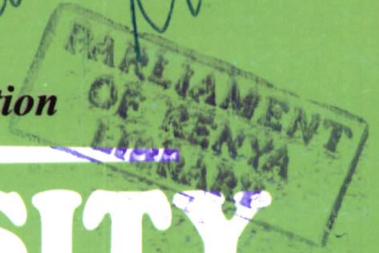


*Paper laid
By Hon K.O. Methu
(Majority Party Whip) on
Thurs. 17.11.2015 (pm)
Mmm*

An ISO 9001 : 2008 Certified Institution



MOI UNIVERSITY

Annual Report &

Financial Statements for The Year Ended 30 June 2013





MOI UNIVERSITY

**Annual report
And
Financial statements
For
The year ended
30 June 2013**



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

UNIVERSITY INFORMATION

PRINCIPAL ACTIVITIES

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



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

Widera Akango Satellite Campus
WIDERA

Kericho Satellite Campus
P. O Box
KERICHO

Widera Campus
P.O Box 4606
ELDORET

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

Widera Satellite Campus
P.O Box 175
WIDERA

Ronggo University College
P.O Box 184
RONGO





MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

UNIVERSITY INFORMATION

UNIVERSITY 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

UNIVERSITY AUDITORS

Auditor General
Kenya National Audit Office
P.O Box 30084-00100
NAIROBI
TEL: 335777
FAX: +254-20-330829



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

UNIVERSITY VISION AND MISSION STATEMENT

Moi University was established in 1984 as an institution of science and technology with a component of arts based programmes.

The current University vision and mission statement take into consideration the rapid changes in the external and internal environment since the inception of the University in 1984.

VISION

To be the University of choice in nurturing innovation and talent in science, technology and development.

MISSION

To preserve, create and disseminate knowledge and conserve and develop scientific, technological and cultural heritage through quality and relevant teaching and research; to create a conducive work and learning environment; and to work with government and private sector for the betterment of society.

CORE VALUES

At Moi University, we believe in:

- Promotion and defence of intellectual and academic freedom, scholarship and relentless search for the truth
- Fostering teamwork, collaboration, creativity and innovation, effective communication, tolerance, perseverance and a culture of peace
- Embracing excellence, openness, consultation and consensus building, efficiency and effectiveness
- Practicing professionalism, meritocracy, exemplary leadership, equality, integrity and social justice
- Maintaining a sense of self-respect, discipline, responsibility, institutional loyalty and national patriotism
- Continuous improvement of services in order to remain competitive



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
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OFFICERS OF THE UNIVERSITY

Vice Chancellor

Richard K. Mibey, FWIF, EBS

B.A (Warren Wilson College), M.Sc (Appalachian State University), M.Sc (Oklahoma State University), D.Ed. (Oklahoma State University), Ph.D. (Nairobi)

**Deputy Vice Chancellor
(Research And Extension)**

B.E.L Wishitemi

B.Ed., M.Sc. (Nairobi), Ph.D. (Kenyatta)

**Deputy Vice Chancellor
(Ag) (Student Affairs)**

Nathan O. Ogechi

B.Ed., M.Phil. (Moi), Ph.D. (Hamburg)

**Deputy Vice Chancellor
(Ag) (Administration & Finance)**

Paul K. Chepkuto

Dip. Ed (Nairobi), B.Ed (Stirling), M.Sc. (Edinburgh), Ph.D (JNU)

**Deputy Vice Chancellor
(Ag) (Planning & Development)**

Joseph Ouma Rasowo

B.Sc. (Nairobi), M.Sc. VUB, Belgium), Ph.D (Moi)

**Principal, College of
Health Sciences**

Fabian O. Esamai

MBChB, M.MED (Nairobi), M.PH (John Hopkins), Ph.D (Linkoping, Sweden)

**Principal, Odera Akang'o
Campus (Ag.)**

Isaac N. Kimengi

B.Ed. (Science), MA (Education), (UoN), Ph.D (Kenyatta)

