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# Maseno University

ANNUAL REPORT

&

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE, 2012

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF  
THE  
AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
MASENO UNIVERSITY FOR THE YEAR  
ENDED 30 JUNE 2012**

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# Maseno University

ANNUAL REPORT

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FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 30<sup>TH</sup> JUNE, 2012

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

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## **GENERAL INFORMATION**

1. **OWNERSHIP AND STRUCTURE**

The Institution is 100% owned by the Government of Kenya

Ministry of Higher Education, Science & Technology being the Parent Ministry

2. **ADDRESS**

Maseno University

Head Office - College Campus on Kisumu-Busia Road

Private Bag

MASENO

Tel: 057-351622

Fax: 057-351221

3. **BANKERS**

Kenya Commercial Bank

Kisumu

Standard Chartered Bank

Kisumu.

Co-operative Bank

Kisumu; Homa-bay

National Bank of Kenya

Kisumu Branch

Equity Bank

Luanda; Kisumu Branch

4. **AUDITORS**

Auditor - General

Anniversary Towers

P O Box 30084-00100

NAIROBI

**FUNDAMENTAL STATEMENTS OF THE UNIVERSITY**

**VISION STATEMENT**

The University of Excellence in discovery and dissemination of knowledge

**MISSION STATEMENT**

To discover, harness, apply, disseminate and preserve knowledge for the good of humanity

**OBJECTIVES**

- To provide directly, or in collaboration with other institutions of higher learning, facilities for University education and research including technological, scientific and professional fields and research.
- To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellectual participation of students and staff in the economic, social, cultural, scientific and technological development of Kenya and globally.
- To harness acquired knowledge of the natural, applied and social sciences to manage the environment and to conserve biodiversity.
- To conduct examination for and to grant such academic awards as may be, from time to time, provided for in the statutes
- To determine who may teach, what may be taught and how it may be taught in the University
- To play an effective role in the development and expansion of opportunities for the University Education.

**CORE VALUES**

**Maseno University seeks to uphold the following values: "REEQI"**

- **Relevance:** The University is committed to ensuring relevance in its programs and activities.
- **Excellence:** Excellence shall be targeted in outputs of the university
- **Equity:** The University shall ensure that there is equity in all the opportunities within its jurisdiction.
- **Quality:** All outputs and processes of the University shall ensure that quality is maintained.
- **Integrity:** The University shall ensure integrity in all their undertaking.

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

MEMBERS OF MASENO UNIVERSITY COUNCIL

CHAIRMAN	Prof. Japhet Chesire Kiptoon, BVSc(UoN), MSc(Michigan), Ph.D(UoN), EBS, MBS
VICE CHAIRMAN	Mr. Daniel Shem Omino, BSc (UoN), MBA(Maastricht)
HON. TREASURER.	Mrs Gladys N Taraiya, Dip.Law (Kenya School of Law). LLB Hons( UoN).
VICE CHANCELLOR	Prof. Dominic Makawiti, SI (KSTC), BSc (UoN), Ph.D. (London), MBA (UoN), MIBiol, HSC, FKNAS.
MEMBER	Amb. Prof. David A.K.Kikaya, BA (UoN), MA (Bradford) Ph.D (Bradford).
MEMBER	Eng. John Kisenga, BSc(UoN) MSc (Loughborough)
MEMBER	Dr. Reuben Indiatsi Nasibi. Ph.D.
MEMBER	Mr. Don Remmy Ogalo Riaroh, Bsc(UoN) Msc(Leicester).
MEMBER	Dr. Ida Odinga, BA (Hons) (UoN)
MEMBER	Dr. Dekha Sheikh, Bsc(UoN), MSc (Clemson), Ph.D (Misseri)
PS-MIN. OF HIGHER EDUCATION SCIENCE AND TECHNOLOGY	Dr. Areba Nyang'ata (Representative)
PS-MIN. OF FINANCE	Mrs. Mary Wachira (Representative)
PS-MIN OF PUBLIC WORKS	Architecture Cosmas Maweu, B,Arch.(UoN), CIPM (Rep)
PS-MIN OF STATE FOR PUBLIC SERVICE SECRETARY CHE	Mrs. Njoki Kahiga (Representative) Prof. Juvrett M Standa,BA,MA,Ph.D.(SUNY-Bufallo),MBS.
DVC (A&F)	Prof. Mary K. Walingo, BEd (Kenyatta), MSc(UoN). PhD(Hyderabad), MBA (Maseno)
DVC-(AA)	Prof. Madara Ogot, BSE Hons (Princeton), MSc (Penn State),PhD(Penn State), MBA(Rutgers),MKNAS
DVC -PRES	Prof. George Mark Onyango,BA,MA(UoN), Ph.D.(Bremen) MKIP
PRINCIPAL BONDO UNIVERSITY	Prof. Stephen Agong, BSc, MSc (UoN), Ph.D (Justus-Lie Big).
PRINCIPAL CITY CAMPUS	Dr. Catherine A. Muhoma, BEd (Moi), M.Phil (Maseno), Ph.D (Witwatersrand)
SENATE REPRESENTATIVE	Prof. John Ogonji Agure PGDE (Birmingham) MSc. (Odessa State), Ph.D. (Birmingham).
SENATE REPRESENTATIVE	Dr. Erick O. Nyambedha, BA, MA (UoN), Ph.D (Copenhagen)
NON-ACADEMIC STAFF REP	Mr. Joshua Kobudho, Higher HND (Kenya Poly).
LEGAL OFFICER	Ms. Elizabeth Ayoo LLB (Moi), Di.p. Law (KSL)

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

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**PRINCIPAL OFFICERS OF THE UNIVERSITY**

CHANCELLOR	Prof. Florida A. Karani, Ph.D, BEd.D (Hon).OGW
CHAIRMAN OF COUNCIL	Prof. Japhet Chesire Kiptoon, BVSc(UoN), MSc(Michigan), Ph.D(UoN).
VICE CHANCELLOR	Prof. Dominic Makawiti, S1(KSTC), Bsc(UoN) PhD (London), EBS, MBA(UoN), EBS, MIBiol, HSC, FKNAS.
DEP. VICE CHANCELLOR (Finance & Administration)	Prof. Mary K. Walingo, BEd( Kenyatta) MSc (UoN), PhD (Hyderabad)
DEP. VICE CHANCELLOR (Academic Affairs)	Prof. Madara Ogot BSE Hons(Princeton), MSc(Penn State), PhD(Penn State), MBA(Rutgers), MKNAS
DEP. VICE CHANCELLOR (Planning Research & Extension Services)	Prof. George Mark Onyango, BA, MA (UoN), PhD (Bremen) MKIP
PRINCIPAL CITY CAMPUS	Dr. Catherine A. Muhoma, BEd (Moi), M.Phil (Maseno), PhD (Witwatersrand)
FINANCE OFFICER	Mrs. Ruth Kusienya Chesang', Bcom. (UoN)
UNIVERSITY LIBRARIAN	Ms. Sylvia Ogolla BED (KU), MA (Loughborough) (Ag.)
REGISTRAR (Administration)	Mr. Mathew O. Onyango, BEd(UoN), MEd(Manchester).
DEPUTY REGISTRAR (Academic Affairs)	Mr. Charles N O. Kwach BEd (UoN). (Ag.)
HEAD, MEDICAL SERVICES	Dr Vitalis Ouko Ogilo, MB. Ch.B ( UoN)
LEGAL OFFICER	Ms. Elizabeth Ayoo LLB (Moi), Di.p. Law (KSL)



## THE CHAIRMAN'S REPORT

I take great pleasure in presenting the financial statements for 2011/2012 of Maseno University. This financial statement marks the first year of the implementation of our Strategic Plan 2011-2017. It is prepared in conformity with Article 81 of the Public Finance Management Act, 2012 which commenced on 27<sup>th</sup> August 2012.

