



Paper Laid
By Hon. K.D. Metto
(Majority Party Whip)
Thurs. 19.11.2015 (pm)
M.W.M.

An ISO 9001 : 2008 Certified Institution

MOI UNIVERSITY

Annual Report & Financial Statements for

The Year Ended 30 June 2012







MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012



CONTENTS

University Information	2-3
Vision and Mission of the University	4
Officers of the University	5-6
Members of the University Council	7-9
Report of the Chairman	10
Report of the Vice Chancellor	11-12
Statement of Council Members' Responsibilities	13
Report of the Auditor General	14-16
Statement of Financial Position	17
Statement of Comprehensive Income	18
Statement of Changes in Reserves	19
Statement of Cash Flows	20
Notes to the Financial Statements	21-35





MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

Karatina University College
P.O Box 1957-10101
KARATINA

Odera Akango Satellite Campus
YALA

Chepkoilel University College
P.OBox 1125 ELDORET

Town Campus
P.O Box 4606
ELDORET

Rongo University College
P.O Box 184
RONGO

Eldoret West Campus
P.OBox 8210
ELDORET
TEL: 3 1077/82

Coast Satellite Campus
P.O Box
MOMBASA

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

Kericho Satellite Campus
P.O Box
KERICHO

Kitale Satellite Campus
P.O Box 175
KITALE

Narok University College
P.O Box 861
NAROK

Kabianga University College
P.O Box
KABIANGA





MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

UNIVERSITY INFORMATION (continued)

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 2012

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

FOR THE YEAR ENDED 30 JUNE 2012

OFFICERS OF THE UNIVERSITY

Chancellor

B.A Ogot, EBS

Dip.Ed. (E.A), M.A (St. Andrew), Ph.D. (London)
Hon. D.Lit. (Moi), Hon. D.Litt (Kenyatta), FKNAS

Chairperson of Council

E. Mwai, CBS

Dip. Public Accounts & Audit (UK)
B.A (Hons) (London)

Vice Chairman of Council

James K. Murgor

MBChB, M.Med (Nairobi)

Honorary Treasurer

Dulacha Galgallo Barako

B.Com, MBA (Nairobi), Ph.D.
(University of Western Australia)State University),

Vice Chancellor

Richard K. Mibey, FWIF, EBS

B.A (Warren Wilson College), M.Sc
(Appalachian State University), M.Sc (Oklahoma)
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
(Planning and Development)**

S. Gudu

B.Sc., M.Sc. (Nairobi), Ph.D. (Guelph)

Chief Academic Officer

K. Ole Karei, EBS

B.A (Philander Smith), M.A (Atlanta), M.P.A
(Pittsburgh), M.A., Ph.D (Pennsylvania)

Chief Administrative Officer

J.K. Sang, OGW

B.A (Iowa), M.Sc (Southern Illinois), M.A., Ph.D. (Ohio)

University Librarian

T. Arap Tanui

B.A. Lib (Liverpool), M.Lib. (Wales), MIInfsc



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

OFFICERS OF THE UNIVERSITY (continued)

Dean Of Students

D.M. Mureithi

SI, Dip.Ed, B.A (Makerere), Cert. Pub.
Admin. & Mgt. (Liverpool)

Finance Officer

M.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 2012

MEMBERS OF THE UNIVERSITY COUNCIL

Chairperson

E. Mwai, CBS

Dip. Public Accounts and Audit (UK), B.A (Hons)
(London)

Vice Chairperson

James K. Murgor

MBChB, M.Med (Nairobi)

Honorary Treasurer

Barako Dulacho Galgallo

B.Com, MBA (Nairobi), Ph.D (University of Western
Australia)

Vice Chancellor

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)

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

B.E.L Wishiterni

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

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

S. Gudu

B.Sc., M.Sc (Nairobi), Ph.D (Guelph)

**Permanent Secretary,
Ministry of Higher Education,
Science & Technology**

C. Kiamba, CBS, MBS

B.A. Land Economics (Nairobi), M.Sc (Reading), MBA,
Finance & International Business (Columbia), Ph.D
(Cambridge)