University Librarian

Tirong Arap Tanui

B.A Lib (Liverpool), M.Lib (Wales), MIINFsc, Ph.D (Wales)

Dean of Students

David M. Mureithi

SI, Dip. Ed, B.A (Makerere), Cert. Public Admin & Mgt. (Liverpool), M.Ed (MKU)



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

OFFICERS OF THE UNIVERSITY (continued)

Finance Officer

Milcah J. Mutwol

B.Sc. (B.A) (Missouri), MBA (Moi), C.P.A (K), C.I.P.S, M.I.L.T



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

MEMBERS OF THE UNIVERSITY COUNCIL

Chairperson

Shem Oyoo Wandiga, EBS

B.Sc., (Howard University), M.Sc. (Maryland), Ph.D(Case Western Reserve University), FRSC, FKAS

**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 (Contrr. Mgt) (UoN), FIQSK
FICPMK, MAAK (QS)



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

REPORT OF THE CHAIRMAN

I am pleased to present this report for the year ended 30 June 2013. Higher Education is one of the components that will enable our country to achieve Vision 2030. This is because it has spiral effects on all the pillars that are aimed at the successful attainment of Vision 2030. Moi University is focused on this pivotal role that higher education plays by providing globally competitive and quality education, training and research for sustainable development as well as being a regional centre for research and development in new technologies.

The University has made great contributions not only in meeting its core mandate of teaching, research and outreach but also in innovations. This includes the innovation of the natural dye for the textile industry that was recognized and honoured with the prestigious award that was won by the Vice Chancellor as the best innovator during the exhibition organized by the Africa Forum for Science, Technology and Innovation for Youth Employment and Capital Development.

The University assures our students and other stakeholders that we will continue to strengthen the quality of our teaching and research programmes that will enable our graduates to effectively compete both nationally and internationally. The University has also made links with partners and industries where our students are exposed to hands on learning skills that enables them to get absorbed easily to the job market upon graduation because of the practical experience that they have.

The University Council appreciates the efforts of the high calibre academic and administrative staff that have ensured that the University services maintain a consistent high standard. Their dedication has ensured that that the University continues to produce highly trained and skilled manpower capable of making effective contributions to the development of our country.

The University has acquired a plot in Nairobi using internally generated funds that will be the future permanent home of our Nairobi Campus. In this regard, I appeal to the Government for financial assistance to enable us put up the building that will serve the ever growing number of students in this campus.

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. I wish to particularly mention institutions like Indiana, Oklahoma and Alexandria universities that have made great contributions in our academic programmes and in postgraduate training of our staff through exchange programmes.

PROF. JENESIO KINYAMARIO, OGW
CHAIRPERSON – MOI UNIVERSITY COUNCIL



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

REPORT OF THE VICE- CHANCELLOR

I am pleased to present the report for the year ended 30 June 2013. The University has made great strides in the achievement of its vision and mission that has enabled us to maintain a leadership role in teaching, research and service to humanity.

During the year, the University continued to reposition itself to effectively respond to emerging challenges in higher education. The University got the ISO 9001:2008 re-certification which shows our continued commitment to quality management systems. I commend the management and staff for their tireless efforts in this regard.

In order to increase access to higher education, and in line with Government policy, the University has continued to operate campuses in Eldoret, Nairobi, Mombasa, Kitale, Kericho and Yala. This year the University admitted the highest number of Government sponsored students among all the public universities. The increase in the number of students and the diversity of the programmes offered at the University has therefore necessitated the expansion of the University infrastructure. In this regard, the University was able to acquire a plot in Nairobi that will be used to construct a permanent home of our Nairobi Campus.

The University also takes cognisance of its corporate social responsibility. In the course of the year, the University organized a Peace Race to foster peace and integration within our country. The University intends to establish a television station that will go a long way in discharging its corporate social responsibility of dissemination of knowledge to the wider community. The University has already established a milling plant that is engaged in value addition through the production of maize flour and animal feeds.