Maseno University continues to be committed to its mission and vision. The major milestones in the year under review include the admission of first group of students into medical school and the admission of students into the accelerated admissions programme over and above the normal JAB admissions. Substantial revenues have also been realized from various university campuses as well as the innovative e-campus programmes.

However, major challenges continue to face the institution. These include under capitation which has seen major shortfall in meeting the enhanced enrolment. We look forward to increased funding to enable us discharge our mandate effectively.

We are confident and satisfied that with continued prudent management of resources and an increase in government grants, Maseno University will develop into a leading University and a competitive center of excellence in Kenya.

I wish to thank the Chancellor, Council members, the Vice-Chancellor and the staff for their dedication and support. I would also like to commend the student body for their cooperation and understanding, which has contributed greatly to the stability and growth of the University. With the support of all stakeholders we look forward to even greater achievements.



**Professor Japheth C. Kiptoon, PhD, EBS, MBS**  
**Chairman, Maseno University Council**

### VICE CHANCELLOR'S REPORT

Maseno University's performance during the year under review was good. The government capitation has stagnated at the same level despite the increase in enrolment and increase in prices of goods and services over the years. This has affected our performance financially with the result that we have a huge deficit in our budget. However the University has put in place the necessary internal control measures to ensure that we meet the targets based on our performance contract.

The University cannot meet its operations and maintenance costs adequately without adequate government support. Several projects have remained incomplete because they cannot be funded from internal resources. This has forced the scaling down of expenditure in some key areas that are integral part of the overall university objectives, and the University is looking forward to increase in capitation and development grants from the government.

The University launched its 2011-2017 Strategic Plans which will serve as its roadmap in attaining its mission and strategic objectives. Successful implementation of the Strategic Plan will require financial resources.

I wish to thank the government, the Council, staff, students, parents, international partners and other stakeholders for their contributions and support during the year.



Professor Dominic W. Makawiti, EBS, HSC, FKNAS  
Vice-Chancellor

## STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

Maseno University is required to prepare financial statements, which give a true and fair view of the state of affairs of the university as at the end of the financial year, and of its surplus or deficit for that year.

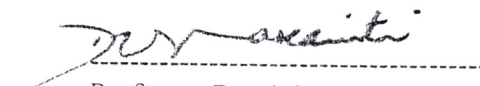
The University Council is required to ensure that the University maintains proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council accepts responsibility of annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards.

The Council is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at 30<sup>th</sup> June 2012 and of its surplus for the year then ended. The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which may be relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal controls.

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

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

  
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Professor Dominic W. Makawiti, EBS, HSC, FKNAS

Date 10.4.2013  
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Vice-Chancellor



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON MASENO UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2012

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Maseno University set out on pages 8 to 30, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in capital funds and reserves 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 Financial Reporting Standards 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 of Kenya. The audit was conducted in accordance with International Standards on Auditing. 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 opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

#### **Basis for Qualified Opinion**

##### **1. Financial Position**

The statement of comprehensive income for the year ended 30 June 2012 reflects a deficit of Ksh.100,103,885 (2010/11 – Ksh.35,849,154). If strategies are not put in place to reverse the trend, the University may face financial difficulties in its future operations.

##### **2. Property, Plant and Equipment**

###### **(i) Self-Catering Student Accommodation (Vet Farm)**

As similarly reported in the previous year 2010/2011, the property, plant and equipment balance of Kshs.2,334,857,539 includes Work in Progress balance of Kshs.630,400,156 as at 30 June 2012 out of which an amount of Kshs.238,222,122 is in respect of construction of four hundred (400) units of self-catering students accommodation. According to information available, the project was undertaken through a system referred to as 'labour contract' which involves buying of building materials by the University while contracting out the labour. Records also made available indicate that the cost of the project was estimated at Kshs.167,000,000 leading to a cost of overrun of Kshs.71,222,122.

###### **(ii) Work in Progress**

Also as similarly reported in the previous year 2010/2011, the work in Progress of Kshs 630,400,156 as at 30 June 2012 includes Kshs.58,377,188, Kshs.20,370,545

and Kshs.238,222,122 for Millennium Lecture Halls, Management Information Systems and Vet Farm Hostels respectively. These particular projects have been completed and are in use but have not been transferred from the Work in Progress. Further, included in the work in progress is Kshs.12,770,903 for the construction of the graduation pavilion whose contract terms and procurement documents were not availed for audit review.

### **(iii) Library Construction**

Further, and as similarly reported in the previous year 2010/2011, included in the Work in Progress figure of Kshs.630,400,156 as at 30 June 2012 is Kshs.208,364,940 being cost of the construction of a library. According to information available, the project is being undertaken through a system referred to as 'labour contract' which involves buying building materials by the University while contracting labour. However, as per the contract agreement dated 31 May 2011, the labour contract was to cost Kshs.68,005,163 as opposed to Kshs.208,364,940 and therefore resulting to a cost overrun of Kshs.140,359,777 (206% increase). Further, the project was to take a duration of 56 weeks, but as at the time of this audit, the construction had taken 135 weeks and is yet to be completed.

**(v)** As similarly reported in the previous year, the property, plant and equipment balance of Kshs.2,334,857,539 as at 30 June 2012 excludes five (5) parcels of land measuring 115 hectares with undetermined value, situated at Kisumu Municipality and Maseno Township.

**(vi)** Similarly, as reported in the previous year 2010/2011, the University incurred an expenditure of Kshs.125,000,000 during that year for the purchase of parcel ref. no.12/55 measuring 0.4181 hectares in Kisumu Municipality. However, and according to information available, the expenditure does not appear to have been factored in the budget for that year, contrary to Section 12 of the State Corporations Act, Cap 446.

In the circumstances, it has not been possible to confirm the propriety of the costs overrun totalling Kshs.211,581,899 in respect to library and vet farm as well as the parcel of land in Kisumu costing Kshs.125,000,000 and that the property, plant and equipment balance of Kshs.2,334,857,539 is fairly stated as at 30 June 2012.

### **3. Cash and Bank Balances**

**(i)** As similarly reported in the previous year 2010/2011, included in the cash and bank balances figure of Kshs.87,709,607 as at 30 June 2012 is Kshs.184,524, Kshs.1,637,502, Kshs.946,052 and Kshs.1,551 for three bank accounts and the main petty cash float which have remained dormant for a long period of time and for which no cash books were maintained and no bank reconciliation statements were prepared.

(ii) Further, and as similarly reported in the previous year 2010/2011, the cash and bank balances figure of Kshs.87,709,607 was arrived at after taking into account Kshs.257,146 and Kshs.6,614,468 being uneffected bankings and unidentified credits respectively which had not been explained or identified as at the time of this audit.

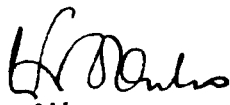
In the circumstances, it has not been possible to confirm whether the cash and bank balance of Kshs.87,709,607 as at 30 June 2012 is fairly stated.

#### **4. Current Liabilities**

Included in the current liabilities figure of Kshs.169,175,162 is Kshs.4,281,090 for a bank overdraft for which no University Council approval was availed for audit review. In the circumstances, the propriety of the bank overdraft figure of Kshs.4,281,090 as at 30 June 2012 could not be confirmed.

#### **Qualified Opinion**

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Maseno University Act, 2000.



