part of our institution. Deliberate efforts have therefore been put in place to ensure that our students get an all round education while in campus. These include training students on leadership skills and as peer counsellors so that they can act as change agents within the student and larger community and also ensuring that students are educated on the scourge of HIV/AIDS, among other issues. During the year the University organised the Mr. And Miss Abstinence to promote virtues of abstinence among our students. The University also organized sensitization workshops on HIV/AIDS in our various campuses. The University has partnered with Kenya Aids Strategic Framework (KASF) and the National Aids Control Council (NACC) to disseminate and roll out these trainings in all the counties in Kenya.

The University sponsored the Chemususu Half Marathon in August 2014. This marathon, together with the annual MUKESCO-IUPUI Peace Race that the University organises in conjunction with Indiana Purdue University is meant to foster peace among the communities living within the environs of the University and also in other parts of Kenya.

In order to promote the culture of reading and support secondary schools, the University participated in several book harvests in various schools where the University donated books to support the schools. The University's Extension and Outreach Department also visited various schools during the year to give motivational and career guidance talks to students.

The University recognises the need to be a caring citizen that conducts its business in an ethical and environmentally sustainable manner. To this end it conducted a bio-safety survey during the year to ensure that all our processes conform with best bio-safety practices.



**MOI UNIVERSITY
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STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Public Finance Management Act, 2012 and the Universities Act, require the Council Members to prepare financial statements for the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the Universities Act. The Council Members are of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2015, and of the University's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

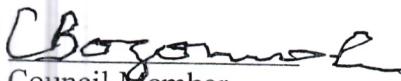
Nothing has come to the attention of the Council Members to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

**MOI UNIVERSITY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2015**

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Approval of the financial statements

The University's financial statements were approved by the Council on 30th September, 2015 and signed on its behalf by:


Council Member


Council Member


Council Member

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying consolidated financial statements of Moi University set out on pages 19 to 41, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

Report of The Auditor-General on Moi University for the year ended 30 June 2015

opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1.0 Tuition and Related Charges

The consolidated statement of financial performance reflects tuition and related charges figure of Kshs.3,722,493,000. However, information about the fees payable for each programme and the number of students for each department were not availed for audit verification.

In the circumstances, the accuracy and validity of the tuition and related charges receipts of Kshs.3,722,493,000 for the year ended 30 June 2015 could not be confirmed.

2.0 Administration and Central Services Expenses

2.1 Rivatex Cost of Sales

Included in the administration and central services expenses of Kshs.2,136,078,000 reflected in the consolidated statement of financial performance is Rivatex cost of sales figure of Kshs.159,076,099 which include indirect costs figure of Kshs.21,083,347 and which is at variance with the supporting schedule figure of Kshs.17,941,011 resulting in a variance of Kshs.3,142,336 as shown below:

Item	Figure Reflected in the Financial Statement (Kshs)	Figure Reflected in Supporting Documents (Kshs)	Variance (Kshs)
Packaging Material	5,280,568	821,584	4,458,984
Design and Screens	10,996	67,966	(56,970)
Lubricants and Oils	890,008	388,849	501,159
Spares and Consumables	8,621,785	8,508,479	113,306
Tailoring Consumables	6,279,990	8,154,133	(1,874,143)
Total	21,083,347	17,941,011	3,142,336

However, the variance of Kshs.3,142,336 has not been explained.

In the circumstance, the accuracy and validity of cost of sales balance of Kshs.159,076,099 for the year ended 30 June 2015 could not be confirmed.

2.2 Rivatex Administration Expenses

Included in the administration and central services expenses of Kshs.2,136,078,000 reflected in the consolidated statement of financial performance is Rivatex administration expenses of Kshs.32,018,000 which include provision for bad debts of Kshs.1,099,000. However, the policy for provision for bad debts for Rivatex East Africa Limited has not been disclosed in these financial statements. Further, the validity of policy to the financial statement which indicate that an estimate is made of doubtful receivables based on a review of all outstanding amounts at the end of the year could not be confirmed.

Under the circumstances, the accuracy and validity of the provision of bad debts of Kshs.1,099,000 for the year ended 30 June 2015 could not be confirmed.

3.0 Inventories

Included in the inventories balance of Kshs.561,772,000 reflected in the consolidated statement of financial position is Rivatex inventory balance totaling to Kshs.499,715,000 which includes work in progress of Kshs.246,558,649 which differs from the supporting schedules balance of Kshs.195,047,435 resulting to a variance of Kshs.51,511,214 which has not been analyzed explained.

4.0 Biological Assets

The consolidated statement of financial position reflects a biological assets balance of Kshs.6,906,000 under non-current assets relating to livestock and Kshs.2,435,000 under current assets relating to crops in the field all totaling Kshs.9,341,000. However, no documentary evidence was provided for audit verification to confirm that the biological assets were valued in accordance with accounting policy (i) to the financial statement which stipulate that the biological assets are measured at fair values less estimated point of sales costs.

Under the circumstances, accuracy and validity of biological assets valued at Kshs.9,341,000 could not be confirmed as at 30 June 2015.

5.0 Trade and Other Receivables

5.1 Students' Fees Debtors

Included in the trade and other receivables figure of Kshs.763,949,000 is student fees debtors balance of Kshs.547,916,477 relating to 2014/2015 and earlier years as shown below:

Year	Amount (Kshs)
2009-2010	4,848,629
2010-2011	6,066,321
2011-2012	85,937,955

2012-2013	139,925,983
2013-2014	167,734,494
2014-2015	143,403,095
Total	547,916,477

However, no explanation has been provided for failure to collect student fees debts dating back to 2009/2010 or why the debts were not written off if they were bad.

Under the circumstances, the accuracy, completeness and existence of student fee debtors totaling to Kshs.547,916,477 as at 30 June 2015 could not confirmed.

5.2 Other Debtors and Accruals

Included in the trade and other receivables figure of Kshs.763,949,000 reflected in the consolidated statement of financial position are outstanding temporary imprests of Kshs.79,608,616 that include imprests totaling Kshs.4,811,362 and which have been outstanding for long contrary to the requirements of Section 5.6.5 of the Government Financial Regulations and Procedures which stipulates that a holder of a temporary imprest surrender the imprest within 48 hours after returning to duty station failure to which the accounting officer is required to take immediate action to recover the full amount from the salary of the defaulting officer. However, the long outstanding imprests have not been recovered from the defaulting officers. The balance of Kshs.79,608,616 also include imprests issued to members of staff during the year under review totaling Kshs.6,438,887 for purchase of furniture, equipment and building materials contrary to the provisions of Section 5.6.1 of the Government Financial Regulations and Procedures which stipulates that imprest should only be issued to make payments which cannot be conveniently made through the cash office.

Under the circumstances, the management breached regulations governing the management of imprests and therefore propriety of the imprests amounting to Kshs.6,438,887 issued for purchase of furniture, equipment and building materials cannot be confirmed.

6.0 Bank Overdraft

The consolidated statement of financial position reflects debit bank balance of Kshs.4,390,945 which includes Kenya Commercial bank balance of Kshs.196,081 and National Bank of Kenya balance of Kshs.4,194,864 as shown below:

Account Name	Account Number	Bank	Amount (Kshs)
Moi University Student Accommodation	1102486558	KCB	196,081
Moi University Research Account	01021-279992-00	NBK	1,537,267
Moi University VLIR-UOS Programme	01021-0287848-00	NBK	2,653,397
Moi University PSSP Payment	01020062992200	NBK	4,200
Total			4,390,945

However, no documentary evidence was presented to confirm that the bank overdraft was approved by the University Council, parent Ministry and the National Treasury in line with government circulars.

Under the circumstances, the propriety of the bank overdraft totaling Kshs.4,390,945 could not be confirmed.

7.0 Budget Performance

The financial statements do not include a comparison of budget and actual amounts either as a separate additional financial statements or as a budget column in the consolidated financial statements as specified in paragraph 21(e) of the International Public Sector Accounting Standards I (IPSAS). Further, included in the total expenditure of Kshs.7,136,004,000 reflected in the statement of financial performance is an expenditure of Kshs.4,612,904,000 incurred against a budget of Kshs.3,580,555,000 resulting to an over-expenditure of Kshs.1,032,349,000 as shown below:

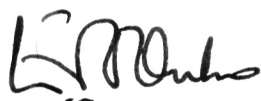
Expenditure	Budget (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)
Basic Salaries	2,012,910,000	2,593,186,000	580,276,000
House Allowances	989,799,000	1,118,652,000	128,853,000
House to Office Allowance	152,755,000	262,224,000	109,469,000
Medical Expenses	77,109,000	116,824,000	39,715,000
External Examiners	7,916,000	10,270,000	2,354,000
Internet Expenses	30,000,000	39,636,000	9,636,000
Electricity, Water, and Conservancy	168,000,000	225,079,000	57,079,000
Teaching Materials	25,690,000	36,509,000	10,819,000
Library Expenses	6,939,000	7,568,000	629,000
Audit Fees	2,620,000	3,480,000	860,000
Insurance Expenses	24,916,000	55,768,000	30,552,000
Farm Expenses	5,000,000	17,809,000	12,809,000
Maintenance of Building and Stations	6,848,000	7,260,000	412,000
Maintenance of Playground	1,740,000	1,793,000	53,000
Research Funds Disbursements	33,582,000	54,729,000	21,147,000
Student Activities	18,538,000	41,381,000	22,843,000
Contingent Liabilities	16,193,000	20,736,000	4,543,000
Total	3,580,555,000	4,612,904,000	1,032,349,000

However, no documentary evidence was presented to show that the excess expenditure of Kshs.1,032,349,000 was authorized as required under Government financial regulations.