The University continues to forge partnerships and linkages with other institutions. In the health sector, the University has strong partnerships with Indiana University (USA) and Alexandria University (Egypt). We are in the process of establishing a state of the art ophthalmology centre in collaboration with Alexandria University that will benefit the community directly through the provision of free eye clinics.

Financial Performance Highlights

The University's funding requirements have grown considerably due to the increase in the number of students and the need to improve the learning infrastructure in order to continue offering quality education. The funding to the University has not kept pace with its requirements thereby creating an imbalance between the financial requirements and the resources available.



MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

REPORT OF THE VICE- CHANCELLOR (continued)

The University is currently facing challenges in raising funds to finance the construction of students' hostels, the library at the School of Law and the PDN building that houses the schools of Public Health, Dentistry and Nursing. I am therefore appealing to the Government, development partners and other well wishers to assist us in completing these projects.

During the year, there was an increase in the revenue base of the University resulting in a 21% increase in the overall income levels. There was a 19% increase in the overall expenditure mainly because of escalating costs occasioned by general price increases, the rise in the cost of teaching materials necessary to provide quality programmes and increase in the number of students that resulted in an increase in operations and maintenance expenses. Government funding level has not kept pace with the increase in the number of government sponsored students. The University therefore requests for an enhancement of recurrent capitation to bridge this gap.

There has been considerable pressure on the University's wage bill. The public universities have been engaged in negotiations at the national level with the unions representing staff and we sincerely hope that amicable solutions will be found in order to maintain good industrial relations in the public universities and colleges.

I appeal to the Government to increase the amount allocated to the University in the recurrent and capital budgets to enable us meet the costs and improve the learning infrastructure necessary for providing quality education.

Appreciation

I would like to take this opportunity to thank the Government, our development partners, stakeholders and other well wishers who have continued to support us.

I would also like to thank the University Council for its commitment in mobilizing resources and the guidance they have provided to the University that has led to the growth of the University, and our staff and students who have worked closely to ensure that the University achieves its objectives.


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





MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council Members are required to cause to be prepared financial statements for each financial year, which give a true and fair view of the financial affairs of the University as at the end of the financial year, and of its surplus or deficit for that year. The Council Members are required to ensure that the University maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the assets of the University.

The Council Members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Exchequer and Audit Act. The Council Members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at 30 June 2013 and of its surplus for the year then ended. The Council Members further accept responsibility for the maintenance of accounting records that may be relied on in the preparation of the financial statements, as well as adequate 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 twelve months from the date of this statement.

Signed on behalf of the Council by:



VICE-CHANCELLOR



COUNCIL CHAIRMAN

27 - 09 - 2013

DATE

27 / 09 / 2013

DATE





REPUBLIC OF KENYA

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NAIROBI

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



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Moi University set out on pages 14 to 32, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in 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 of 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,





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. Handing-over of assets and liabilities between Moi University and University of Eldoret

According to the handing over report that was signed on 29 January 2013 between the Council Chairman of Moi University and University of Eldoret, a number of issues were classified as contentious and remain unresolved as shown below:

- i) Research funds amounting to Kshs.20,000,000.00,
- ii) Tuition fees of Kshs.146,296,287.00 collected by Moi University,
- iii) Salary top ups of Kshs.170,972,166.00 paid by Moi University to staff of University of Eldoret between August 2010 and June 2011,
- iv) Outstanding medical bills of Kshs.2,866,544.00 owed to Moi Teaching and Referral Hospital,
- v) Public Investment Committee (PIC) findings on misappropriation of funds amounting to Kshs.909,712.00
- vi) Pending Court cases involving former staff of Moi University at University of Eldoret
- vii) Malindi land measuring 35 hectares on LR.No.8000,
- viii) Homa Hills land measuring 18.72 hectares on L.R.No.22712, and
- ix) Bank accounts balances as at 29 January 2013.