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

**Nairobi**

**28 May 2013**

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

**STATEMENT OF COMPREHENSIVE INCOME**  
 For Year Ended 30th June 2012

	<i>Notes</i>	<b>2012</b> <b>KShs</b>	<b>2011</b> <b>Restated</b> <b>KShs</b>
Capitation Grants	2	1,117,082,765	1,117,082,767
Tuition Fees	3	656,522,615	471,781,792
Other Incomes	3	286,821,874	280,765,078
<b>Sub-Total</b>		<b><u>2,060,427,253</u></b>	<b><u>1,869,629,637</u></b>
<b>Expenditure for the Year</b>			
Personal emoluments	4	1,416,477,406	1,258,769,317
Operating and maintenance Expenses	4	724,597,633	630,064,534
Council Expenses	4	18,706,099	15,894,940
Audit fees	4	750,000	750,000
<b>Total expenses</b>		<b><u>2,160,531,139</u></b>	<b><u>1,905,478,791</u></b>
<b>Surplus/(Deficit) for the year</b>		<b>(100,103,885)</b>	<b>(35,849,154)</b>
Balance b/f		527,801,278	567,869,763
Restated balance		.	(4,219,331)
Re- Stated Balance b/f		527,801,278	563,650,432
<b>Surplus/(Deficit) C/Forward</b>		<b><u><u>427,697,393</u></u></b>	<b><u><u>527,801,278</u></u></b>



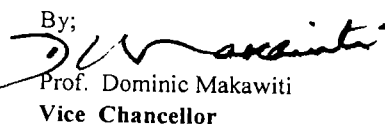
*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

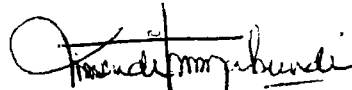
**STATEMENT OF FINANCIAL POSITION**  
**As at 30<sup>th</sup> June 2012**

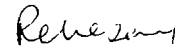
	Notes	2012 KShs	2011 restated KShs	2010 KShs
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant & Equipment	5	2,334,857,539	2,235,972,135	2,008,191,651
Investment in Treasury Bonds	6	10,000,000	10,000,000	10,000,000
Biological Assets	7	10,339,865	7,204,250	3,960,060
<b>TOTAL NON CURRENT ASSETS</b>		<b>2,355,197,404</b>	<b>2,253,176,385</b>	<b>2,022,151,711</b>
<b>CURRENT ASSETS</b>				
Inventories	8	64,379,781	39,654,713	48,495,127
Trade & Other Receivables	9	31,282,556	35,368,042	27,119,314
Short Term Deposits	10	55,355,963	159,217,120	285,474,959
Bank & Cash Balances	11	87,709,607	167,616,543	202,852,852
Bank Guarantee	11	2,000,000	2,000,000	-
<b>Total Current Assets</b>		<b>240,727,907</b>	<b>403,856,418</b>	<b>563,942,252</b>
<b>TOTAL ASSETS</b>		<b>2,595,925,311</b>	<b>2,657,032,803</b>	<b>2,586,093,963</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Capital Fund		1,990,661,856	1,950,661,856	1,910,661,856
Revenue Reserve	12	427,697,393	527,801,278	567,869,763
<b>TOTAL EQUITY</b>		<b>2,418,359,249</b>	<b>2,478,463,134</b>	<b>2,478,531,619</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Students Caution Money	13	8,390,900	5,956,700	5,803,600
<b>Current liabilities</b>				
Trade & Other Payables	14	164,144,072	171,112,969	101,008,744
Bank Overdraft	14	4,281,090	-	-
Provision for Audit Fee	15	750,000	1,500,000	750,000
<b>Total Current Liabilities</b>		<b>169,175,162</b>	<b>178,569,669</b>	<b>101,758,744</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,595,925,311</b>	<b>2,657,032,803</b>	<b>2,586,093,963</b>

The notes on page 12 to 30 form an integral part of these Financial Statements. The Financial Statements were approved and signed on behalf of the University Council on 30-09-2012

By;

  
 Prof. Dominic Makawiti  
 Vice Chancellor

  
 Prof. Julius O. Nyabundi  
 Ag. DVC A & F

  
 Ruth K. Chesang  
 Finance Officer

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30/06/2012**

	2012	2011
	KShs	Restated KShs
<b><u>Cash flow from operating activities</u></b>		
Surplus/(Deficit) for the year	(100,103,885)	(35,849,154)
<b><u>ADJUSTMENTS</u></b>		
Depreciation	84,185,663	81,805,710
Provisions - Audit Fees	750,000	750,000
Profit on sale of Fixed Assets	-	(256,194)
(Increase)/Decrease in Biological assets	(3,135,615)	(3,244,190)
Interest Received	(1,332,723)	(5,969,209)
Prior year Adjustments	-	(4,219,331)
<b>Operating Profit before working capital changes</b>	<b>(19,636,560)</b>	<b>33,017,632</b>
(Increase )/Decrease in Inventory	(24,725,068)	8,840,414
(Increase) / Decrease in Receivables	4,085,486	(8,248,728)
Increase /(Decrease) in Payables	(2,687,807)	70,104,225
	<b>(23,327,389)</b>	<b>66,476,580</b>
<b>Cash Generated from Operations</b>	<b>(42,963,949)</b>	<b>103,713,543</b>
<b>Return on investing &amp; Servicing Finance</b>		
Interest Received	1,332,723	5,969,209
	<b>1,332,723</b>	<b>5,969,209</b>
<b><u>Cash flow from Investing Activities</u></b>		
Acquisition of Fixed Assets	(183,071,067)	(309,823,981)
Payment of Audit Fees	(1,500,000)	-
Proceeds from sale of Motor Vehicles		493,981
	<b>(184,571,067)</b>	<b>(309,330,000)</b>
<b>Cash flow from Financing Activities</b>		
Development Grants (MOHEST)	40,000,000	40,000,000
Caution Money Refund-Aggregate	2,434,200	153,100
	<b>42,434,200</b>	<b>40,153,100</b>
<b>Increase in Cash &amp; Cash Equivalents</b>	<b>(183,768,093)</b>	<b>(159,494,148)</b>
Cash & Cash Equivalent at 1st July 2011	328,833,663	488,327,811
Cash & Cash Equivalent at 30th June 2012	<b>145,065,570</b>	<b>328,833,663</b>
<b>Represented by:</b>		
Bank balances(Note 11)	89,708,056	169,456,420
Cash balances (Note 11)	1,551,03	160,123
<b>Cash and cash balances</b>	<b>89,709,607</b>	<b>169,616,543</b>
Short Term Deposits(Note 10)	55,355,963	159,217,120
	<b>145,065,570</b>	<b>328,833,663</b>

*Maseno University*  
*Financial Statements for the Year Ended 30<sup>th</sup> June 2012*

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**STATEMENT OF CHANGES IN CAPITAL FUND & RESERVES**

As at 30th June 2012

	Capital Fund K.Shs	Revenue Reserves K.Shs.	Total K.Shs.
<b>Balance as at 1/7/2010</b>	1,910,661,856	567,869,763	2,478,531,619
Restated Balance		(4,219,331)	(4,219,331)
Capital Grants	40,000,000		40,000,000
Balance as at 30/6/2011	<b>1,950,661,856</b>	<b>563,650,432</b>	<b>2,514,312,288</b>
Deficit for the year		<u>(35,849,154)</u>	<u>(35,849,154)</u>
<b>Balance as at 30/6/2011</b>	<u><b>1,950,661,856</b></u>	<u><b>527,801,278</b></u>	<u><b>2,478,463,134</b></u>
<b>Balance as at 1/7/2011</b>	1,950,661,856	527,801,278	2,478,463,134
Capital Grants	40,000,000	.	40,000,000
Surplus/(Deficit) For the Year		<u>(100,103,885)</u>	<u>(100,103,885)</u>
<b>Balance as at 30/6/2012</b>	<u><b>1,990,661,856</b></u>	<u><b>427,697,393</b></u>	<u><b>2,418,359,249</b></u>

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**NOTES TO THE ACCOUNTS - 2011/2012**

**Note 1: ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a) Basis of preparation**

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenya Shillings (Kshs.) and prepared under the historical cost convention as adjusted by revaluation of certain assets.

**b) Revenue recognition**

Grants and fees are charged over the period that is expected to benefit there from with exception of Capital Grants which are credited to the capital Fund and debited to the relevant asset Account.