Under the circumstances, the consolidated statement of financial performance has not been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the propriety of the excess expenditure of Kshs.1,032,349,000 for the year ended 30 June 2015 could not be confirmed.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of Moi University as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Universities Act, 2012.



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

Nairobi

14 November 2016

MOI UNIVERSITY
Reports And Financial Statements
For The Year Ended 30 June 2015 (Kshs '000)

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	NOTE	2015 Kshs (000)	2014 Kshs (000)
REVENUE			
Revenue from non-exchange transactions			
Grants from National Government	2(i) & 14	2,843,723	3,378,248
In-kind donations	2(e) & 15	-	70,000
		<u>2,843,723</u>	<u>3,448,248</u>
Revenue from exchange transactions			
Tuition and related charges	2(ii) & 16	3,722,493	3,850,617
Other services rendered	17	254,235	149,800
Sundry income	18	183,970	195,773
Farm income	19	13,919	14,311
		<u>4,174,617</u>	<u>4,210,501</u>
TOTAL REVENUES		<u><u>7,018,340</u></u>	<u><u>7,658,749</u></u>
OPERATING EXPENSES			
Academic departments	20	3,994,540	4,867,567
Administration and central services	21	2,136,078	1,840,613
Academic services	22	223,894	240,341
General educational services	23	39,458	46,388
Maintenance of premises	24	465,976	394,146
Staff and Students welfare	25	198,147	181,345
Farm expenses	19	37,423	22,263
Miscellaneous expenses	26	40,488	79,525
TOTAL OPERATING EXPENSES		<u><u>7,136,004</u></u>	<u><u>7,672,188</u></u>
DEFICIT FOR THE YEAR		<u><u>(117,664)</u></u>	<u><u>(13,439)</u></u>

MOI UNIVERSITY
Reports And Financial Statements
For The Year Ended 30 June 2015 (Kshs '000)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	2015 Kshs (000)	2014 Kshs (000)
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	2 (b) & 3	5,014,204	5,049,053
Investments	4	-	223,234
Biological assets	2(h) & 6	6,906	7,731
Total Non-Current Assets		<u>5,021,110</u>	<u>5,280,018</u>
CURRENT ASSETS			
Inventories	2(h) & 5	561,772	80,416
Biological assets	2(h) & 6	2,435	3,863
Related company balances	7	2,366	259,965
Trade and other receivables	2(q) & 8	763,949	807,032
Cash and bank balances	2 (s) & 9	168,113	121,799
Total Current Assets		<u>1,498,635</u>	<u>1,273,075</u>
TOTAL ASSETS		<u>6,519,745</u>	<u>6,553,093</u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves		5,962,618	4,637,125
Revenue Reserves		(700,041)	305,683
		<u>5,262,577</u>	<u>4,942,808</u>
NON-CURRENT LIABILITIES			
G.O.K Loan	13	231,250	224,169
Total Non-Current Liabilities		<u>231,250</u>	<u>224,169</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,014,317	1,354,178
Bank balances	11	4,391	1
Other liabilities and provisions	12	7,210	24,856
G.O.K Loan	13	-	7,081
Total Current Liabilities		<u>1,025,918</u>	<u>1,386,116</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u>6,519,745</u>	<u>6,553,093</u>

The financial statements were approved by the University Council on ----- and signed on its behalf

by:  Vice Chancellor

Richard K. Mibey, B.A (Warren), M.Sc Biology (Appalachian), M.Sc Plant Pathology (Oklahoma)
D.Ed Agricultural Education and Extension (Oklahoma), PhD. (Nairobi)

 Council Chairman

Prof. Jenasio I. Kinyamario B. Sc (Nairobi), MSc (Texas A&M), Ph.D (Nairobi)

MOI UNIVERSITY
Reports And Financial Statements
For The Year Ended 30 June 2015 (Kshs '000)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Capital reserves Kshs (000)	Revenue Reserves Kshs (000)	Total Kshs (000)
As at 1 July 2013	4,600,202	319,122	4,919,324
Deficit for the year	-	(13,439)	(13,439)
Capital development grants	171,923	-	171,923
Capital devt grants paid to Rivatex	(135,000)	-	(135,000)
As at 30 June 2014	<u>4,637,125</u>	<u>305,683</u>	<u>4,942,808</u>
As at 1 July 2014	4,637,125	305,683	4,942,808
Deficit for the year	-	(117,664)	(117,664)
Rivatex E.A Ltd	1,812,336	(888,060)	924,276
Capital development grants	37,800	-	37,800
Assets transferred to University of Eldoret	(524,643)	-	(524,643)
As at 30 June 2015	<u>5,962,618</u>	<u>(700,041)</u>	<u>5,262,577</u>

The Capital Reserves relates to revaluation surplus on revaluation of fixed assets and capital development grants received from the Government.

MOI UNIVERSITY
Reports And Financial Statements
For The Year Ended 30 June 2015 (Kshs '000)

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2015 Kshs (000)	2014 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(117,664)	(13,439)
Adjustments for :-			
Depreciation	3	122,068	107,721
Interest income	18	(1,085)	(19,639)
Gain on disposal of fixed assets	18	(572)	(11)
Provision for audit fees		3,730	6,960
Provision for capitation receivable		(235,704)	(208,089)
Decrease in provision for doubtful debts		(8,801)	(44,584)
Operating surplus before working capital changes		<u>(238,028)</u>	<u>(171,081)</u>
Changes in working capital			
Decrease in inventories		(481,356)	(10,235)
Decrease in biological assets		2,253	3,225
Increase in trade and other payables		(339,861)	213,091
Decrease in related company balances		257,599	-
Decrease in other liabilities and provisions		(17,646)	11,896
Provision for audit fees		(3,730)	-
Provision for capitation receivable		235,704	-
Decrease in provision for doubtful debts		8,801	-
Decrease in trade and other receivables		43,083	52,669
Net changes in working capital		<u>(295,153)</u>	<u>270,646</u>
Total cash generated from operations		<u>(533,181)</u>	<u>99,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	3	(245,121)	(181,125)
Rivatex fixed assets and transfer to reserves		595,769	-
Interest received	18	1,085	19,639
Proceeds on disposal of fixed assets		572	11
Net cash flows from investing activities		<u>352,305</u>	<u>(161,475)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital receipts from GOK	14	<u>222,800</u>	<u>36,923</u>
Net cash flows from financing activities		<u>222,800</u>	<u>36,923</u>
Net increase in cash and cash equivalents		41,924	(24,987)
Cash and cash equivalents at the beginning of the year	28	<u>121,798</u>	<u>146,785</u>
Cash and cash equivalents at the end of the year	28	<u><u>163,722</u></u>	<u><u>121,798</u></u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000).

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

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

2. Summary of significant accounting policies

Consolidation

Controlled entities:

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies. Controlled entities are consolidated when control is transferred to the controlling entity. They are deconsolidated from the date control ceases. Inter-group transactions, balances and unrealised gains and losses on transactions between members of the group are eliminated in full.

a) New and revised standards

There have been a number of amendments to standards that became effective for the first time in the financial year beginning 1 July 2013. None of them is expected to have a significant impact on the University's financial statements.

b) Revenue recognition

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

i) Revenue from exchange transactions

Rendering of services

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the University and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the University's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the University's activities as described below.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the University.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University also the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the University will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