**Permanent Secretary,
Ministry of Finance**

J.K Kinyua, BBS

B.A. Econ. (Nairobi), M.A. (Nairobi), Member AERC

**Permanent Secretary,
Directorate of Personnel
Management**

Titus Ndambuki, HSC

B.Sc., B.Phil. (Nairobi), M.A (Williams, U.S.A)





MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

MEMBERS OF THE UNIVERSITY COUNCIL (continued)

Members:

Florence K. Nyamu

B.Ed. Sc (Nairobi), M.Ed., D.Ed. (Harvard)
Justus K. Ndoto
B.A (Drake University, Des Moines, Iowa)

Rev. Bishop S.Yego

Dip. Theology (Scott), B. Theology (Ontario)
M.A. (ICI- Texas)

Rhoda Atieno Ahonobadha

B.Sc., M.Sc. (Nairobi)

Felicity Nkirote

B.A (Kenyatta)

Samson Cheramboss

DSM., EDS., MBS

Clement B. Ogomo

B.Ed. (Nairobi), M.A (Sheffield, U.K)

Mohammed Ali Farah

Int. Pub. Health Eng. (Hatfield Poly), B.Tech HND
(Hertfordshire- UK)

Senate Representatives:

Ezekiel Kiprop

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

Caroline Kibosia

B.Ds., M.PH., M.Ds (Nairobi)

P.K Chepkuto

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

M. Korir

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



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

MEMBERS OF THE UNIVERSITY COUNCIL (continued)

Non- Senate Staff Representatives

K.A Senelwa

B.Sc. (Forestry) (Moi), M.Sc (Wales), Ph.D (New Zealand)

C.J Odhiambo

B.Ed., M.A (Kenyatta), Ph.D (Stellenbosch)

Non- Academic Staff Representative

Samson K. Limo

B.Ed. (Moi)

Students' Representatives

Chairman MUSO (Main Campus)

In attendance

B.M Khaemba

Principal, Chepkoilel University College
B.Se., (Makerere), M.Sc., Ph.D (Nairobi)

Wilson Kipng'eno

Principal, Kabianga University College
B.Sc., M.Sc., (Nairobi), Ph.D (California, Riverside)

D.K Serem

Principal, Narok University College
B.A, M.A, Ed.D (Wyoming)

J.K. Sang, OGW

Chief Administrative Officer (Secretary)
B.A (Iowa), M.Sc. (Southern Illinois), M.A, Ph.D (Ohio)

K. ole Karei, EBS

Chief Academic Officer
B.A (Philander Smith), M.A (Atlanta), M.P.A
(Pittsburgh),
M.A., Ph.D (Pennsylvania)

M.J Mutwol

Finance Officer
B.Sc. (B.A) (Missouri), M.B.A (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 2012

REPORT OF THE CHAIRMAN

The Council has continued to mobilise funds for capacity building that supports academic programmes to ensure we remain relevant to the market needs. I am therefore pleased that our institution went through a successful audit by Commission of University Education and was granted a new charter as per the new Universities Act in March 2013.

In this regard, the University has continued to invest in learning infrastructure so as to facilitate the provision of quality education to our students. The University is currently constructing a hangar and support facilities for our aircraft in addition to on going projects like the construction of the six storey building that will house the Schools of Public Health, Dentistry, Pharmacy and Nursing and the 2250 Students' Hostels.

Some of the new projects the Council is due to undertake in the next financial year is the construction of facilities for School of Business and economics and for other schools at town annex and to acquire a plot within the central business district in Nairobi to construct a building for our Nairobi Campus, whose students' population is projected to increase to 7,000 students in the next two years.

On behalf of the Council, I would like to thank the University Management for their efforts to increase both the variety and quality of programmes offered by the University. I also like to congratulate the Vice Chancellor for receiving the best innovator award from His Excellency, the President during the First African Forum on Science and Technology for his invention of a natural dye - "Tami Dye" that is expected to reduce the cost of importing dyes for textile processing firms in the country.

The University is on course as we continue to offer relevant, unique and market driven academic programmes and introducing new ones to our portfolios especially on disciplines which still lack manpower.