Interest income and rental income are recognized on an accrual basis.

**c) Property, Plant & Equipment**

All property, Plant & Equipment is stated at historical cost less depreciation.

Depreciation is calculated on the straight-line basis to write the cost of its residual values over its estimated useful life, except for Motor Vehicles as below:

Motor Vehicles	–	20% per annum on Cost after allowing for 10% Residual value on the purchase price.
Plant & Equipment	–	12.5% per annum on Cost
Furniture & Fittings	–	12.5% per annum on Cost
Buildings	–	2.5 % per annum on Cost
Land	–	not depreciated as it is deemed to have an indefinite life

Gains and Losses on disposal of property, plant & Equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

**d) Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Library books and teaching materials are expensed in the year of purchase.

**e) Employee entitlements**

Employee entitlements to annual leave and gratuity awards are recognized when they accrue to employees.

**f) Cash and Cash Equivalent**

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For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank and short term fixed deposits held at bank.

 **Note 2: Capitation Grants**

The capitation grant for the year was received as follows

<b>Month</b>	<b>MR. No.</b>	<b>Kshs.</b>
July	RTGS	93,090,230.40
August	RTGS	93,090,230.40
September	RTGS	93,090,230.40
October	RTGS	93,090,230.40
November	RTGS	93,090,230.40
December	RTGS	93,090,230.40
January	RTGS	93,090,230.40
February	RTGS	93,090,230.40
March	RTGS	93,090,230.40
April	RTGS	93,090,230.40
May	RTGS	93,090,230.40
June	RTGS	93,090,230.40
		<hr/>
		<b>1,117,082,764.80</b>

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**NOTES** DETAILED REVENUE

	2012	2011
	KShs	KShs
<b>3(a) Tuition Fees</b>		
3100 Jab Tuition Fees	148,692,500	90,018,838
3200 Direct Entry - Tuition Fee	328,821,612	325,854,647
3251 BBA/BA -Eve - Tuition Fee	32,333,062	22,401,461
3300 Med - Tuition Fee	9,893,082	11,739,275
3301 MA Tuition Fees	11,653,857	3,051,700
3310 Certificate Courses City Campus	8,334,826	-
3312 PGDE- Tuition Fees	1,515,000	1,577,500
3320 MPH- Tuition Fees	13,399,350	7,255,850
3321 Msc - Tuition Fees	2,830,070	1,697,100
3323 MBA - Tuition Fees	13,896,120	7,945,420
3324 B.ED Fees City Campus	2,759,470	-
3325 BSC. City campus	5,294,869	-
3331 Diploma Fees City campus	19,247,792	-
3351 PhD - Tuition Fee	226,055	240,000
3382 E-learning	9,145,650	-
Collaborations (IAT, RIBM, KISE)	9,167,815	-
3390 Application fees City Campus	2,763,845	
3391 Miscellaneous City Campus	89,425	
3703 Homa bay Tuition Fees	36,424,215	-
3704 PGDE Homa Bay	34,000	-
<b>Subtotal</b>	<b>656,522,615</b>	<b>471,781,792</b>
<b>3 (b) Other Incomes</b>		
3407 Accommodation Fees	24,482,000	17,747,197
3414 Convocation Fees	1,917,250	-
3422 Direct Entry Form Sales	1,846,595	1,652,808
3501 House Rent Income	6,556,966	829,160
3502 Imprest Recovery	665,017	872,243
3503 Imprest Under Exp.	3,082,748	4,196,434
3505 Salary Pay In Lieu Of Notice	-	114,865
3606 Research grants	38,509,222	54,683,765
3507 Staff Surcharge/Fines	110,890	258,459
3509 Varsity Plaza rental	11,058,162	15,671,665
3702 Other Revenue Donations	5,563,508	30,000
3802 Bookshop sales	943,311	468,732
3803 Tender Document Sales	1,216,960	742,600
3805 Library Fines & Books Disposal	41,649	49,036
3807 Misc Income	767,125	217,706
3809 Water Sales	207,125	40,500
3810 City Campus cafeteria	5,051,370	41,705
3813 Farm Sales	7,138,536	13,335,170
3816 Interest Income	382,723	5,019,209
3817 Catering Food Sales	15,553,022	12,999,087
3818 Misc.Income-Health	40,878	8,405
3819 Interest on treasury bond	950,000	950,000
3821 Shuttle Income	838,250	155,225
3824 Fax Machine - Vcs Office	-	18,618
3825 Motor vehicle disposal	-	256,194
3827 Farm Catering(Bamboo)Sales	1,930,437	153,039
3831 Sale Of Postgrad.Forms	631,000	-
3837 Photocopying - Library	113,968	34,656

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3838	Other Incomes	1,218,906	1,318,294
3839	Insurance Rebates	2,652,452	4,499,484
3843	I.G A - Tent Food Sales	1,978,530	1,460,197
3851	Accom Guest House-IG A	428,330	196,624
3857	F P Lesson Plan	519,080	524,148
3870	Kisumu Hotel Restaurant sales	34,367,248	42,659,214
3873	Library Binding Services	12,300	131,597
3874	Kisumu hotel bar sales	10,201,546	8,436,541
3875	Retention Fee	-	3,035,054
3876	Hotel and Stationary sales	-	975,523
3877	Misc - Income	6,447,564	7,210,540
3878	P.A/Entertainment	452,100	337,632
3881	Kisumu Hotel equipment Hire	51,100	513,500
3882	Kisumu Hotel Laundry Charges	113,280	156,930
3885	Kisumu Hotel- Hall Hire	6,137,950	6,509,808
3887	Kisumu Hotel swimming pool charges	236,150	310,910
3888	Kisumu Hotel Pool Bar sales	1,921,440	2,341,950
3891	Ksm Hotel Tel, fax, internet & Airtime Sales	2,050,303	1,025,178
3895	Kisumu Hotel -Room Income	84,949,350	65,151,472
3896	Ksm Hotel Kitchen salvage	349,919	179,815
3899	Gain on Biological Assets	3,135,615	3,244,190
	<b>Sub-total</b>	<b>286,821,875</b>	<b>280,765,078</b>
	<b>Summary</b>		
	TUITION Fees (a)	656,522,615	471,781,792
	Other Incomes (b)	286,821,875	280,765,078
	<b>Total</b>	<b>943,344,490</b>	<b>752,546,870</b>

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**EXPENDITURE FOR THE YEAR**

**Personal Emoluments**

4101	Basic Emoluments	638,055,216	655,591,664
4102	House Allowance	386,029,273	383,098,011
4103	Car Allowance	9,402,961	3,394,758
4104	Entertainment allowance	11,806,902	6,829,606
4105	Responsibility Allowance	12,575,140	7,050,348
4106	Telephone Allowance	5,277,483	3,162,193
4107	Water Allowance	2,203,220	642,595
4108	Electricity allowance	1,487,207	1,071,816
4110	Non-practicing allowance	5,079,311	1,372,000
4112	Leave Allowance	4,581,071	13,364,601
4113	Commuting allowance	77,424,147	48,797,870
4114	Risk Allowance	4,067,853	754,800
4115	Hospital visit allowance	220,500	201,600
4116	Passage and Baggage allowance	539,060	620,892
4117	Gratuity & Retirement Benefits	123,598,275	100,067,371
4118	Part-time Teaching Payments	122,181,670	24,969,578
4119	Examination coordination	417,808	353,600
4121	Domestic workers	2,405,752	1,284,659
4124	Research/Book Allowance	3,712,300	3,654,112
4257	Casual Wages	4,322,404	1,045,577
4125	Other Allowances	1,089,854	1,441,666
		<b>1,416,477,406</b>	<b>1,258,769,317</b>