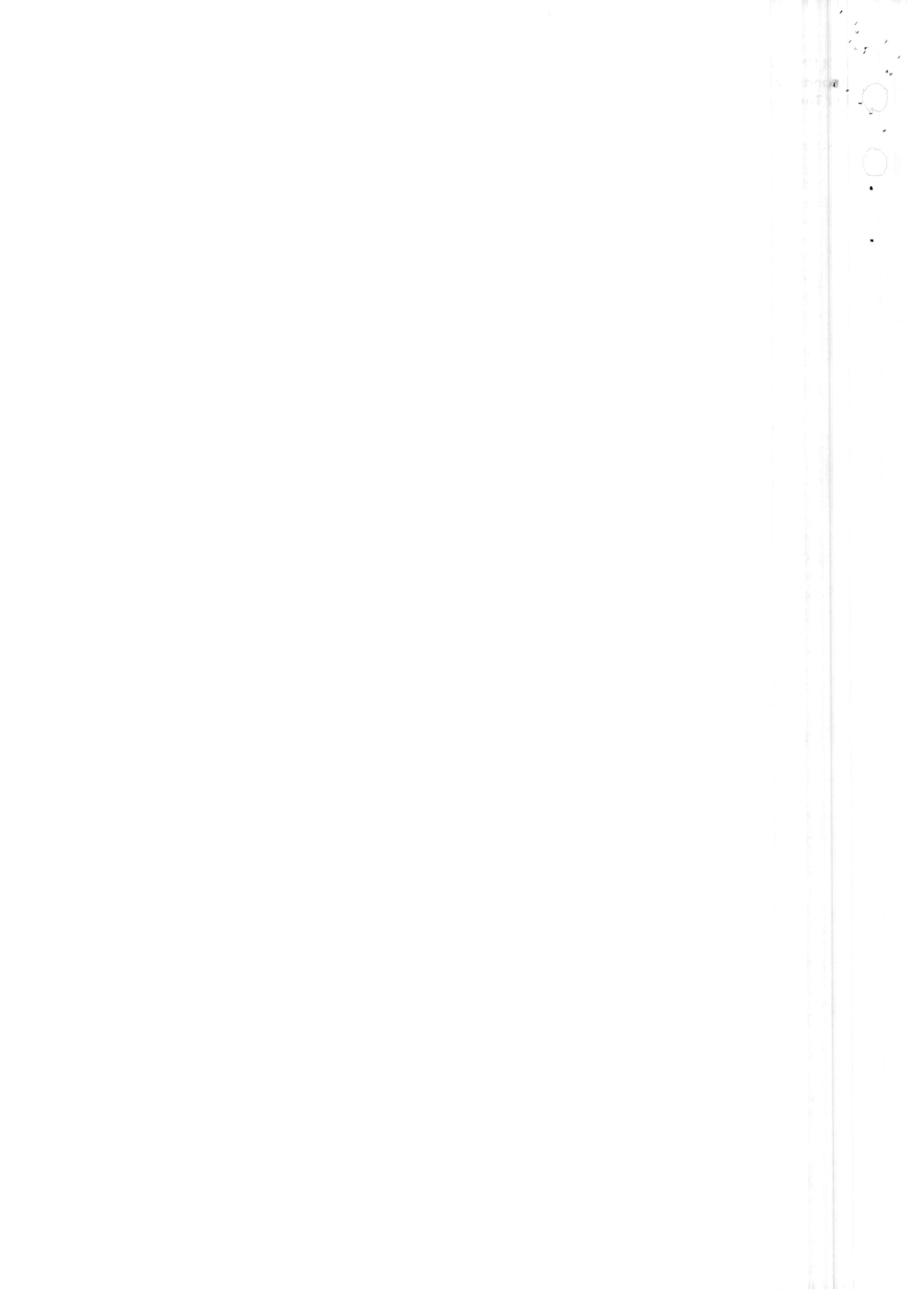
Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the University. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) In-kind contributions

In-kind contributions are donations that are made to the University in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the University includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life.

The annual depreciation rates in use are:

Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25%
Computers	33.3%

Leasehold land is amortised over the unexpired period of the lease.

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal. Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written recoverable amount.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

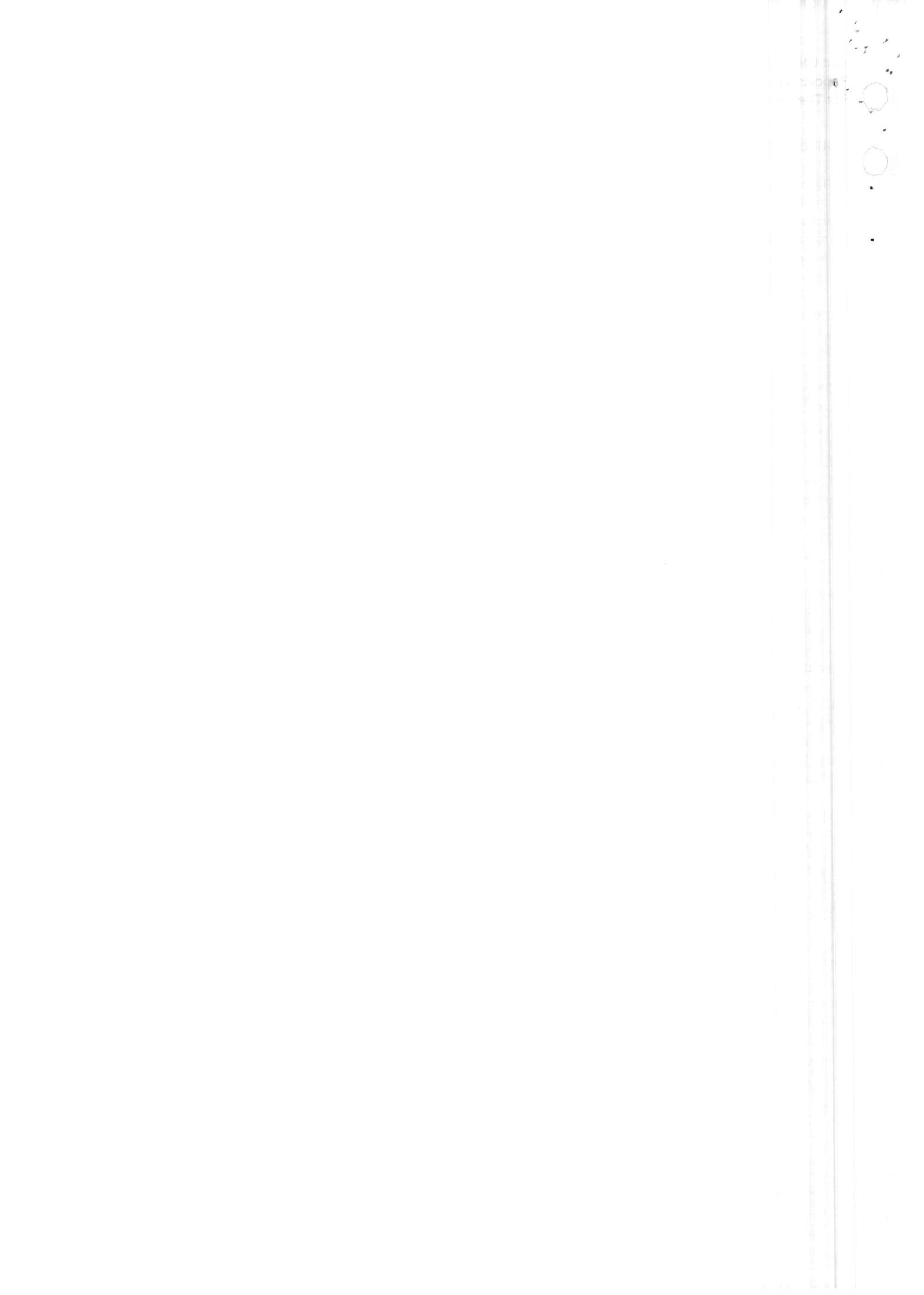
After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

i) Biological assets

Biological assets are measured at fair values less estimated point of sales costs. Fair value is determined based on the present location and condition of the biological assets. The fair value of livestock is based on the market price at the local Cheptiret Market, less transport and other costs charged at the market.

The fair value of crops in the field is determined based on the costs incurred as at year end. This is because costs approximate fair value since little biological transformation had taken place since the initial cost incurrence and the impact of the biological transformation on price was not material.



MOI UNIVERSITY
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Contingent liabilities

The University does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Changes in accounting policies and estimates