The communication between the two universities officials vide letter reference MST/ADM/2/32 /ol II reflects that the hand-over issues had not be resolved by 1 November 2013.

Consequently, the delay in handing over of assets and liabilities has hampered the assigning of assets and liabilities to respective institutions.

2. Winding up of Moi University Holdings Ltd (MUHL)

As previously reported, Moi University Holdings Ltd. a wholly owned subsidiary of the University ceased its operations and was recommended for winding up. The University during the year paid outstanding liabilities totalling Kshs.5,131,941.00 in preparation for the formal process of winding up. However, no formal resolution to wind up the company has been obtained thus in breach of Sec. 226 of the Company's Act Cap 486.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Moi University as at 30 June 2013, and of its financial performance and its cash flows for the period then ended, in accordance with International Financial Reporting Standards and comply with Moi University Act, Cap 210A of Laws of the Kenya.



Edward R.O .Ouko, CBS
AUDITOR-GENERAL

Nairobi

5 May 2014




MOI UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

		2013	2012
ASSETS	NOTE	Kshs (000)	Kshs (000)
NON- CURRENT ASSETS			
Property, Plant and Equipment	1(c) & 2	4,975,649	4,508,561
Investments	3	1,000	1,000
Biological assets	1 (i) & 5	5,445	5,411
		<u>4,982,094</u>	<u>4,514,972</u>
CURRENT ASSETS			
Inventories	1 (d) & 4	70,181	107,999
Biological assets	1 (i) & 5	9,374	3,465
Related company balances	6	482,199	482,199
Trade and other receivables	7	607,028	370,185
Government securities	8	-	16,100
Cash and bank balances	9	306,618	363,767
		<u>1,475,400</u>	<u>1,343,715</u>
TOTAL ASSETS		<u>6,457,494</u>	<u>5,858,687</u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves		4,600,202	4,580,202
Revenue Reserves		319,122	190,863
		<u>4,919,324</u>	<u>4,771,065</u>
NON-CURRENT LIABILITIES			
G.O.K Loan	13	224,169	224,169
		<u>224,169</u>	<u>224,169</u>
CURRENT LIABILITIES			
Trade and other payables	10	1,141,087	782,818
Debit bank balances	11	159,833	51,804
Other liabilities and provisions	12	6,000	3,000
G.O.K Loan	13	7,081	25,831
		<u>1,314,001</u>	<u>863,453</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u>6,457,494</u>	<u>5,858,687</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. Jenesio I. Kinyamario B. Sc (Nairobi), MSc (Texas A&M), Ph.D (Nairobi)

MOI UNIVERSITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 Kshs (000)	2012 Kshs (000)
INCOME			
Capitation grants	1(b) & 14	2,938,621	2,252,520
Tuition and related charges	1(b) & 15	3,005,530	2,655,401
Farm income		26,265	29,547
Other services rendered	1(b) & 16	187,212	136,962
Sundry income	1(b) & 17	105,020	111,063
		6,262,648	5,185,493
EXPENDITURE			
Academic departments	18	3,522,659	2,707,127
Administration and central services	19	1,511,144	1,496,872
Academic services	20	177,936	148,417
General educational services	21	45,729	63,722
Maintenance of premises	22	526,062	450,722
Staff and Students welfare	23	165,560	139,688
Farm expenses		14,469	28,109
Miscellaneous expenses	24	170,830	105,903
		6,134,389	5,140,560
SURPLUS FOR THE YEAR		128,259	44,933



MOI UNIVERSITY
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2013

	Capital Reserves	Revenue Reserves	Total
	Kshs (000)	Kshs (000)	Kshs (000)
As at 1 July 2011	4,515,202	145,930	4,661,132
Transfers from reserves	-	-	-
Surplus for the year	-	44,933	44,933
Capital development grants	335,000	-	335,000
Capital devt grants paid to Rivatex and Kabianga	(270,000)	-	(270,000)
As at 30 June 2012	<u>4,580,202</u>	<u>190,863</u>	<u>4,771,065</u>
As at 1 July 2012	4,580,202	190,863	4,771,065
Surplus for the year	-	128,259	128,259
Capital development grants	310,000	-	310,000
Capital devt grants paid to Rivatex	(290,000)	-	(290,000)
As at 30 June 2013	<u>4,600,202</u>	<u>319,122</u>	<u>4,919,324</u>