**Operating & Maintenance expenses**

4201	Stationery & Stores	16,592,735	22,968,805
4202	Travelling & Accommodation	18,256,673	15,250,929
4204	Teaching materials	5,610,627	14,749,773
4205	Computer Materials	6,573,292	9,142,990
4208	Office Entertainment	1,420,388	1,389,102
4210	Purchase of Drugs	26,128,797	22,157,157
4211	Payment of Medical Bills.	19,917,272	21,068,677
4212	Dental Optical Services	4,680,215	3,097,150
4213	Field Trips/Industrial Attach.	15,603,381	12,556,972
4214	Maint. of Office Equipment	7,451,205	7,586,619
4215	Maint-Water Supply/Sewerage	1,052,510	1,676,151
4216	Supply of Electricity	38,734,443	30,173,287
4218	Students Welfare & Games	394,516	2,096,500
4220	Students Activity	6,562,962	6,083,500
4221	Purchase of Cleaning Materials	14,249,877	9,040,821



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4222	Telephone Expenses-D. Lines	6,233,942	4,845,738
4223	Staff Developments	1,231,780	89,000
4224	Legal Expenses & Fees	4,271,671	2,604,589
4225	Advertising & Publicity	21,269,015	24,569,127
4227	Contingency Fund	993,453	409,300
4231	Postal & Telegram Ex	552,663	351,007
4232	Transport Operating- Fuel	32,130,970	14,792,863
4233	Transp. Oper. Exp-Tyres	3,029,908	3,641,750
4234	Maint-Office Buildings	23,358,641	30,695,897
4235	Seminars & Conference	2,536,410	1,809,390
4236	External Travel	1,253,799	833,631
4237	Shows & Exhibitions	2,871,769	3,919,048
4238	Publishing & Printing	7,413,087	8,322,731
4239	Maintenance of Grounds	988,798	256,848
4240	Rent & Rates	6,548,560	1,543,131
4241	Staff Welfare - Misc	1,058,600	647,287
4243	Insurance Fidelity	2,338,191	4,599,484
4244	Water Bill Charges	12,232,213	7,084,132
4247	Student Work Study Program	723,183	477,650
4249	Laboratory Reagents	3,441,354	951,596
4253	Minor Works & Construction	11,594,963	2,495,332
4255	Purchase of Cutlery	2,251,252	1,055,418
4258	Cooking Fuel/Gas	7,540,560	4,661,378
4260	Maintenance of Hostels	5,041,588	6,361,797
4261	Bank Charges	2,791,730	927,696
4262	External Linkage	270,000	1,129,283
4266	Hired Security Services	42,413,006	40,286,387
4267	Sanitary Expenses	2,979,841	967,748
4268	Purch. of Textbooks	16,800	548,793
4270	Main. Of Plant & Equip.	142,850	265,497
4271	Teaching Expenses	127,217	630,782
4272	Animal Feeds	7,071,395	10,202,132
4273	Livestock Drugs	1,943,412	1,497,342
4275	Crop Inputs	486,000	207,000
4276	Purch. of Beef Cattle	7,733,800	4,666,800
4278	Purch. of Chicken	2,276,500	904,500
4279	Purch of Farm Tools/	114,860	1,010,800
4280	Tree Nursery Seeds	-	9,000
4281	Farm Maintenance	607,092	2,122,628
4282	Vertinery Services	35,628	118,874
4284	Purch. of Library Books	3,161,495	4,243,588
4285	Purch. of Periodicals	623,903	442,645
4289	Research Programme	52,228,076	43,458,656
4293	External Examiners	5,753,315	2,836,615
4294	Graduation Expenses	4,418,150	2,805,269
4300	Uniforms & Clothing	2,553,234	3,392,061

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4301	Examination Material	5,273,814	2,531,395
4302	Licenses & Fees	2,329,459	3,442,563
4305	IGA - Purch of Food	24,546,468	27,236,415
4306	Kisumu Hotel Purch. of Food	19,151,827	18,614,124
4308	Depreciation Charge	84,185,663	81,805,712
4315	Council Board Insurance	644,482	
4313	Insurance-Workmens Comp.	8,247,380	888,470
4314	Insurance- Motor Vehicles	9,540,598	783,413
4319	Transport Oper. Exp. Repairs	5,051,795	3,626,843
4321	Honararium	2,411,428	2,638,709
4323	PGDE- Teaching Expen	887,780	1,174,590
4326	Joint Admissions Board	476,500	365,100
4331	Ksm Hotel Bar Purchases	6,638,790	6,449,534
4333	Catering Levy - Kisumu Hotel	2,496,750	2,556,420
4334	Planning Studio	-	880,130
4335	Kisumu Hotel - Expenses	11,339,244	10,776,504
4336	Subscriptions & Journal	6,435,772	5,732,758
4338	Varsity Plaza - Expense	1,276,574	2,694,177
4339	Internet Services	14,850,928	17,792,903
4340	Withholding Tax	55,795	157,093
4343	ICT Development	6,661,142	2,169,000
4344	ISO Certification	221,328	663,984
4345	Odel Programs	9,242,677	5,001,000
4307	City Campus Restaurant Expenses	1,666,574	15,990
4347	Penalties and Fines	1,261,548	109,580
4286	Bookshop purchases	6,902,289	
4349	Sonyaco Expenses	3,644,562	3,227,474
	Strategic Plan Cerification	5,592,400	
	Tender committee expenses	1,680,500	
		<b>724,597,633</b>	<b>630,064,534</b>
4256	Council Expenses	18,706,099	15,894,940
4309	Audit Fees Expenses	750,000	750,000
	<b>Grand Totals</b>	<b>2,160,531,139</b>	<b>1,905,478,791</b>

**Maseno University**  
**Financial Statements for the Year Ended 30<sup>th</sup> June 2012**

**Notes**

	<u>PROPERTY, PLANT &amp; EQUIPMENT AS AT 2012</u>						TOTAL KSHS
	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLE KSHS	PLANT & EQUIPMENT KSHS	FURNITURE & FITTINGS KSHS.	W.I.P KSHS.	
As at 1.7.2011	215,922,317	1,711,044,550	101,729,081	411,197,579	46,109,861	512,703,563	2,998,706,951
Additions	-	-	-	57,148,164	8,226,310	117,696,593	183,071,067
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>As at 30.6.2012</b>	<b>215,922,317</b>	<b>1,711,044,550</b>	<b>101,729,081</b>	<b>468,345,743</b>	<b>54,336,171</b>	<b>630,400,156</b>	<b>3,181,778,018</b>
<b>DEPRECIATION</b>							
As at 1.7.2011	-	346,131,205	66,899,340	315,127,099	34,577,171	-	762,734,816
Disposals	-	42,776,114	7,007,206	30,183,012	4,219,331	-	84,185,663
Charge for the year	-	388,907,319	73,906,546.57	345,310,111	38,796,502	-	846,920,479
<b>As at 30.6.2012</b>	<b>-</b>	<b>777,814,638</b>	<b>147,812,792</b>	<b>694,620,223</b>	<b>77,592,999</b>	<b>-</b>	<b>1,697,846,632</b>
<b>NET BOOK VALUE</b>							
As at 30.6.2012	215,922,317	1,322,137,231	27,822,534	123,035,632	15,539,669	630,400,156	2,334,857,539
As at 30.6.2011	215,922,317	1,364,913,345	34,829,741	96,070,480	11,532,690	512,703,561	2,235,972,133
<b>Analysis of WIP</b>							
				As at 30/06/11 Kshs.	Additions Kshs.	As at 30/06/12 Kshs.	
MILLENIUM LECTURE HALLS				58,377,188	-	58,377,188	
SEWERAGE PROJECT				22,806,250	9,201,050	32,007,300	
EXTENSION OF HEALTH CENTRE				11,198,888	-	11,198,888	
MANAGEMENT INFORMATION SYSTEM				20,370,545	-	20,370,545	
VET FARM HOSTELS				238,222,122	-	238,222,122	
LIBRARY CONSTRUCTION				133,334,378	75,030,562	208,364,940	
ROAD CONSTRUCTION				12,381,068	-	12,381,068	
MEDICAL LABORATORIES				16,013,122	20,694,078	36,707,200	
GRADUATION SQUARE PAVILION				-	12,770,903	12,770,903	
				<b>512,703,561</b>	<b>117,696,593</b>	<b>630,400,156</b>	