PROF. SHEM WANDIGA
CHAIRMAN OF COUNCIL



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

REPORT OF THE VICE CHANCELLOR

Moi University has made progress in the achievement of our vision and mission in maintaining leadership role in pursuit of teaching, research and service to community. We have remained focused in pursuit of academic programmes therefore making valuable contributions to build various sectors.

In the health sector we have continued to forge strong linkages with Indiana University in the USA and Alexandria University in Egypt among others. We are in the process of establishing a state of the art ophthalmology (eye) centre of its kind in the region through collaboration with Alexandria University. Such collaborations have also benefitted the community directly by providing free eye clinics offered through the program, as well as other health related programs support by Indiana University.

The university intends to move its social corporate responsibility to disseminate knowledge to another level through television broadcast following the grant of digital Television channel by Communication Commission of Kenya. The process of putting up the programs and other final preparations are under way to enable us start broadcasting.

The University, through the VLIR-UOS Programme donated 70 computers to various high schools under the Close the Gap Initiative.

Financial Performance Highlights

During the year the University constructed a cereal milling and packaging plant under the Vision 2030 Flagship Projects. This plant will go a long in adding value to the agricultural sector and is a step forward in achieving the country's Vision 2030.

The University has continued to admit more students over the years but the level of funding level is still inadequate because it has not kept pace with the rise in student numbers.

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

Appreciation

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





MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

REPORT OF THE VICE CHANCELLOR (continued)

I also extend my gratitude to our development partners and collaborators for the support and advice that they have extended to the University to enable us realize our objectives.

A handwritten signature in cursive script, appearing to read 'R. Mibey'.

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





MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 the 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 2012 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

30-05-2013

DATE

COUNCIL MEMBER

05-06-2013

DATE



Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: cag@kenao.go.ke
Website: www.kenao.go.ke

REPUBLIC OF KENYA

P.O Box 30084-00100
Nairobi



KENYA NATIONAL AUDIT OFFICE

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statement of Moi University set out on pages 17 to 35, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in reserves and statements of cash flows of the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provision 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 provision 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 assessments of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 Universities internal control. An audit 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 the audit evidence obtained is sufficient and appropriate to provide the basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Work in Progress

The work in progress balance of Kshs .902,942 000 as at 30 June 2012 includes projects with cost value of Kshs.163,137,409 which had stalled in early 1990's. Management has indicated that projects with a value of Kshs.27,805,048 were completed in the year under review, but these were not transferred from work-in- progress to the respective asset classes. Other projects with a value of Kshs. 57,192,377 were transferred to Chepkoilel University. Further and as similarly reported in the previous years, the work-in-progress balance excludes pending bills totaling Kshs. 322,095,118 relating to stalled projects, which for various reasons stalled before completion and which were the subject of the pending bills closing committee appointed by Ministry of Finance. In the year under review, the committee rejected bills totaling Kshs. 258,837,465, but accepted the balance of Kshs 63,257,662 which is still not included in the work-in-progress balance.

In the foregoing circumstances, the accuracy of the carrying value of work- in- progress as at 30 June 2012 could not be determined.

2. Winding up of Moi University holdings limited (MUHL)

As previously reported MUHL a wholly on subsidiary of the University had ceased its operations. The University's 77th Council meeting of 15 February 2010 had recommended its winding up. This would facilitate settlement of liabilities and acquisition of rights over the debtors. However, this process has yet to commence. Unless proper winding up is done to enable settling of liabilities, the University is likely to be exposed to litigation by various creditors and failure to collect debts due to it. The University is in breach of the law for not following the correct procedures of winding up the company.



3. Government of Kenya loan - Kshs. 250m

The University obtained a loan of Kshs. 250 million from the Government of Kenya in 2008. The purpose of the loan was to purchase a facility to host Karatina University College. According to the loan agreement the loan repayment was to commence from 31 December 2009. This did not happen until September 2012 when Kshs. 26,768,170 was paid. It was explained that the balance of the loan is to be transferred to Karatina University which has attained independent legal status. Though the University management had communicated to the Ministry of Finance through letter Ref No.MU/LO/KC/13 of 19th October 2012 to have the loan balance transferred to Karatina University, the Ministry had not responded to the issues raised by the time of the audit.

Unless the responsibility of repayment of the loan is determined, the terms of the loan agreement will continue to be violated.