MOI UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013 Kshs (000)	2012 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		128,259	44,933
Adjustments for :-			
Depreciation		122,551	144,894
Interest income		(24,329)	(16,702)
Gain on disposal of fixed assets		(2,145)	(1,442)
Operating surplus before working capital changes		<u>224,336</u>	<u>171,683</u>
Changes in working capital			
Decrease in inventories		37,818	(35,725)
Decrease in biological assets		(5,943)	9,757
Increase in related companies balances		-	(3,480)
Increase in trade and other payables		358,269	(163,032)
Decrease in other liabilities and provisions		3,000	(20,093)
Decrease in trade and other receivables		(236,843)	127,166
Net changes in working capital		<u>156,301</u>	<u>(85,407)</u>
Total cash generated from operations		<u>380,637</u>	<u>86,276</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(589,639)	(74,362)
Interest received		24,329	16,702
Proceeds on disposal of fixed assets		2,145	1,442
Net cash flows from investing activities		<u>(563,165)</u>	<u>(56,218)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital receipts from GOK		20,000	65,000
Repayment of GOK loan		(18,750)	-
Transfers		-	-
Net cash flows from financing activities		<u>1,250</u>	<u>65,000</u>
Net increase in cash and cash equivalents		(181,278)	95,058
Cash and cash equivalents at the beginning of the year		<u>328,063</u>	<u>233,005</u>
Cash and cash equivalents at the end of the year	27	<u>146,785</u>	<u>328,063</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation and form of presentation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis of accounting modified by the revaluation of

certain assets. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand, which is also the functional currency.

(b) Revenue recognition

Income from students is recognized as it accrues unless collectibility is in doubt. Interest income is accrued on a time proportion basis.

Exchequer grants and other grants from the government are recognised as income in the period in which they relate.

(c) Fixed assets and depreciation

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

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

Freehold land is not depreciated as it is deemed to have an infinite life. Leasehold land is amortised over the unexpired period of the lease.

(d) Stocks

Stocks are valued at the lower of cost and net realizable value. Cost comprises expenditure incurred in the normal course of operations, including direct material costs, labour and production overheads wherever necessary.

MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Net realizable value is the price at which the stock can be realized in the normal course of operations after allowing for the costs of realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow moving and defective stocks.

(e) Retirement benefit costs

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the university and the employees.

The University also contributes to a statutory contribution pension scheme, the National Social Security Fund (N.S.S.F.). Contributions are determined by local statute and are currently limited to Kshs. 200 per employee per month.

The university's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

(f) Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

(g) Provisions

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

(h) Research and development

Research and development expenditure is charged to the Income and Expenditure Account in the year in which it is incurred.

(i) Agricultural assets

Biological assets are measured at fair values less estimated point of sale costs

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, bank balances, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of changes in value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances and short-term investments.



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2013

(k) Foreign Currencies

Transactions in currencies other than the Kenya Shilling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in the surplus or deficit for the period.

(l) Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated doubtful debts.

(m) Payables

Payables are stated at their nominal value.

(n) Government recurrent grants

Government grants are recognised when there is reasonable assurance that the University will comply with conditions attached to them and that the grants will be received.

The grants are recognised as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separately.

(o) Government capital grants

Government capital development grants are credited to the capital reserves and the related capital costs are debited to the fixed assets that they finance.