The University recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits

Retirement benefit plans

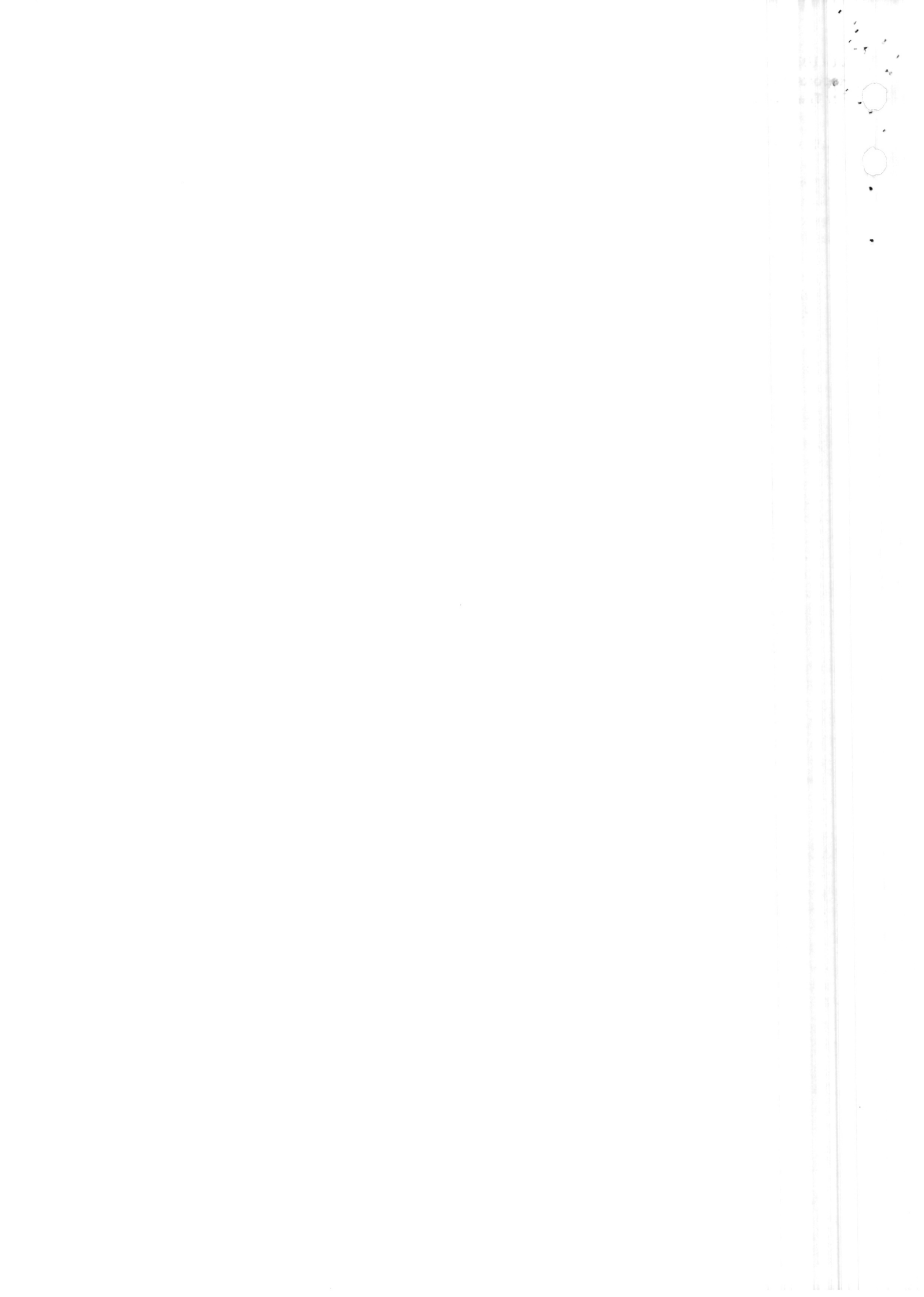
The University provides retirement benefits for its permanent employees. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

r) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the University or not, less any payments made to the suppliers.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

t) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant control over the University, or vice versa. The University is controlled by the National Government, through the Ministry of Education.

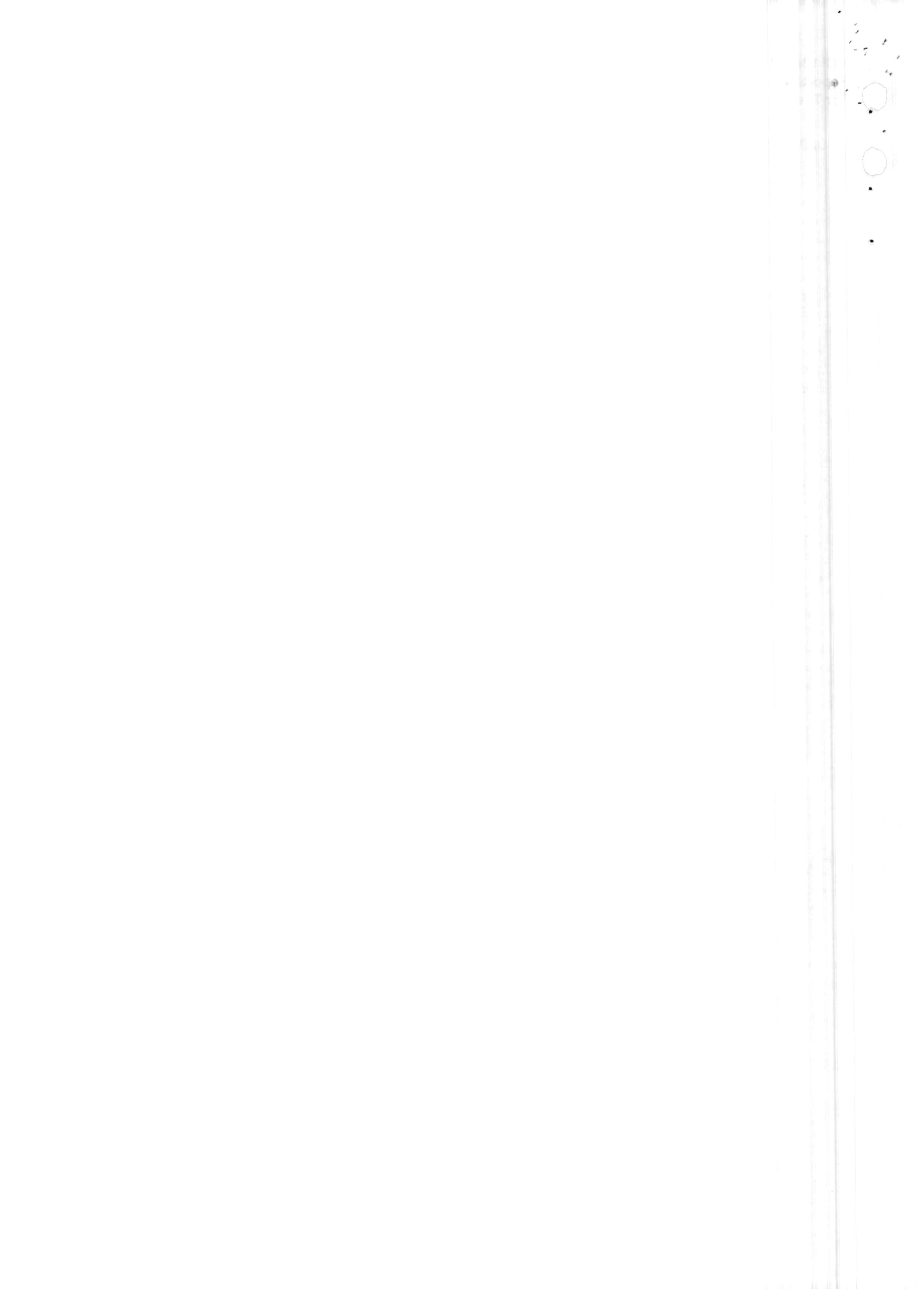
Members of key management are regarded as related parties and comprise the Council Members and members of the University Management Board.

u) Financial risk management

The University's activities expose it to financial risks including credit and market risks. The University's overall risk management policies are set by the University Council and implemented by the Management, and focus on the unpredictability of changes in the operating environment and seek to minimize the potential adverse effects of such risks on the University's performance by setting acceptable levels of risk. The University does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party for the other party by failing to discharge an obligation. Credit risk on trade receivables is managed by ensuring that students pay fees before sitting for their examinations. Students with fees arrears are not allowed to graduate until the fees is cleared.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Liquidity risk

Liquidity risk is the risk that the University will encounter difficulties in meeting obligations associated with financial liabilities. The Council has developed a risk management framework for the management of the University's short, medium and long term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The University manages liquidity risk by continuously reviewing forecasts and actual cashflows, and maintaining banking facilities to cover any shortfalls.

ii) Market risk

Market risk is the fair value or future cash flows of financial instruments will fluctuate because of changes in market price.

a) Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The University does not have any significant currency risk as it does not have trade receivables, trade payables and borrowings denominated in foreign currency.

b) Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The University is not exposed to other price risk as it does not hold financial instruments.

v) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

COST/VALUATION	Land Kshs (000)	Buildings Kshs (000)	W.I.P Kshs (000)	Furniture, plant and equipment Kshs (000)	Computers, copiers and printers Kshs (000)	Motor vehicles and aeroplanes Kshs (000)	Total Kshs
At 1 July 2013	876,243	4,101,043	706,745	403,230	354,402	343,226	6,739,889
Disposals/Capitalized	-	-	-	-	-	(125)	(125)
Additions	-	-	132,921	13,735	20,770	13,699	181,125
At 30 June 2014	876,243	4,101,043	839,666	421,965	375,172	356,800	6,970,889
At 1 July 2014	876,243	4,101,043	839,666	421,965	375,172	356,800	6,970,889
Disposals/Capitalized	-	-	(185,500)	-	-	-	(135,500)
Transfer to University of Eldoret	(160,000)	(502,414)	(61,488)	(38,426)	(8,033)	(49,243)	(819,604)
Rivatex	50,322	113,895	109,824	448,003	10,439	43,365	775,848
Additions	-	-	69,297	24,689	23,601	-	117,587
At 30 June 2015	766,565	3,712,524	771,799	856,231	401,179	350,922	6,859,220
DEPRECIATION							
At 1 July 2013	21,045	869,478	-	351,376	300,932	271,409	1,814,240
Disposals	-	-	-	-	-	(125)	(125)
Charge for the year	-	69,002	-	13,844	17,503	2,419	102,768
Amortization for the year	4,953	-	-	-	-	-	4,953
At 30 June 2014	25,998	938,480	-	365,220	318,435	273,703	1,911,836
At 1 July 2014	25,998	938,480	-	365,220	318,435	273,703	1,921,836
Disposals - University of Eldoret	(1,860)	(197,399)	-	(38,426)	(8,033)	(49,243)	(294,961)
Charge for the year	-	59,393	-	12,577	21,000	2,420	95,390
Amortization for the year	3,093	-	-	-	-	-	3,093
Rivatex	6,009	19,134	-	75,119	4,465	14,931	119,658
At 30 June 2015	33,240	819,608	-	414,490	335,867	241,811	1,845,016
NET BOOK VALUE							
At 30 June 2015	733,325	2,892,916	771,799	441,741	65,312	109,111	5,014,204
At 30 June 2014	850,245	3,162,563	839,666	56,745	56,737	83,097	5,049,053

The Work in Progress (WIP) included under Property, Plant and Equipment relates to buildings under construction that had not been completed by year end.