Note 56

**PROPERTY, PLANT & EQUIPMENT as at 30<sup>th</sup> June 2011**

	LAND		BUILDINGS		VEHICLE		MOTOR		PLANT & EQUIPMENT		FURNITURE & FITTINGS		W.I.P		TOTAL KSHS
	KSHS		KSHS		KSHS		KSHS		KSHS		KSHS		KSHS		
As at 17/2010	215,922,317		1,581,044,450		84,111,309		386,036,158		43,437,050		380,909,539		2,691,460,823		
Additions	-		130,000,100		20,195,625		25,161,421		2,672,811		131,794,024		309,823,981		
Transfers															
Disposals					(2,577,853)								(2,577,853)		
As at 30/6/2011	215,922,317		1,711,044,550		101,729,081		411,197,579		46,109,861		512,703,512		2,998,706,951		
<b>DEPRECIATION</b>															
As at 17/2010	-		303,355,094		56,585,204		292,087,608		31,221,267		-		683,249,173		
Disposals					(2,320,068)								(2,320,068)		
Charge for the year	-		42,776,111		12,634,204		23,039,491		3,355,904		-		81,805,710		
As at 30/6/2011	-		346,131,205		66,899,340		315,127,099		34,577,171		-		762,734,716		
<b>NET BOOK VALUE</b>															
As at 30/6/2011	215,922,317		1,364,913,345		34,829,741		96,070,480		11,532,690		512,703,561		2,235,972,133		
As at 30/6/2010	215,922,317		1,277,689,359		27,526,105		93,948,550		12,215,782		380,889,539		2,008,191,652		
<b>Analysis of WIP</b>															
MILLENIUM LECTURE HALLS							58,377,188		-				58,377,188		
SEWERAGE PROJECT							22,377,959		428,291				22,806,250		
EXTENSION OF HEALTH CENTRE							11,155,688		43,200				11,198,888		
MANAGEMENT INFORMATION SYSTEM							20,370,545		-				20,370,545		
VET FARM HOSTELS							238,222,122		-				238,222,122		
LIBRARY CONSTRUCTION							19,394,627		113,939,752				133,334,379		
ROAD CONSTRUCTION							8,878,038		3,503,031				12,381,069		
MEDICAL LABORATORIES							2,133,372		13,879,750				16,013,122		
							<b>380,909,539</b>		<b>131,794,024</b>				<b>512,703,563</b>		

Note 5(B)

Schedule of Buildings

Particulars	Date of Construction/ Acquisition	Cost/ Revaluation	Depreciation Charge		Net Book Value As At 30/6/2012
			As At 30/6/2011	Charge for The Year	
Admin Bldgs	1998/99	41,403,000	13,455,975	1,035,075	26,911,950
Education Bldgs	1998/99	10,486,000	3,407,950	262,150	6,815,900
Recreation Bldgs	1998/99	27,849,279	9,051,015	696,232	18,102,032
Hostels	1998/99	242,056,088	43,746,472	6,051,402	192,258,274
Residential Bldgs	1998/99	25,502,000	8,288,150	637,550	16,576,300
Support Structures	1998/99	2,059,000	669,175	51,475	1,338,350
Residential Bldgs	1998/99	50,470,000	16,402,750	1,261,750	32,805,500
Support Structures	1998/99	153,000	49,725	3,825	99,450
Water Structures	1998/99	2,000,000	650,000	50,000	1,300,000
Admin Bldgs	1998/99	52,255,956	16,983,219	1,306,399	33,966,338
Education Bldgs	1998/99	100,582,000	32,689,150	2,514,550	65,378,300
Hostels/Catering	1998/99	88,886,000	28,887,950	2,222,150	57,775,900
Health Services	1998/99	12,455,334	2,306,915	311,383	9,837,035
Recreational Bldgs	1998/99	9,465,000	3,076,125	236,625	6,152,250
Residential Bldgs	1998/99	82,940,000	26,955,500	2,073,500	53,911,000
Religious Bldgs	1998/99	2,626,000	853,450	65,650	1,706,900
Farm Structures	1998/99	15,817,920	5,078,384	395,448	10,344,088
Water Structures	1998/99	242,000	78,650	6,050	157,300
Support Structures	1998/99	2,679,200	870,740	66,980	1,741,480
SSM Maintenance	1998/99	4,302,385	1,131,848	107,560	3,062,978
Minor Works	1998/99	22,014,768	6,604,429	550,369	14,859,970

**Maseno University**  
**Financial Statements for the Year Ended 30<sup>th</sup> June 2012**

Non-Residential Bldgs	1998/99	2,40,598,505	36,041,968	6,014,963	42,056,930	198,541,575
Seminar Rooms	2001/02	2,189,582	547,398	54,740	602,137	1,587,445
Lecture Hall 14	2001/02	2,626,200	656,550	65,655	722,205	1,903,995
lecture Hall 15	2001/02	15,204,880	3,801,219	380,122	4,181,341	11,023,539
I.R.P.S Library	2001/02	1,904,933	476,232	47,623	523,856	1,381,077
Incubator House	2001/02	100,000	25,000	2,500	27,500	72,500
Kisumu Hotel	2002/03	44,151,445	9,934,074	1,103,786	11,037,860	33,113,585
PHILC	2003/04	1,034,796	210,960	40,370	437,550	817,466
Physics Laboratory	2003/04	993,500	198,703	24,838	223,540	769,960
Town House	2004/05	11,500,000	2,012,500	287,500	2,300,000	9,200,000
Sunrise Hostels	2005/2006	86,511,139	12,945,825	2,162,778	15,108,604	71,402,535
Kisumu Hotel Ext.	2005/2006	97,591,860	14,336,839	2,439,797	16,776,635	80,815,225
Varsity Plaza	2005/2006	233,618,434	34,897,319	5,840,461	40,737,780	192,880,654
Show Ground Building	2006/2007	3,947,318	493,415	98,683	592,098	3,355,220
Vet Farm Improvements	2006/2007	31,400,000	3,925,000	785,000	4,710,000	26,690,000
Kisumu Hotel Renovations	2007/2008	11,406,929	1,140,692	285,173	1,425,865	9,981,064
Sokhi Building	2010/2011	130,000,100	3,250,000	3,250,003	6,500,003	123,500,098
<b>TOTAL</b>		<b>1,711,044,550</b>	<b>346,131,205</b>	<b>42,776,114</b>	<b>388,907,319</b>	<b>1,322,137,231</b>