MOI UNIVERSITY**NOTES TO THE FINANCIAL STATEMENTS (Continued)****FOR THE YEAR ENDED 30 JUNE 2013****2. 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 2012	456,429	3,791,913	902,942	402,624	334,835	311,507	6,200,250
Disposals/capitalized	-	309,130	(309,130)	-	-	-	-
Additions	419,814	-	112,933	5,606	19,567	31,719	589,639
At 30 June 2013	876,243	4,101,043	706,745	408,230	354,402	343,226	6,789,889
DEPRECIATION							
At 1 July 2012	16,092	800,476	-	335,270	283,279	256,572	1,691,689
Disposals	-	-	-	-	-	-	-
Charge for the year	-	69,002	-	16,106	17,653	14,837	117,598
Amortization for the year	4,953	-	-	-	-	-	4,953
At 30 June 2013	21,045	869,478	-	351,376	300,932	271,409	1,814,240
NET BOOK VALUE							
At 30 June 2013	855,198	3,231,565	706,745	56,854	53,470	71,817	4,975,649
At 30 June 2012	440,337	2,991,437	902,942	67,354	51,556	54,935	4,508,561





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. PROPERTY, PLANT AND EQUIPMENT

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
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2013

	2013 Kshs (000)	2012 Kshs (000)
3. INVESTMENT		
Rivatex E.A Limited		
Share capital	<u>1,000</u>	<u>1,000</u>
4. INVENTORIES		
Main	40,599	70,303
Catering	498	1,549
Farms	200	1,917
Bookshop	<u>28,884</u>	<u>34,230</u>
	<u>70,181</u>	<u>107,999</u>
5. BIOLOGICAL ASSETS		
As at year-end, the University had the following biological assets.		
Livestock	<u>5,445</u>	<u>5,411</u>
	<u>5,445</u>	<u>5,411</u>
Crops in field	<u>9,374</u>	<u>3,465</u>
	<u>9,374</u>	<u>3,465</u>
6. RELATED PARTY BALANCE		
Rivatex (E.A) Limited	479,833	479,833
Moi University Holdings Limited	<u>2,366</u>	<u>2,366</u>
	<u>482,199</u>	<u>482,199</u>

Rivatex (E.A) Limited and Moi University Holdings Limited are companies owned by Moi University. The related party balance for MUHL relates to bank balances for several operational units that were taken over by the company upon the 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	<u>724,109</u>
		<u>2,402,824</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
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2013

7. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:-

Student fees debtors

Other debtors and accruals

Farm debtors

Other PSSP debtors

Provision for doubtful debts

	2013	2012
	Kshs (000)	Kshs (000)
	538,998	462,168
	257,404	97,023
	190	558
	800	800
	<u>797,392</u>	<u>560,549</u>
	(190,364)	(190,364)
	<u>607,028</u>	<u>370,185</u>

MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2013

	2013 Kshs (000)	2012 Kshs (000)
8. GOVERNMENT SECURITIES		
Treasury bills	-	16,100
	<u>-</u>	<u>16,100</u>
9. CASH AND BANK BALANCES		
Kenya Commercial Bank	23,649	30,624
National Bank of Kenya	35,701	30,675
Standard Chartered Bank	55,257	40,542
Equity Bank	42,708	29,169
Housing Finance	-	118,570
Barclays Bank of Kenya	9,669	8,769
Co-operative Bank of Kenya	139,634	105,418
	<u>306,618</u>	<u>363,767</u>
10. TRADE AND OTHER PAYABLES		
Amounts falling due within one year:-		
Recurrent and capital creditors	999,035	726,144
Students' holding accounts	142,052	56,674
	<u>1,141,087</u>	<u>782,818</u>
11. BANK BALANCES		
Kenya Commercial Bank	58,299	6,376
National Bank of Kenya	101,534	45,428
	<u>159,833</u>	<u>51,804</u>
12. OTHER LIABILITIES AND PROVISIONS		
Provision for audit fees	6,000	3,000
Prepaid fees	-	-
	<u>6,000</u>	<u>3,000</u>
13. GOK LOAN		
Current:		
Amount payable within 12 months	7,081	25,831
Non-current:		
Amount payable after 12 months	224,169	224,169
	<u>231,250</u>	<u>250,000</u>

The GOK loan was advanced to the University to facilitate the acquisition of Karatina University College.