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 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 Moi University Act, Cap.210A of the Laws of Kenya.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

13 June 2013



MOI UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

		2012	2011
		Kshs (000)	Kshs (000)
ASSETS	NOTE		
NON- CURRENT ASSETS			
Property, Plant and Equipment	1(c) & 2	4,508,561	4,579,093
Investments	3	1,000	1,000
Biological assets	1 (i) & 5	5,411	4,990
		<u>4,514,972</u>	<u>4,585,083</u>
CURRENT ASSETS			
Inventories	1 (d) & 4	107,999	72,274
Biological assets	1 (i) & 5	3,465	13,643
Related company balances	6	482,199	478,719
Trade and other receivables	7	370,185	497,351
Government securities	8	16,100	16,100
Cash and bank balances	9	363,767	319,498
		<u>1,343,715</u>	<u>1,397,585</u>
TOTAL ASSETS		<u>5,858,687</u>	<u>5,982,668</u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves		4,580,202	4,515,202
Revenue Reserves		190,863	145,930
		<u>4,771,065</u>	<u>4,661,132</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	782,818	945,850
Debit bank balances	11	51,804	102,593
Other liabilities and provisions	12	3,000	23,093
G.O.K Loan	13	25,831	25,831
		<u>863,453</u>	<u>1,097,367</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u>5,858,687</u>	<u>5,982,668</u>

The financial statements were approved by the University Council on ---26-09-2012----- 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 Member.

Rt.Rev.Dr. Christopher Rutto, BD.(St. Paul's University), MA. (Open University), PhD (Birmingham)





MOI UNIVERSITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

INCOME	NOTE	2012 Kshs (000)	2011 Kshs (000)
Capitation grants	1(b) & 14	2,252,520	2,843,826
Tuition and related charges	1(b) & 15	2,655,401	2,810,936
Farm income		29,547	60,170
Other services rendered	1(b) & 16	136,962	163,896
Sundry income	1(b) & 17	111,063	337,311
		<u>5,185,493</u>	<u>6,216,139</u>
EXPENDITURE			
Academic departments	18	2,707,127	3,331,150
Administration and central services	19	1,496,872	1,862,973
Academic services	20	148,417	143,937
General educational services	21	63,722	60,240
Maintenance of premises	22	450,722	365,353
Staff and Students welfare	23	139,688	198,676
Farm expenses		28,109	35,858
Miscellaneous expenses	24	105,903	139,849
		<u>5,140,560</u>	<u>6,138,036</u>
SURPLUS FOR THE YEAR		<u>44,933</u>	<u>78,103</u>



MOI UNIVERSITY
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2012

	Capital Reserves Kshs (000)	Revenue Reserves Kshs (000)	Total Kshs (000)
As at 1 July 2010	4,425,440	70,619	4,496,059
Donations (land and buildings)	40,000		40,000
Transfers from reserves	-	(2,792)	(2,792)
Surplus for the year	-	78,103	78,103
Capital development grants	249,762	-	249,762
Capital devt grants paid to Rivatex and Kabianga	(200,000)	-	(200,000)
As at 30 June 2011	<u>4,515,202</u>	<u>145,930</u>	<u>4,661,132</u>
As at 1 July 2011	4,515,202	145,930	4,661,132
Surplus for the year	-	44,933	44,933
Capital development grants	335,000	-	335,000
Capital devt grants paid to Rivatex	(270,000)	-	(270,000)
As at 30 June 2012	<u>4,580,202</u>	<u>190,863</u>	<u>4,771,065</u>





MOI UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 Kshs (000)	2011 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		44,933	78,103
Adjustments for :-			
Depreciation		144,894	169,613
Interest income		(16,702)	(54,449)
Gain on disposal of fixed assets		(1,442)	(301)
Operating surplus before working capital changes		171,683	192,966
Changes in working capital			
Decrease in inventories		(35,725)	(19,781)
Decrease in biological assets		9,757	3,358
Increase in related companies balances		(3,480)	(1,703)
Increase in trade and other payables		(163,032)	208,134
Decrease in other liabilities and provisions		(20,093)	3,589
Decrease in trade and other receivables		127,166	(89,735)
Net changes in working capital		(85,407)	103,862
Total cash generated from operations		86,276	296,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(74,362)	(330,652)
Interest received		16,702	54,449
Proceeds on disposal of fixed assets		1,442	301
Net cash flows from investing activities		(56,218)	(275,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital receipts from GOK		65,000	49,762
Donations		-	40,000
Transfers		-	(2,792)
Net cash flows from financing activities		65,000	86,970
Net increase in cash and cash equivalents		95,058	107,896
Cash and cash equivalents at the beginning of the year		233,005	125,109
Cash and cash equivalents at the end of the year	27	328,063	233,005



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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.