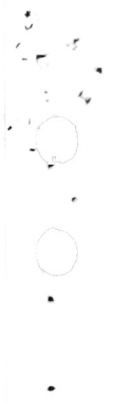
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

PROPERTY, PLANT AND EQUIPMENT [Cont...]

Included in buildings are the following buildings whose valuation is as shown below:

- Operating Theatres	20,000,000
- Diagnostic Laboratories	21,772,000
- Boundary Wall for Anatomy Laboratories	<u>1,700,000</u>
	<u>43,472,000</u>

The buildings are located on land not owned by the University. The University is seeking to reach a formal understanding with Moi Teaching and Referral Hospital on the status of the land and buildings pending the final resolution of the matter through the government.



MOI UNIVERSITY
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For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
4. INVESTMENT		
Rivatex E.A Limited		
Share capital	-	223,234
The investment in R(E.A)Ltd relates to the total cost of acquiring the company by Moi University.		
5. INVENTORIES		
Main	44,675	45,671
Catering	2,236	522
Rivatex inventory	499,715	
Farms	1,810	6,500
Bookshop	13,336	27,723
	<u>561,772</u>	<u>80,416</u>
The R(E.A)Ltd inventories are valued using the First In First Out (FIFO) method. They are valued at the lower of cost and net realisable value.		
6. BIOLOGICAL ASSETS		
As at year-end, the University had the following biological assets.		
Livestock	<u>6,906</u>	<u>7,731</u>
	<u>6,906</u>	<u>7,731</u>
Current assets:		
Crops in field	<u>2,435</u>	<u>3,863</u>
	<u>2,435</u>	<u>3,863</u>
7. RELATED PARTY BALANCE		
Rivatex (E.A) Limited	-	257,599
Moi University Holdings Limited	<u>2,366</u>	<u>2,366</u>
	<u>2,366</u>	<u>259,965</u>

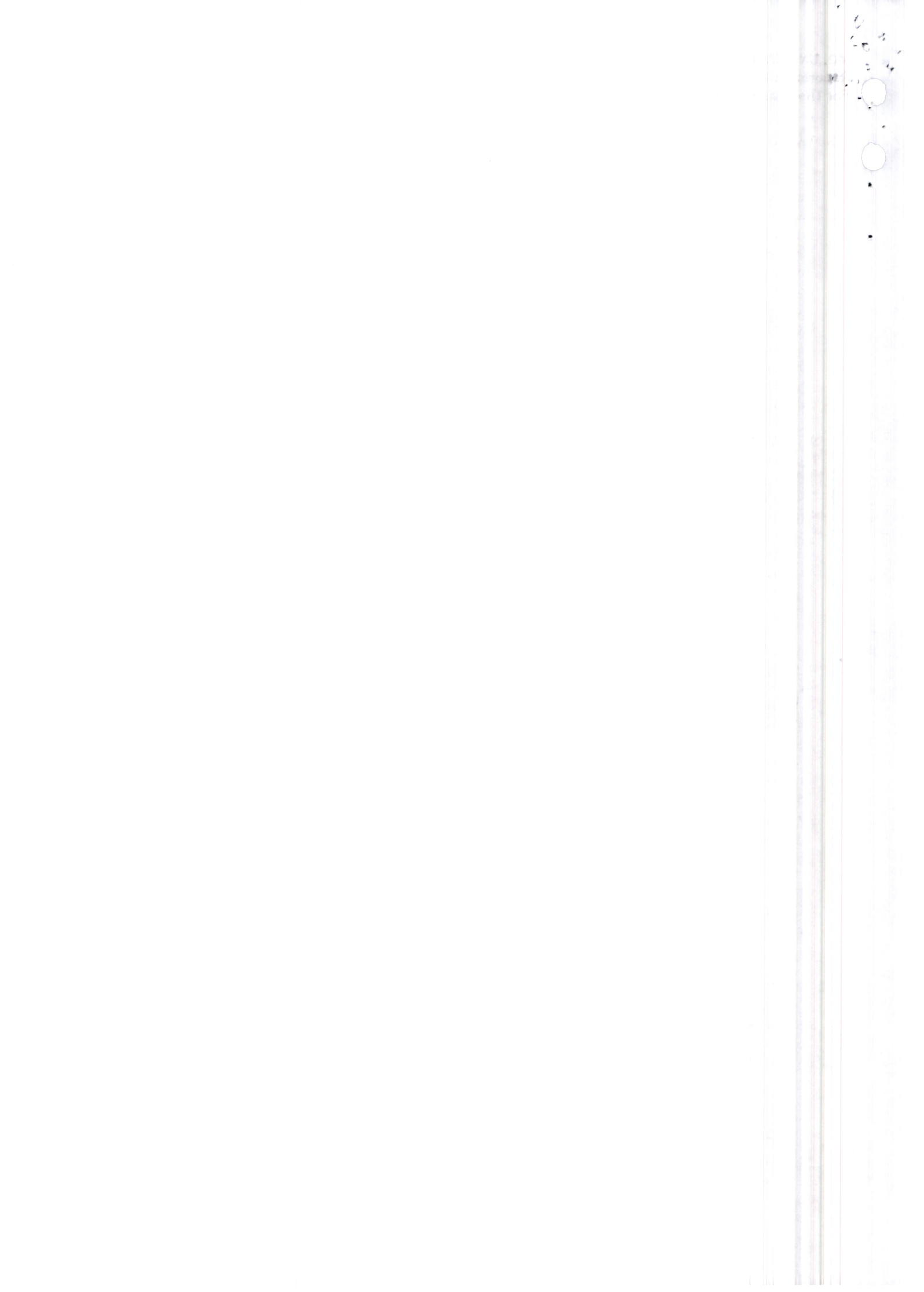
Moi University Holdings Limited has no shareholding as its limited by guarantee.

The related party balance for MUHL relates to bank balances for several operational units that were taken over by the company upon their assumption of management control of the units. The details are as follows:

Bank Account:	Date	Amount
Civil and Structural Engineering account	August 2003	1,364,993
M.U Computer Instrumentation Centre	August 2003	313,721
M.U Press bank account	August 2003	724,109
Amount from Kenya Seed	January 2011	(37,820)
		<u>2,365,004</u>

The related party balance for R(E.A)Ltd relates to amounts paid on behalf of the company.

Other transactions with the company were made at terms equivalent to those that prevail in arm's length transactions.



MOI UNIVERSITY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)	2015 Kshs (000)	2014 Kshs (000)
8. TRADE AND OTHER RECEIVABLES		
Amounts falling due within one year:-		
Student fees debtors	547,919	583,122
Other debtors and accruals	328,275	367,691
Farm debtors	305	1,199
Rivatex Receivables	22,531	-
Other PSSP debtors	800	800
	<u>899,830</u>	<u>952,812</u>
Provision for doubtful debts	(135,881)	(145,780)
	<u>763,949</u>	<u>807,032</u>

The general provision for the outstanding students' fees balances for the year has been calculated at 25% of the outstanding fees balances. The total general provision for outstanding is made up of Kshs 134,782,000 for students' fees balances and Kshs 1,098,578 for the trade receivables for Rivatex E.A Ltd.