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
14. CAPITATION GRANT		
July	196,043	187,710
August	196,043	187,710
September	196,043	187,710
October	196,043	187,710
November	196,043	187,710
December	782,143	187,710
January	196,043	187,710
February	196,043	187,710
March	196,043	187,710
April	196,043	187,710
May	196,043	187,710
June	196,048	187,710
	<u>2,938,621</u>	<u>2,252,520</u>
15. TUITION AND RELATED CHARGES		
Tuition fees	2,678,980	2,401,792
Registration fees	3,278	2,395
Students' ID charges	3,185	1,948
Examination fees	48,593	42,509
Medical fees	49,184	41,297
Activity fees	29,043	22,572
Application fees	12,494	8,592
Workshop/attachment fees	148,656	108,531
Amenity fees	32,117	25,731
Sundry income	-	34
	<u>3,005,530</u>	<u>2,655,401</u>
16. OTHER SERVICES RENDERED		
Bookshop sales	69,818	55,066
Accommodation and catering services	99,365	67,873
Rental income	17,824	13,858
Commercial tree nursery	205	165
	<u>187,212</u>	<u>136,962</u>

MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
17. SUNDRY INCOME		
Sale of tender documents	146	310
Water sales	349	334
Gain on disposal of motor vehicles	2,145	1,442
Graduation fees	19,021	15,317
Interest income	24,329	16,702
Decrease in provision for doubtful debts	-	-
Research grants	41,145	57,975
Fines	1,205	1,164
Miscellaneous	16,680	17,819
	105,020	111,063
18. ACADEMIC DEPARTMENTS EXPENSES		
Personal emoluments	2,333,077	1,597,669
House allowance	572,966	509,183
Responsibility allowance	142,276	88,531
Car allowance	74,244	54,842
Entertainment	14,703	11,546
Commuting allowance	62,964	51,522
Gratuity and retirement benefits	122,031	105,394
Teaching and office expenses	20,140	15,665
Travelling and accommodation	4,867	5,963
Telephone	1,867	2,955
Stationery	5,367	8,783
Purchase of uniforms	27	40
Vehicle running expenses	4,028	4,480
Staff development	13,717	20,607
University research programme	39,123	50,046
Field courses	64,551	84,748
Special grants research expenses	46,444	94,966
Books and journals	267	187
	3,522,659	2,707,127