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.



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

(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.

(k) Foreign Currencies

Transactions in currencies other than the Kenya Shilling are recorded at the rates of exchange prevailing on



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

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 2012****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 2011	456,429	3,791,913	857,303	395,176	322,301	303,086	6,126,208
Disposals/transfers	-	-	-	-	-	(320)	(320)
Additions	-	-	45,639	7,448	12,534	8,741	74,362
At 30 June 2012	456,429	3,791,913	902,942	402,624	334,835	311,507	6,200,250
DEPRECIATION							
At 1 July 2011	11,579	731,474	-	318,946	251,800	233,316	1,547,115
Disposals	-	-	-	-	-	(320)	(320)
Charge for the year	-	69,002	-	16,324	31,479	23,576	140,381
Amortization for the year	4,513	-	-	-	-	-	4,513
At 30 June 2012	16,092	800,476	-	335,270	283,279	256,572	1,691,689
NET BOOK VALUE							
At 30 June 2012	440,337	2,991,437	902,942	67,354	51,556	54,935	4,508,561
At 30 June 2011	444,850	3,060,439	857,303	76,230	70,501	69,770	4,579,093





MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2012

2. PROPERTY, PLANT AND EQUIPMENT (continued)

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 2012

	2012 Kshs (000)	2011 Kshs (000)
3. INVESTMENT		
Rivatex E.A Limited		
Share capital	<u>1,000</u>	<u>1,000</u>
4. INVENTORIES		
Main	70,303	64,318
Catering	1,549	317
Farms	1,917	2,730
Bookshop	34,230	4,909
	<u>107,999</u>	<u>72,274</u>
5. BIOLOGICAL ASSETS		
As at year-end, the University had the following biological assets.		
Livestock	<u>5,411</u>	<u>4,990</u>
	<u>5,411</u>	<u>4,990</u>
Crops in field	<u>3,465</u>	<u>13,643</u>
	<u>3,465</u>	<u>13,643</u>
6. RELATED PARTY BALANCE		
Rivatex (E.A) Limited	479,833	476,353
Moi University Holdings Limited	<u>2,366</u>	<u>2,366</u>
	<u>482,199</u>	<u>478,719</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	724,109
		<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 2012

	2012	2011
	Kshs (000)	Kshs (000)
7. TRADE AND OTHER RECEIVABLES		
Amounts falling due within one year:-		
Student fees debtors	462,168	611,882
Other debtors	97,023	45,514
Farm debtors	558	221
Other PSSP debtors	800	800
	<u>560,549</u>	<u>658,417</u>
Provision for doubtful debts	(190,364)	(161,066)
	<u>370,185</u>	<u>497,351</u>
8. GOVERNMENT SECURITIES		
Treasury bills	16,100	16,100
	<u>16,100</u>	<u>16,100</u>
9. CASH AND BANK BALANCES		
Kenya Commercial Bank	30,624	69,848
National Bank of Kenya	30,675	84,323
Standard Chartered Bank	40,542	21,827
Equity Bank	29,169	4,546
Housing Finance	118,570	103,693
Barclays Bank of Kenya	8,769	5,221
Co-operative Bank of Kenya	105,418	30,040
	<u>363,767</u>	<u>319,498</u>
10. TRADE AND OTHER PAYABLES		
Amounts falling due within one year:-		
Recurrent and capital creditors	726,144	856,988
Students' holding accounts	56,674	88,862
	<u>782,818</u>	<u>945,850</u>
11. BANK BALANCES		
	6,376	96,556
Kenya Commercial Bank	45,428	6,037
National Bank of Kenya	<u>51,804</u>	<u>102,593</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	Kshs (000)	Kshs (000)
12. OTHER LIABILITIES AND PROVISIONS		
Provision for audit fees		
Prepaid fees	3,000	6,700
	-	16,393
	3,000	23,093
13. GOK LOAN		
Current:		
Amount payable within 12 months	25,831	25,831
Non-current:		
Amount payable after 12 months	224,169	224,169
	250,000	250,000
The GOK loan was advanced to the University to facilitate the acquisition of Karatina University College.		
14. CAPITATION GRANT		
July	187,710	558,005
August	187,710	198,711
September	187,710	198,711
October	187,710	198,711
November	187,710	198,711
December	187,710	198,711
January	187,710	198,711
February	187,710	198,711
March	187,710	198,711
April	187,710	198,711
May	187,710	298,711
June	2,252,520	2,843,826
15. TUITION AND RELATED CHARGES		
Tuition fees	2,401,792	2,406,473
Registration fees	2,395	3,796
Students' ID charges	1,948	3,111
Examination fees	42,509	79,591
	41,297	52,592