8.(b) RIVATEX RECEIVABLES

The receivables for Rivatex E.A Ltd are made up as follows:

Trade receivables	8,098	-
Prepayments	14,103	-
Utilities deposits	330	-
Student fees debtors	<u>22,531</u>	<u>-</u>
Rivatex E.A Ltd made prepayments for various goods and services as shown below:		
Manawa Ginneries	13,979	-
Seragraphics Ltd	124	-
	<u>14,103</u>	<u>-</u>

9(a). CASH AND BANK BALANCES

Kenya Commercial Bank	45,239	29,678
National Bank of Kenya	23,607	44,392
Standard Chartered Bank	8,681	13,610
Equity Bank	2,743	9,051
TransNational Bank	10,735	-
Barclays Bank of Kenya	29,385	4,943
Rivatex E.A Ltd cash and bank balances	23,130	-
Co-operative Bank of Kenya	24,593	20,125
	<u>168,113</u>	<u>121,799</u>

9(b). RIVATEX E.A LTD CASH AND BANK BALANCES

The cash and bank balances for Rivatex E.A Ltd comprise the following items:

Cash at hand	31	-
Bank balance	23,099	-
	<u>23,130</u>	<u>-</u>

10. TRADE AND OTHER PAYABLES

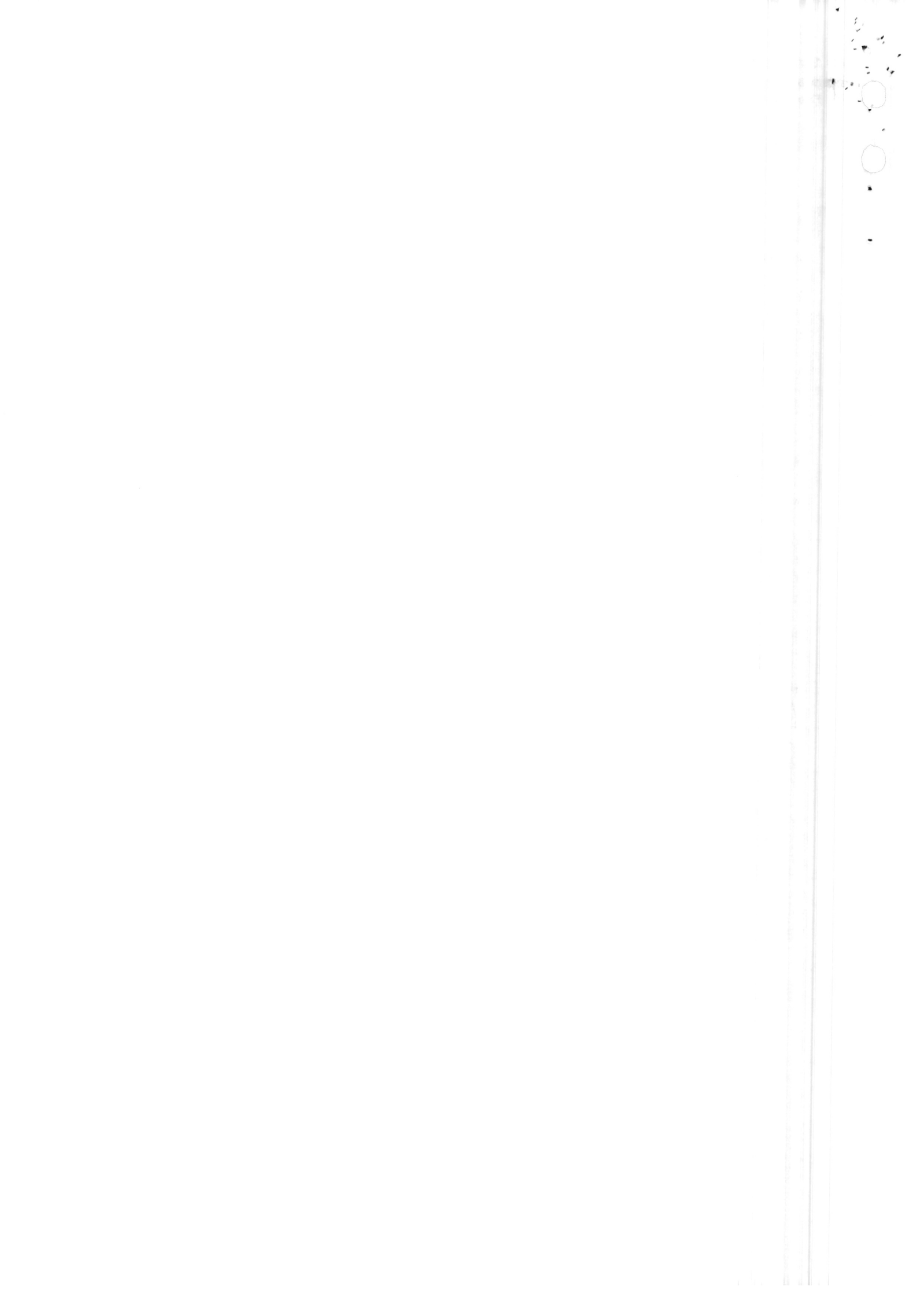
Amounts falling due within one year:-		
Recurrent and capital creditors	793,853	1,177,647
Students' holding accounts	207,178	176,531
Rivatex E.A Ltd trade creditors	13,286	-
	<u>1,014,317</u>	<u>1,354,178</u>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
11. BANK BALANCES		
Kenya Commercial Bank	196	-
National Bank of Kenya	4,195	1
	<u>4,391</u>	<u>1</u>
12. OTHER LIABILITIES AND PROVISIONS		
Provision for audit fees	6,960	6,960
Provision for audit fees - Rivatex E.A Ltd	250	-
Prepaid fees	-	17,896
	<u>7,210</u>	<u>24,856</u>
13. GOK LOAN		
Current:		
Amount payable within 12 months	-	7,081
Non-current:		
Amount payable after 12 months	231,250	224,169
	<u>231,250</u>	<u>231,250</u>
<p>The GOK loan was advanced to the University to facilitate the acquisition of its Karatina Campus. The Campus was gazetted as a constituent college of Moi University on 1 October 2010. The order establishing the college stated that all rights, liabilities and assets held by anybody on behalf of the college shall automatically and fully be transferred to the college. Moi University has paid the principal and interest on the loan up to the date of gazette. KUC (now Karatina University) is expected to take up the payment of the principal and interest until the loan is fully repaid. As per the terms of the loan, the University has written to the Government seeking consent to assign the loan to Karatina University.</p>		
14. GRANTS FROM NATIONAL GOVERNMENT		
RECURRENT CAPITATION GRANTS		
July	250,968	264,140
August	235,705	540,143
September	235,705	232,850
October	235,705	246,128
November	235,705	235,797
December	235,705	235,797
January	235,705	235,797
February	235,705	235,797
March	235,705	235,797
April	235,705	231,768
May	235,705	478,145
June	235,705	206,089
	<u>2,843,723</u>	<u>3,378,248</u>



MOI UNIVERSITY
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For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
CAPITAL DEVELOPMENT GRANTS		
August	-	4,953
October	18,900	45,000
January	18,900	7,769
April	-	5,849
May	-	18,352
June	-	90,000
	<u>37,800</u>	<u>171,923</u>
Amounts for Rivatex E.A Ltd	-	(135,000)
	<u>37,800</u>	<u>36,923</u>
TOTAL GRANTS FROM NATIONAL GOVERNMENT	<u><u>2,881,523</u></u>	<u><u>3,415,171</u></u>
15. IN-KIND DONATIONS		
Books	-	70,000
The books were donated to the University Library by Books for Africa.	<u>-</u>	<u>70,000</u>
16. TUITION AND RELATED CHARGES		
Tuition fees	3,305,390	3,406,542
Registration fees	5,693	6,057
Students' ID charges	3,405	3,686
Examination fees	58,920	67,654
Medical fees	63,207	71,506
Activity fees	39,655	42,498
Application fees	11,781	11,819
Workshop/attachment fees	194,523	196,845
Amenity fees	39,919	44,010
	<u>3,722,493</u>	<u>3,850,617</u>
17. OTHER SERVICES RENDERED		
Bookshop sales	24,580	33,433
Accommodation and catering services	101,716	107,756
Rental income	9,513	8,477
Sale of woven cloth and fabrics	118,426	-
Commercial tree nursery	-	134
	<u>254,235</u>	<u>149,800</u>



MOI UNIVERSITY
Reports And Financial Statements
For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