**E**

**Maseno University**  
**Financial Statements for the Year Ended 30<sup>th</sup> June 2012**

Schedule of Equipments					
Year of Acquisition	Total Assorted		Depreciation		Net Book Value
	cost	As At 30/6/2011	Charge for Year	As At 30/6/2012	30/06/2012
1990/91	2,755,733	2,755,733	-	2,755,733	-
1991/92	1,783,029	1,783,029	-	1,783,029	-
1992/93	9,744,909	9,744,909	-	9,744,909	-
1993/94	2,371,257	2,371,257	-	2,371,257	-
1994/95	3,247,236	3,247,236	-	3,247,236	-
1995/96	7,404,320	7,404,320	-	7,404,320	-
1996/97	19,146,439	19,146,439	-	19,146,439	-
1997/98	3,120,520	3,120,519	-	3,120,519	-
1998/99	158,919,171	158,919,171	-	158,919,171	-
1999/00	2,919,960	2,919,960	-	2,919,960	-
2000/01	6,430,510	6,430,510	-	6,430,510	-
2001/02	2,452,071	2,452,071	-	2,452,071	-
2002/03	4,728,270	4,728,270	-	4,728,270	-
2003/04	1,858,226	1,858,227	-	1,858,227	-
2004/05	20,057,521	17,550,330	2,507,190	20,057,520	1
2005/06	17,006,500	12,754,878	2,125,813	14,880,690	2,125,810
2006/2007	40,950,694	25,594,185	5,118,837	30,713,021	10,237,672
2007/2008	23,590,132	11,795,064	2,948,766	14,743,831	8,846,301
2008/2009	24,147,191	9,055,197	3,018,399	12,073,596	12,073,596
2009/2010	33,402,470	8,350,618	4,175,309	12,525,927	20,876,544
2010/2011	25,161,421	3,115,178	3,145,178	6,990,355	18,871,066
2011/2012	57,148,164	7,143,521	7,143,521	7,143,521	48,435,034
<b>TOTAL</b>	<b>468,345,743</b>	<b>315,127,099</b>	<b>30,183,012</b>	<b>345,310,111</b>	<b>123,035,632</b>

Schedule of Furniture & Fittings						
Year of Acquisition	Cost/Valuation	As At 30/6/2011	Charge for Year	Depreciation As At 30/6/2012	Net Book Value As at 30/6/2012	
1998/99	16,011,491	16,011,491	-	16,011,491	-	
1999/00	233,000	233,000	-	233,000	-	
2000/01	527,424	527,424	-	527,424	-	
2001/02	1,282,028	1,282,028	-	1,282,028	-	
2002/03	298,684	298,615	-	298,615	69	
2003/04	2,223,983	2,223,983	-	2,223,983	-	
2003/04			-		-	
2004/05	4,409,796	3,859,186	550,611	4,409,796	-	
2005/06	4,704,025	3,528,018	588,003	4,116,021	588,004	
2006/2007	3,638,325	2,273,956	454,791	2,728,746	909,579	
2007/2008	4,371,619	2,185,808	546,452	2,732,261	1,639,358	
2008/2009	3,083,137	1,156,176	385,392	1,541,568	1,541,569	
2009/2010	2,653,537	663,384	331,692	995,076	1,658,461	
2010/2011	2,672,811	334,102	334,101	668,203	2,004,608	
2011/12	8,226,310		1,028,289	1,028,289	7,198,021	
	<b>54,336,171</b>	<b>34,577,171</b>	<b>4,219,331</b>	<b>38,796,502</b>	<b>15,539,668</b>	



Note 5a(iv)

Schedule of Motor Vehicles

Vehicle Reg. No.	Vehicle Type	Date of Acquisition	Cost	Depreciable Amount (less 10% res. Value)	Depreciation		Net Book Value
					As at 30/6/2011	For the year	
KAB 971B	Isuzu Bus	1992	1,138,100	1,024,290	1,024,290	-	113,810
KAG 648P	Datsun Pick-Up	1996	445,000	400,500	400,500	-	44,500
KAG 206F	Mercedes Benz	1996	4,863,125	4,376,812	4,376,812	-	486,312
KZG 135	Peugeot 504GR	1997	558,000	502,200	502,200	-	55,800
KAG 846F	Toyota Saloon	1997	708,121	637,309	637,309	-	70,812
KAG 852F	Toyota S/Wagon	1997	579,853	521,868	521,868	-	57,985
KAG 851F	Toyota S/Wagon	1997	579,853	521,868	521,868	-	57,985
KAG 853F	Toyota S/Wagon	1997	579,853	521,868	521,868	-	57,985
KAG 855F	Toyota Landcruiser	1997	1,075,696	968,126	968,126	-	107,570
KAH 307F	Toyota Truck DA115	1997	1,848,812	1,663,931	1,663,931	-	184,881
KAH 053F	Toyota Mimi-Bus	1997	1,642,526	1,478,273	1,478,273	-	164,253
KAH 308F	Toyota Hiace Ambulance	1997	1,357,132	1,221,419	1,221,419	-	135,713
KAH 051F	Toyota Hiace Van	1997	831,757	748,581	748,581	-	83,176
KAH 052F	Toyota Hiace Van	1997	831,757	748,581	748,581	-	83,176
KAH 055F	Toyota Pick-Up	1997	582,922	524,630	524,630	-	58,292
KAH 056F	Toyota Pick-Up	1997	582,922	524,630	524,630	-	58,292
KAC 508G	Mitsubishi Pajero	1997	1,000,000	900,000	900,000	-	100,000
KYF 654	Tractor	1997	480,000	432,000	432,000	-	48,000
KAJ 375S	Toyota Prado	1999	2,975,000	2,677,500	2,677,500	-	297,500
KAL 350U	Isuzu Bus	2001	6,023,826	5,421,443	5,421,443	-	602,383
KAL 316U	Toyota Pick-Up	2001	1,554,802	1,399,322	1,399,322	-	155,480
KAG 242T	Ssang Young	2001	1,300,000	1,170,000	1,170,000	-	130,000
KAV 662E	Isuzu MV123 Bus	2006	7,080,000	6,372,000	6,372,000	-	708,000
KAV 675E	Isuzu Mini Bus	2006	3,220,400	2,898,360	2,898,360	-	322,040
KAV 435E	Isuzu T/Ton Lorry	2006	4,884,700	4,396,230	4,396,230	-	488,470
KAV 441E	Tractor 290	2006	2,285,000	2,056,500	2,056,500	-	228,500
KAW 618Z	Mitsubishi Pajero V31 GLX	2007	3,051,000	2,745,900	2,745,900	-	305,100
KAW 619Z	Mitsubishi Pajero V31 GLX	2007	3,051,000	2,745,900	2,745,900	-	305,100
KAW 620Z	Mitsubishi Pajero V31 GLX	2007	3,051,000	2,745,900	2,745,900	-	305,100
KAW 621Z	Mitsubishi Pajero V76 DIESEL	2007	4,638,000	4,174,200	4,174,200	-	463,800
KBJ 028U	Isuzu Mini Bus	2009	3,629,000	3,266,100	1,306,440	653,220	1,669,340

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KBJ 027U	Isuzu Mini Bus	2009	3,629,000	3,266,100	1,306,440	653,220	1,959,660	1,669,340
KBJ 561U	Toyota Corolla	2010	2,525,100	2,272,590	909,036	454,518	1,363,554	1,161,546
KBJ 562U	Toyota Corolla	2010	2,525,100	2,272,590	909,036	454,518	1,363,554	1,161,546
KBJ 662U	Toyota Corolla	2010	2,525,100	2,272,590	909,036	454,518	1,363,554	1,161,546
KBL 234G	Volkswagen Passat 1.8	2010	3,900,000	3,510,000	1,404,000	702,000	2,106,000	1,794,000
KBL 523 G	ISUZU Bus	2011	7,800,000	7,020,000	1,404,000	1,404,000	2,808,000	4,992,000
KBN 565E	Toyota Hiace Micro Bus	2011	4,392,000	3,952,800	790,560	790,560	1,581,120	2,810,880
KBN 566E	Toyota Corolla Saloon	2011	2,649,000	2,384,100	476,820	476,820	953,640	1,695,360
KBN 568E	Toyota Corolla Saloon	2011	2,649,000	2,384,100	476,820	476,820	953,640	1,695,360
KBN 567E	Toyota Corolla Saloon	2011	2,705,625	2,435,063	487,013	487,013	974,025	1,731,600
<b>TOTAL</b>			<b>101,729,081</b>	<b>91,556,173</b>	<b>66,899,340</b>	<b>7,007,206</b>	<b>73,906,547</b>	<b>27,822,534</b>

Note 5a(v)

**Schedule of Land**

Year of Acquisition	L.R. No.	Locality	Acreage	Cost/Valuation	Nature of Ownership	Usage
1990	2163	College Campus	16.1 Acres	5,000,000	Lease	Admn. Block & Hostels
1990	9166/VA/25A	Plot A ( Academic Village)	108 Acres	54,000,000	Lease	Staff Houses
1990	9166/VA/25B	Plot B	110.74 Acres	20,000,000	Lease	Botanical Garden Lecture Halls, Offices & Hostels
1990	9341/47	Siriba Campus	96.5 Acres	50,000,000	Lease	Research Centre Hotel Teaching Facility
1999		Uhanya Beach	0.7 Acres	2,328,865	Freehold	City Campus Library
2002	8/26	Kisumu Hotel	2.78 Acres	42,000,000	Lease	
2002	11/1	Kisumu Municipality	0.1393 Hac.	2,250,000	Lease	
2006	7/445	KNA Parking Bay	0.3108 Hac.	11,243,452	Lease	Parking Bay
2007	Block 1/18	Vet Farm, Maseno	114.2 Hac.	29,100,000	Lease	Farming
<b>TOTAL</b>				<b>215,922,317</b>		

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**Note 6 Investments in Treasury Bonds**

The institution invested on a 9%, 9 years Bonds. Interest is paid half yearly.