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

15. TUITION AND RELATED CHARGES (continued)

	2012	2011
	Kshs (000)	Kshs (000)
Medical fees	22,572	25,036
Activity fees	8,592	11,881
Application fees	108,531	194,736
Workshop/attachment fees	25,731	31,804
Amenity fees	34	1,916
Sundry income	<u>2,655,401</u>	<u>2,810,936</u>

16. OTHER SERVICES RENDERED

Bookshop sales	55,066	30,576
Accommodation and catering services	67,873	116,340
Rental income	13,858	16,980
Commercial tree nursery	165	-
	<u>136,962</u>	<u>163,896</u>

17. SUNDRY INCOME

Sale of tender documents	310	916
Water sales	334	475
Gain on disposal of motor vehicles	1,442	301
Graduation fees	15,317	10,496
Interest income	16,702	54,449
Decrease in provision for doubtful debts	-	99,926
Research grants	57,975	152,450
Fines	1,164	403
Miscellaneous	17,819	17,895
	<u>111,063</u>	<u>337,311</u>

18. ACADEMIC DEPARTMENTS EXPENSES

Personal emoluments	1,597,669	1,952,439
House allowance	509,183	647,004
Responsibility allowance	88,531	99,396
Car allowance	54,842	67,093
Entertainment	11,546	15,678
Commuting allowance	51,522	62,131
Gratuity and retirement benefits	105,394	131,798



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

	2012 Kshs (000)	2011 Kshs (000)
18. ACADEMIC DEPARTMENTS EXPENSES (continued)		
Teaching and office expenses	15,665	13,785
Travelling and accommodation	5,963	1,846
Telephone	2,955	4,893
Stationery	8,783	10,361
Purchase of uniforms	40	808
Vehicle running expenses	4,480	3,730
Staff development	20,607	5,395
University research programme	50,046	56,482
Field courses	84,748	68,406
Special grants research expenses	94,966	189,850
Books and journals	187	55
	2,707,127	3,331,150
19. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Personal emoluments	400,778	725,895
House allowance	241,844	285,644
Responsibility allowance	7,068	8,924
Car allowance	31,582	35,327
Entertainment	3,629	4,168
Commuting allowance	50,872	58,324
Advertisements	34,895	23,324
Gratuity and retirement benefits	42,214	44,787
Office expenses	20,334	17,615
Travelling and accommodation	21,095	17,081
Telephone	36,742	30,700
Purchase of uniforms	850	4,872
Vehicle running expenses	23,854	25,971
Insurance	35,614	67,585
Official entertainment	212	402
Council and senate expenses	31,429	46,349
Passage and baggage	927	2,607
Publishing and printing	1,408	1,156