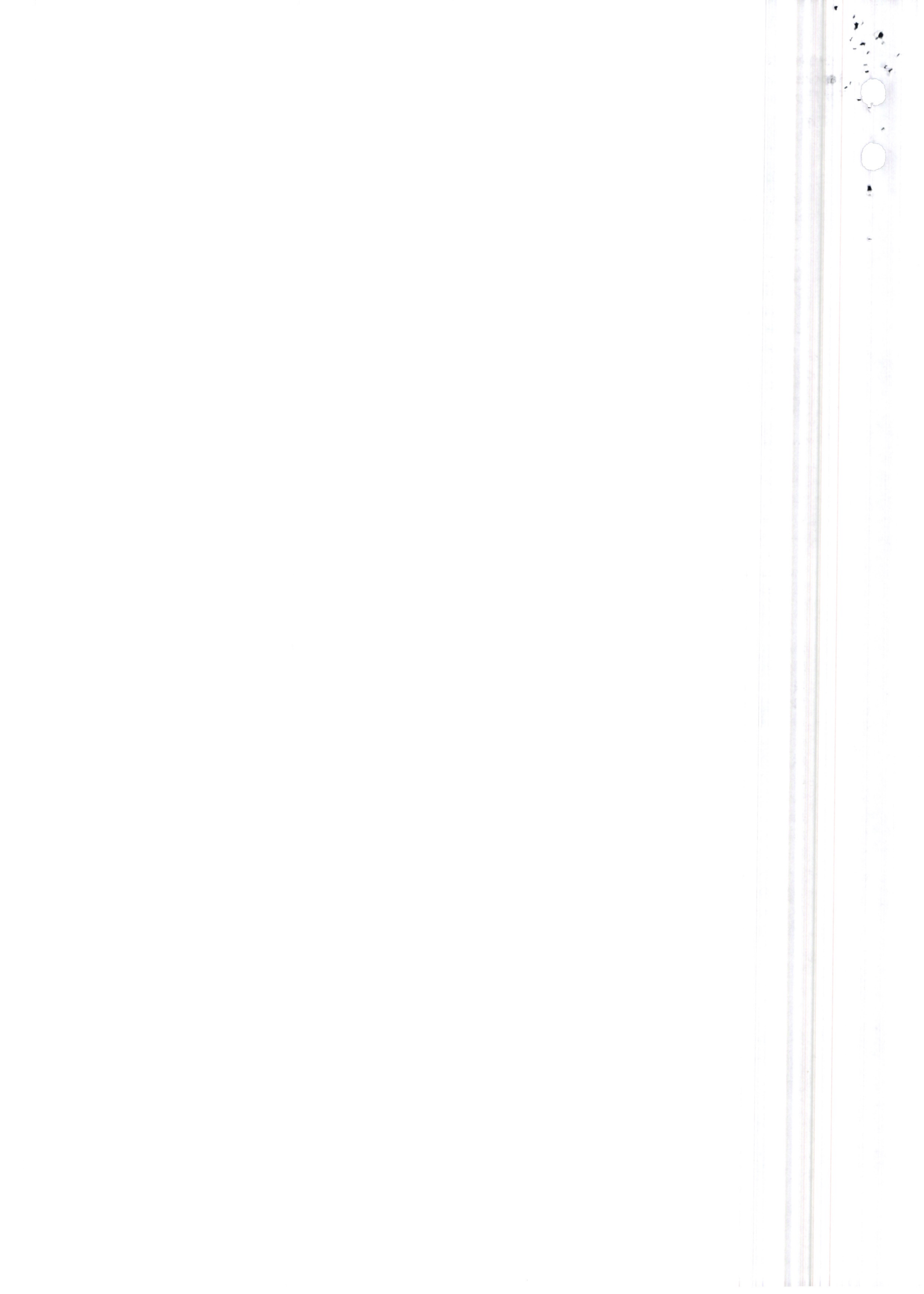
	2015 Kshs (000)	2014 Kshs (000)
18. SUNDRY INCOME		
Sale of tender documents	90	217
Water sales	190	365
Gain on disposal of motor vehicles	572	11
Graduation fees	28,202	18,794
Interest income	1,085	19,639
Decrease in provision for doubtful debts	8,800	44,584
Insurance compensation	10,356	-
Parking fees	3,800	4,393
Research grants	65,789	59,116
Other operating income- Rivatex	4,320	-
Fines	3,285	2,913
Miscellaneous	57,481	45,741
	<u>183,970</u>	<u>195,773</u>
19. UNIVERSITY FARMS REVENUE ACCOUNTS		
Farm sales	<u>13,919</u>	<u>14,311</u>
Less: Expenses		
Opening stocks	18,095	15,019
Farm expenses	<u>17,809</u>	<u>11,274</u>
	35,904	26,293
Personnel costs	12,669	14,065
Closing stocks	<u>(11,150)</u>	<u>(18,095)</u>
	<u>37,423</u>	<u>22,263</u>
Deficit for the year	<u>(23,504)</u>	<u>(7,952)</u>
20. ACADEMIC DEPARTMENTS EXPENSES		
Personal emoluments	2,478,102	3,600,272
House allowance	718,162	662,076
Responsibility allowance	235,586	152,413
Car allowance	74,099	83,423
Entertainment	52,806	27,244
Commuting allowance	70,182	69,966
Gratuity and retirement benefits	186,644	133,327
Teaching and office expenses	44,523	23,233
Travelling and accommodation	708	1,151
Telephone	2	1,721
Stationery	5,966	6,231
Purchase of uniforms	-	14
Vehicle running expenses	-	2,599
Staff development	3,207	10,165
University research programme	30,517	18,809
Field courses	39,230	43,103
Special grants research expenses	54,729	31,705
Books and journals	77	115
	<u>3,994,540</u>	<u>4,867,567</u>



MOI UNIVERSITY
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For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
21. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Personal emoluments	901,408	688,221
House allowance	343,187	341,801
Responsibility allowance	35,908	13,125
Car allowance	39,161	34,969
Entertainment	27,126	12,622
Commuting allowance	67,703	63,796
Advertisements	65,466	53,539
Gratuity and retirement benefits	83,040	205,165
Office expenses	15,036	20,127
Travelling and accommodation	17,849	7,257
Telephone	41,068	27,514
Purchase of uniforms	77	274
Vehicle running expenses	6,013	31,442
Insurance	73,530	45,525
Official entertainment	117	24
Council and senate expenses	33,857	26,527
Passage and baggage	800	820
Publishing and printing	1,578	2,678
Ceremonial and funeral expenses	350	250
Provision for audit fees	3,730	3,480
Bookshop expenditure	48,793	45,447
Books and journals	536	3,517
Rivatex administration expenses	32,018	-
Rivatex sales and marketing expenses	7,516	-
Rivatex cost of sales	159,076	-
Miscellaneous, legal and others	19,074	99,873
ISO and ISO related expenses	12,595	1,094
Depreciation	98,483	107,721
Air Service expenses	-	2,564
Postal and telegram	983	1,241
	<u>2,136,078</u>	<u>1,840,613</u>
22. (a) ACADEMIC SERVICES EXPENSES		
Personal emoluments	73,541	55,850
House allowance	41,153	31,054
Responsibility allowance	2,008	330
Car allowance	4,055	2,901
Entertainment	2,194	866
Commuting allowance	9,959	7,867
Gratuity and retirement benefits	9,736	6,881
Office expenses	369	105
Travelling and accommodation	-	36
Vehicle running expenses	-	1,152
Library books	28,697	96,516
Books and periodicals	185	464
	<u>171,897</u>	<u>204,022</u>



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For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
22. (b) COMPUTER SERVICES EXPENSES		
Personal emoluments	26,686	18,905
House allowance	16,150	10,944
Responsibility allowance	393	60
Car allowance	1,730	921
Purchase of uniforms	-	25
Commuting allowance	3,150	2,503
Gratuity and retirement benefits	3,367	2,633
Office expenses	36	88
Telephone	5	-
Books and periodicals	20	9
Entertainment	460	231
	<u>51,997</u>	<u>36,319</u>
TOTAL	<u><u>223,894</u></u>	<u><u>240,341</u></u>
23. GENERAL EDUCATIONAL SERVICES EXPENSES		
Graduation expenses	4,333	8,761
Students admission and examination	20,918	14,422
External examiners expenses	10,270	15,935
Staff development - non academic	1,063	2,733
External travel and accommodation	1,469	1,380
Conferences and seminars	1,405	3,157
	<u>39,458</u>	<u>46,388</u>
24. MAINTENANCE OF PREMISES		
Rents and rates	201,336	162,218
Electricity, water and conservancy	256,487	217,755
Maintenance of buildings	8,153	14,173
	<u>465,976</u>	<u>394,146</u>
25. STAFF AND STUDENTS WELFARE		
University medical scheme	117,232	114,083
Recruitment expenses	391	913
Passage and leave	14,824	13,783
Hotel accommodation and hospitality	-	116
Students' accommodation and catering expenses	24,319	29,469
Students' welfare services	41,381	22,981
	<u>198,147</u>	<u>181,345</u>



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 Kshs (000)	2014 Kshs (000)
26. MISCELLANEOUS EXPENSES		
ASK show expenses	790	1,332
Maintenance of plant and equipment	20,885	25,220
Others	18,813	52,973
	<u>40,488</u>	<u>79,525</u>
27. BOOKSHOP REVENUE ACCOUNT		
Sales	<u>24,580</u>	<u>33,433</u>
Less: Cost of sales		
Opening stocks	27,723	28,884
Purchases	<u>20,787</u>	<u>25,911</u>
	48,510	54,795
Closing stocks	<u>(13,336)</u>	<u>(27,723)</u>
	<u>35,174</u>	<u>27,072</u>
Gross surplus for the year	(10,594)	6,361
Less: Expenses		
Salaries and wages	13,619	14,009
Rent	-	4,356
Others	-	10
Deficit for the year	<u>(24,213)</u>	<u>(7,658)</u>
28. CASH AND CASH EQUIVALENTS		
The cash and cash equivalents in the cash flow statements is composed of the following amounts:		
Bank and cash balances	168,113	121,799
Bank balances	<u>(4,391)</u>	<u>(1)</u>
	<u>163,722</u>	<u>121,798</u>

29. SIGNIFICANT CONTROLLED ENTITIES

The significant controlled entities by the University are as follows:

	Country of Incorporation	Holding %
Trading controlled entity:		
Rivatex E.A Limited	Kenya	100
Non -Trading controlled entity:		
Moi University Holdings Limited	Kenya	100

The board of the company held a special general meeting on 9 June 2014 where a resolution to wind up the company was passed. The company was dissolved on 8th April 2016.

30. CONTINGENCIES

a) Contingent liabilities

The university has a contingent liability in respect of car, housing and furniture loans granted to staff through the Kenya Commercial Bank. In the opinion of the University, no liability is expected to crystallise in respect of the guarantees.