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
19. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Personal emoluments	509,882	400,778
House allowance	251,787	241,844
Responsibility allowance	10,869	7,068
Car allowance	32,804	31,582
Entertainment	3,488	3,629
Commuting allowance	60,393	50,872
Advertisements	50,206	34,895
Gratuity and retirement benefits	43,706	42,214
Office expenses	30,022	20,334
Travelling and accommodation	10,553	21,095
Telephone	30,948	36,742
Purchase of uniforms	1,566	850
Vehicle running expenses	26,907	23,854
Insurance	45,923	35,614
Official entertainment	53	212
Council and senate expenses	33,793	31,429
Passage and baggage	716	927
Publishing and printing	1,475	1,408
Ceremonial and funeral expenses	597	1,253
Provision for audit fees	3,000	3,000
PSSP Coordinating office expenses	114,907	163,886
Bookshop expenditure	67,940	29,182
Books and journals	4,221	2,920
Miscellaneous, legal and others	43,717	114,606
ISO and ISO related expenses	5,116	5,378
Depreciation	122,551	144,894
Air services expenses	2,608	7,343
Provision for doubtful debts	-	29,298
Provision for interest on GOK loan	-	8,018
Postal and telegram	1,396	1,747
	<u>1,511,144</u>	<u>1,496,872</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
20. (a) ACADEMIC SERVICES EXPENSES		
Personal emoluments	50,182	39,087
House allowance	35,984	28,230
Responsibility allowance	897	644
Car allowance	2,616	2,630
Entertainment	195	224
Commuting allowance	9,088	6,140
Gratuity and retirement benefits	6,122	4,676
Office expenses	356	157
Travelling and accommodation	557	148
Telephone	70	120
Purchase of uniforms	9	-
Vehicle running expenses	872	733
Library books	36,486	38,769
Books and periodicals	179	107
	<u>143,613</u>	<u>121,665</u>
20. (b) COMPUTER SERVICES EXPENSES		
Personal emoluments	16,296	10,730
House allowance	12,422	11,247
Responsibility allowance	118	3
Car allowance	760	880
Purchase of uniforms	-	12
Commuting allowance	2,219	1,768
Gratuity and retirement benefits	2,375	1,862
Office expenses	66	16
Travelling and accommodation	49	116
Telephone	9	63
Books and periodicals	9	4
Vehicle running expenses	-	51
	<u>34,323</u>	<u>26,752</u>
TOTAL	<u><u>177,936</u></u>	<u><u>148,417</u></u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
21. GENERAL EDUCATIONAL SERVICES EXPENSES		
Graduation expenses	10,150	12,473
Students admission and examination	13,232	19,740
External examiners expenses	10,855	11,116
Staff development - non academic	1,234	2,867
External travel and accommodation	3,459	7,120
Conferences and seminars	6,799	10,406
	<u>45,729</u>	<u>63,722</u>
22. MAINTENANCE OF PREMISES		
Rents and rates	248,702	155,989
Electricity, water and conservancy	263,709	250,320
Maintenance of buildings	13,651	44,413
	<u>526,062</u>	<u>450,722</u>
23. STAFF AND STUDENTS WELFARE		
University medical scheme	76,975	49,045
Recruitment expenses	878	595
Passage and leave	9,457	11,059
Hotel accommodation and hospitality	2,348	800
Students' accommodation and catering expenses	39,050	37,760
Students' welfare services	36,852	40,429
	<u>165,560</u>	<u>139,688</u>
24. MISCELLANEOUS EXPENSES		
ASK show expenses	1,221	1,223
Maintenance of plant and equipment	24,354	31,000
Others	145,255	73,680
	<u>170,830</u>	<u>105,903</u>
25. BOOKSHOP REVENUE ACCOUNT		
Sales	69,818	55,066
Less: Cost of sales		
Opening stocks	34,230	4,909
Purchases	48,354	45,772
	<u>82,584</u>	<u>50,681</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	Kshs (000)	Kshs (000)
25. BOOKSHOP REVENUE ACCOUNT (continued)		
Closing stocks	<u>(28,884)</u>	<u>(34,230)</u>
	53,700	16,451
Gross surplus for the year	16,118	38,615
Less: Expenses		
Salaries and wages	14,161	12,653
Others	79	78
Surplus for the year	<u>1,878</u>	<u>25,884</u>
26. UNIVERSITY FARMS REVENUE ACCOUNTS		
Farm sales	<u>26,265</u>	<u>29,547</u>
Less: Expenses		
Opening stocks	10,794	21,363
Farm expenses	<u>12,103</u>	<u>10,623</u>
	22,897	31,986
Personnel costs	6,591	6,917
Closing stocks	<u>(15,019)</u>	<u>(10,794)</u>
	<u>14,469</u>	<u>28,109</u>
Surplus for the year	<u>11,796</u>	<u>1,438</u>
27. CASH AND CASH EQUIVALENTS		
The cash and cash equivalents in the cash flow statements is composed of the following amounts:		
Short term deposits	-	16,100
Bank and cash balances	306,618	363,767
Bank overdraft	<u>(159,833)</u>	<u>(51,804)</u>
	<u>146,785</u>	<u>328,063</u>





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

28. 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.

b) Litigation

- i) 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 advice 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.

29. LEGAL STATUS

The University is a body corporate established in Kenya under the Moi University Charter 2013