	<u>2012</u> Kshs.	<u>2011</u> Kshs.
Value	10,000,000	10,000,000

**Note 7**

	<u>2012</u> KShs.	<u>2011</u> KShs.
<b>BIOLOGICAL ASSETS</b> (value of living assets, livestock, growing crops et as per stock take)	10,339,865	7,204,250

**Note 8**

Inventories

	<u>2012</u> KShs.	<u>2011</u> KShs.
1300 FARM STOCKS	2,461,038	853,219
1301 BOOKSHOP STORES	1,010,361	3,235,351
1303 STATIONERY STOCKS	6,333,650	4,336,165
1305 CATERING STORES	20,030,310	2,460,640
1306 MEDICAL STORES	1,542,628	1,699,752
1307 MAINTENANCE STORES	14,809,506	15,314,333
1309 HOSTEL STORES	2,561,629	1,515,027
1310 KISUMU HOTEL STORE	10,591,399	10,240,226
GAMES STORE	1,859,998	-
VERSITY PLAZA STORE	3,179,263	-
<b>TOTAL</b>	<u>64,379,781</u>	<u>39,654,713</u>

**Note 9**

Receivables

	<u>2012</u> KSHS.	<u>2011</u> KSHS.
SUNDRY DEBTORS	1,011,232	4,512,451
KISUMU HOTEL DEBTORS	17,791,730	5,186,854
HELB	6,646,000	15,261,000
VARSITY PLAZA R.DEBTORS	3,839,635	-
STAFF DEBTORS	1,993,959	10,407,737
	<u>31,282,556</u>	<u>35,368,042</u>

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	2012	2011
	Kshs.	Kshs.
<b>Note 10</b> Short term Deposits	55,355,963	159,217,120
	<u>55,355,963</u>	<u>159,217,120</u>
<b>Note 11(a)</b> KCB Bank Guarantee	2,000,000	2,000,000
<b>Note 11(b)</b> Bank Balances		
	2012	2011
	Kshs.	Kshs.
BARCLAYS BANK A/C 1281015	184,524	184,524
STANDARD CHAR. S/A 0152095381800	6,496,999	1,327,309
MAIN CURRENT A/C KCB	8,429,813	29,740,634
CAPITAL DEV'T. KCB 132.066.100	614,822	17,859,532
SGS BANK/ IRPS A/C 130.319.742	1,636,510	42,617,822
AICAD RESEARCH A/C 6002572	1,637,507	1,637,502
KISUMU HOTEL A/C 130.490.946	-	9,964,082
CITY CAMPUS S/A 130.490.952	8,453,392	12,392,230
IGA KCB S/A 132.066.117	6,262,966	5,591,562
MITC A/C 130.490.923	456,864	4,655,542
Co-op. Main Savings A/C	1,916,692	9,995,735
Varsity Plaza Co-op. Savings A/c	2,010,395	14,340,245
Coop Bank Sonyaco	9,229,106	6,154,780
Equity Bank Luanda	10,984,192	3,718,785
Coop Bank Main Campus	2,572,034	2,504,810
National Bank Ksm	9,444,055	4,771,326
Equity (Varsity Plaza Account)	5,448,900	
Standard chartered 8752524018401	7,237,667	
Standard Chartered 8752524018400	3,745,566	
Standard Chartered 0102024018400	946,052	
	<u>87,708,056</u>	<u>167,456,420</u>
Main Petty Cash Float	1551.03	2,663
Kisumu Hotel cash float		0
Kisumu Hotel Cash Account		157,460
	<u>1,551</u>	<u>160,123</u>
<b>Total Cash and Bank balances</b>	<u><u>87,709,607</u></u>	<u><u>167,616,543</u></u>

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**Note 12** **REVENUE RESERVES**  
 As at 30th June 2012

	Revenue Reserves K.Shs.
Balance as at 1/7/2010	567,869,763
Restated balances	(4,219,331)
Deficit for the year	(35,849,154)
<b>Balance as at 30/6/2011</b>	<b><u>527,801,278</u></b>
Balance as at 1/7/2011	527,801,278
Surplus/(Deficit) For the Year	(100,103,885)
<b>Balance as at 30/6/2012</b>	<b><u>427,697,393</u></b>

**Note 13** **Students ' Caution Money**

	2012 <u>Kshs</u>	2011 <u>Kshs</u>
Opening Balance	7,471,100	7,291,600
Deposits during the year	<u>5,070,800</u>	<u>1,960,000</u>
	12,541,900	9,251,600
Refunds during the year	<u>(2,377,400)</u>	<u>(1,780,500)</u>
Balance Carried Forward	<b><u>10,164,500</u></b>	<b><u>7,471,100</u></b>
Refundable within 12 months	1,773,600	1,514,400
Refundable after 12 months	<u>8,390,900</u>	<u>5,956,700</u>
	<b><u>10,164,500</u></b>	<b><u>7,471,100</u></b>

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**Schedule of Trade and other Payables**

	2012 Kshs.	2011 Restated Kshs.
2204 PAYE	25,659,983	18,559,460
2205 NHIF	402,520	374,940
2206 NSSF	1,041	218,238
2207 PENSION & GRATUITY	-	9,068,216
2210 BENEVOLENT FUND	7,087,402	6,216,752
2211 HELB LOAN REPAYMENTS	-	385,446
2213 UNION DUES	401,387	309,289
2215 HOUSE RENT	-	2,019,706
2216 OTHER LOANS	20,918,654	18,834,396
2217 MASENO UNIV. SACCO	7,181,352	6,257,564
2220 PENSION PLOTS	481,257	76,011
2221 KISUMU HOTEL CREDITORS	3,141,751	2,711,054
2235 VAT -(INPUT)-PAYABLE	1,660,859	10,728,164
2237 VAT- Kisumu Hotel	272,896	92,204
2400 TRADE CREDITORS	95,161,371	93,747,128
2001 CAUTION MONEY	1,773,600	1,514,400
	<b>164,144,072</b>	<b>171,112,969</b>

**Restatement**

The restatement relates to Kshs. 4,219,331 relating to creditors (for advertising) for 2011 which were wrongly recognized in 2012 upon payment now restated by recognizing in the appropriate year.

<b>Bank Overdraft</b>	2012	2011
Kisumu Hotel Bank A/c**	4,281,090	-
** The overdraft is as a result of overdrawn cash book		
<b>Provision for Audit fees</b>	2012	2011
	750,000	1,500,000

**Retirement Benefits Obligation**

The University operates a defined contribution retirement benefit scheme for particular all employees. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the University and the Employees. The University's contributions to this scheme are charged to the Income and Expenditure Account in the year to which they relate. Benefits are paid to retiring staff in accordance with scheme rules.