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	Kshs (000)	Kshs (000)
1 ADMINISTRATION AND CENTRAL SERVICES EXPENSES (continued)		
Ceremonial and funeral expenses	1,253	2,470
Provision for audit fees	3,000	3,700
PSSP Coordinating office expenses	163,886	81,503
Bookshop expenditure	29,182	37,360
Books and journals	2,920	220
Miscellaneous, legal and others	114,606	148,723
ISO and ISO related expenses	5,378	6,522
Depreciation	144,894	169,613
Air services expenses	7,343	7,671
Provision for doubtful debts	29,298	-
Provision for interest on GOK loan	8,018	3,125
Postal and telegram	1,747	1,335
	1,496,872	1,862,973
2 (a) ACADEMIC SERVICES EXPENSES		
Personal emoluments	39,087	43,729
House allowance	28,230	32,279
Responsibility allowance	644	1,216
Car allowance	2,630	2,774
Entertainment	224	230
Commuting allowance	6,140	6,545
Gratuity and retirement benefits	4,676	4,935
Office expenses	157	72
Travelling and accommodation	148	191
Telephone	120	137
Purchase of uniforms	-	6
Vehicle running expenses	733	56
Library books	38,769	29,991
Books and periodicals	107	439
	121,665	122,600





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	Kshs (000)	Kshs (000)
20. (c) COMPUTER SERVICES EXPENSES		
Personal emoluments	10,730	10,081
House allowance	11,247	7,893
Responsibility allowance	3	5
Car allowance	880	562
Purchase of uniforms	12	19
Commuting allowance	1,768	1,185
Gratuity and retirement benefits	1,862	1,476
Office expenses	16	31
Travelling and accommodation	116	41
Telephone	63	44
Books and periodicals	4	-
Vehicle running expenses	51	-
	<u>26,752</u>	<u>21,337</u>
TOTAL	<u>148,417</u>	<u>143,937</u>
21. GENERAL EDUCATIONAL SERVICES EXPENSES		
Graduation expenses	12,473	16,976
Students admission and examination	19,740	15,359
External examiners expenses	11,116	11,933
Staff development - non academic	2,867	4,932
External travel and accommodation	7,120	7,373
Conferences and seminars	10,406	3,667
	<u>63,722</u>	<u>60,240</u>
22. MAINTENANCE OF PREMISES		
Rents and rates	155,989	44,784
Electricity, water and conservancy	250,320	298,310
Maintenance of buildings	44,413	22,259
	<u>450,722</u>	<u>365,353</u>





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	Kshs (000)	Kshs (000)
23. STAFF AND STUDENTS WELFARE		
University medical scheme	49,045	126,691
Recruitment expenses	595	83
Passage and leave	11,059	11,113
Hotel accommodation and hospitality	800	868
Students' accommodation and catering expenses	37,760	22,447
Students' welfare services	40,429	37,474
	139,688	198,676
24. MISCELLANEOUS EXPENSES		
ASK show expenses	1,223	3,140
Maintenance of plant and equipment	31,000	21,766
Others	73,680	114,943
	105,903	139,849
25. BOOKSHOP REVENUE ACCOUNT		
Sales	55,066	30,576
Less: Cost of sales		
Opening stocks	4,909	6,884
Purchases	45,772	19,916
	50,681	26,800
Closing stocks	(34,230)	(4,909)
	16,451	21,891
Gross surplus for the year	38,615	8,685
Less: Expenses		
Salaries and wages	12,653	15,262
Others	78	207
(Deficit)/surplus for the year	25,884	(6,784)





MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

26. UNIVERSITY FARMS REVENUE ACCOUNTS

	2012	2011
	Kshs (000)	Kshs (000)
Farm sales	29,547	60,170
Less: Expenses		
Opening stocks	21,363	27,852
Farm expenses	10,623	22,335
	31,986	50,187
Personnel costs	6,917	7,034
Closing stocks	(10,794)	(21,363)
	28,109	35,858
Surplus for the year	1,438	24,312

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	16,100
Bank and cash balances	363,767	319,498
Bank overdraft	(51,804)	(102,593)
	328,063	233,005

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 claim. 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



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 projects stalled in 1990/1991 due to inadequate financing.

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

No provision has therefore been made in these financial statements for these pending bills as the determination and eventual settlement of the pending bills will be done by the government.

29. COMPARATIVES

The comparative figures for 2011 include consolidated transactions for Moi University, Chepkoilel and Karatina University Colleges.

30. LEGAL STATUS

The University is a body corporate established in Kenya under the Moi University Act 1984.





1958-1959