MOI UNIVERSITY
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For The Year Ended 30 June 2015 (Kshs '000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

b) Litigation

i) A claim of Kshs 185,000,068 against the University is pending resolution in the High Court arising out of one of the capital projects that were being financed by the Government. Based on legal counsel, the chances of an adverse outcome for the University have been assessed as low. The entire amount has therefore been disclosed as a contingent liability.

ii) In the ordinary course of operations, the University is a defendant in various litigations and claims. Although there are no assurances, the University believes, based on information currently available, that the ultimate resolution of these legal proceedings and claims is not likely to have a material adverse effect on the operations of the University.

The cases are pending determination by the courts and it is not practicable to determine the timing and final amounts (if any).

Due to nature of the cases, detailed disclosure has not been made for each case as this may be prejudicial to the position of the University.

ii) Pending bills

The University has various pending bills arising out of the stalled government- financed capital projects.

The government has appointed a Pending Bills Closing Committee to verify the stock of pending bills and advise the government on their settlement.

No material liability will arise to the University for these pending bills as the determination and eventual settlement of the pending bills will be done by the government. No provision has therefore been made for the bills.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

a) Handing over of assets and liabilities to University of Eldoret

The University handed over the assets and liabilities belonging to University of Eldoret (formerly Chepkoilel University College) on 15 December 2014, save for legal cases relating to the former Chepkoilel University College. Further, there are pending contentious issues regarding Malindi and Homa Hills lands. While University of Eldoret contends that these should be transferred to them, the position of the University is that these are Moi University assets that should not be part of the handing over.

The three pending issues have been handed over to the parent ministry for consideration and ultimate resolution.

b) Winding up of Moi University Holdings Limited (MUHL).

The board of the company held a special general meeting on 9 June 2014 where a resolution to wind up the company was passed. Consequent to the formal resolution to wind up the company and the filing of winding up with the Registrar of Companies, the company was dissolved on 8th April 2016.

32. LEGAL STATUS

The University is a body corporate established in Kenya under the Universities Act 2012 and chartered under Legal Notice No. 202/2013 and is domiciled in Kenya.

ITEM NO.	APPROVED ESTIMATES	REVISED ESTIMATES	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	EXPLANATION OF MATERIAL VARIANCES
	Ksh.'000	Ksh.'000	Ksh.'000	Ksh.'000	
INCOME					
001 Exchequer Grants	2,828,459	2,828,459	2,843,723	(15,264)	
003 Tuition & Related Charges	453,733	453,733	468,942	15,209	Increase in the number of Govt Sponsored students admitted
170 Privately Sponsored Students Fees	1,690,403	1,690,403	2,836,448	1,146,045	Increase due to continuous running of PSSP programmes
401 Students Accomodation Fees	59,238	59,238	101,716	42,478	Increase in the number of students seeking Univ accomodation
407 Students Field Trips/Courses	73,850	73,850	194,523	120,673	Increase due to continuous running of academic programmes
409 Students Activities	27,928	27,928	39,655	11,727	Increase due to continuous running of academic programmes
402 Research Funds	36,106	36,106	65,789	29,683	
403 Farm Income	7,972	7,972	13,919	5,947	Better than anticipated wheat and maize yields
117 Rental Income	4,838	4,838	9,513	4,675	
164 Other Income	30,946	30,946	321,366	290,420	Two graduations held during the year hence increase
TOTAL	5,213,473	5,213,473	6,895,594	1,651,593	
EXPENDITURE					
Personal Emoluments	Ksh.	Ksh.	Ksh.	Ksh.	
000 Basic Salaries	2,012,910	2,012,910	2,593,186	(580,276)	
040 Gratuity & Pension contribution	348,453	348,453	282,787	65,666	
050 House allowance	989,799	989,799	1,118,652	(128,853)	
060 Other personal allowance	409,026	409,026	356,481	52,545	
090 Salary and House allowance arrears	-	-	-	-	
070 House to Office allowance	152,755	152,755	262,224	(109,469)	
080 Passage & Leave	14,914	14,914	14,824	90	
Sub-total	3,927,857	3,927,857	4,628,154	(700,297)	
Operations & Maintenance	Ksh.	Ksh.	Ksh.	Ksh.	
090 Medical expenses	77,109	77,109	116,824	(39,715)	Increase in the cost of specialised treatment to staff
100 Transport operating expenses	11,227	11,227	6,013	5,214	
110 Travelling & Accom. exps.	12,798	12,798	9,623	3,175	
112 External Travelling & Accom.	6,271	6,271	1,469	4,802	
115 External Examiners	7,916	7,916	10,270	(2,354)	Increase in transport and hotel costs, number from out of the country
120 Postal & Telegram expenses	1,475	1,475	983	492	
121 Telephone expenses	11,116	11,116	10,962	154	Switch to prepaid calling cards hence reduction in telephone costs
122 Internet Expenses	30,000	30,000	39,636	(9,636)	Increase in bandwidth hence higher internet costs
130 Official entertainments	146	146	117	29	
131 Deans & Senate comm. exp.	6,961	6,961	6,107	854	Reduction in costs due to change to e-senate and e-deans' meetings
132 Council Expenses	30,913	30,913	23,985	6,928	Reduction in number of council members and meetings
135 Public celebration & funerals	1,398	1,398	350	1,048	
136 Graduation expenses	21,810	21,810	4,333	17,477	Reduction in costs of maintenance of graduation grounds, bands
137 Open & Cultural Day Celebrations	1,004	1,004	-	1,004	



140	Electricity, water & conservancy	168,000	168,000	225,079	(57,079)	Increase in electricity costs during the year country-wide
150	Teaching materials	25,690	25,690	36,509	(10,819)	Increase in general prices of teaching materials and specialised courses
171	Publishing & printing expenses	2,323	2,323	1,578	745	
172	Purchase of uniform & clothing	5,014	5,014	77	4,937	Negotiations on uniforms not concluded during the year
173	Library Expenses	6,939	6,939	7,568	(629)	
174	Purchase of Stationery	19,492	19,492	15,860	3,632	
175	Advertising & Publicity	23,071	23,071	18,491	4,580	
176	Show expenses	817	817	790	27	
179	Audit fees	2,620	2,620	3,480	(860)	
182	Payment of rent/rates	40,367	40,367	40,365	2	
185	Computer Expenses	5,000	5,000	1,261	3,739	
187	Insurance expenses	24,916	24,916	55,768	(30,852)	Increase in group personal and other premiums
190	Legal Expenses	3,653	3,653	3,117	536	
191	Cleaning Materials & Detergents	1,889	1,889	759	1,130	
192	Farm Expenses	5,000	5,000	17,809	(12,809)	Increase in wheat and maize expenses
194	Training expenses	7,516	7,516	4,270	3,246	
196	Post graduate programme	3,000	3,000	2,900	100	
197	University research programme	3,551	3,551	2,598	953	
210	Purchase of Motor Vehicles & Aeroplane	64,252	64,252	4,165	60,087	No vehicles purchased during the year
220	Purchase of Plant & Equipment	33,813	33,813	33,160	653	
221	Inter-University Games	1,681	1,681	1,451	230	
230	Purchase of medical Equip.	5,000	5,000	600	4,400	
250	Maintenance of Plant & Equip.	5,078	5,078	1,502	3,576	
251	Maintenance of Computers	1,745	1,745	34	1,711	
260	Maintenance of Building & stat.	6,848	6,848	7,260	(412)	
261	Maintenance of Catering & Host.	18,808	18,808	18,728	80	
270	Maintenance of water supplies	4,990	4,990	4,954	36	
280	Maintenance of Playgrounds	1,740	1,740	1,793	(53)	
281	ICT Infrastructure	5,000	5,000	24	4,976	
282	FMIS final phase	6,000	6,000	-	6,000	FMIS implementation not yet finalized
283	Directorate of Open & Distance Learning	5,000	5,000	3,165	1,835	
290	Purchase of Academic Inform. System	12,349	12,349	171	12,178	SMIS not yet concluded
380	Payment of outstanding debts	70,911	70,911	70,909	2	
390	Contract Services & Subscriptions	8,511	8,511	5,245	3,266	
404	Pssp disbursements & Costs	330,863	330,863	1,188,726	(857,863)	Increase in the payments to PSSP service providers and exp
405	Research funds disbursements	33,582	33,582	54,729	(21,147)	Increase correlates with rise in research funds received
406	Students Field Trips/Courses	44,712	44,712	39,230	5,482	Increase in the number of field trips and courses
408	Students Activities	18,538	18,538	41,381	(22,843)	Increase in number of students' activities
410	Contigent Liabilities	16,193	16,193	20,736	(4,543)	
412	Other Campus Expenses	3,000	3,000	2,070	930	
413	ISO Expenses	7,000	7,000	6,998	2	
414	Strategic Plan Implementation	9,000	9,000	5,597	3,403	
	Performance Contracting	2,000	2,000	522	1,478	
	Sub-total	1,285,616	1,285,616	2,182,101	(896,485)	
	Gross Expenditure	5,213,473	5,213,473	6,810,255	(1,596,782)	
	Net Surplus/(Deficit)	-	-	85,339	54,811	

