

**MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
P.O Box 190 - 50100, Kakamega, Kenya  
Tel: 056-31375

# **Annual Report and Accounts**

**For the Year Ended 30th June, 2011**

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## CORPORATE INFORMATION

### CHANCELLOR AND PRINCIPAL OFFICERS OF THE UNIVERSITY

#### Chancellor

H.E Hon. Mwai Kibaki, C.G.H., M.P., B.A (Makerere), BSc. Econ (London), D.Sc. (Hon Eng. JKUCAT ), DLitt , LLD (Nairobi) DSc. (HR Dev't) (MMUST), President and Commander-in-Chief of the Kenya Defense Forces

#### Chairman of the University Council

Alan Simu, B.A. Arch (Nairobi), M.A. Arch. (Nairobi) F.A.A.K.

#### Vice Chancellor

Barasa C. C. Wangila, EBS. Dip. Ed. (Kenyatta) Dip. Aqua (ARAC), B.Sc. (Nairobi), M.Tech (RSUST), Ph.D. (Manitoba)

#### Vice- Chairman of Council

N. Olembo, B.Sc. Hons. (UoN), M.Sc.(UoN), PhD. (UoN), Postdoctoral (Courthould Institute of London, UK).

#### Honorary Treasurer

Evans Kidero, B.Sc. Pharm (UoN), MBA (USIU).

#### Deputy Vice Chancellor (Academic Affairs)

Asenath J. Sigot, B.Sc., M.Sc, (Central Missouri State University) (CMSU) U.S.A, Ph.D Admin. Planning and Curriculum Dev't (Kenyatta University)

#### Deputy Vice Chancellor (Administration and Finance)

Sibilike K. Makhanu, B.Sc., Msc.(Nairobi), Cert.Jap.L (Osaka), Cert.Dis. Prep .(US Central Command), Ph.D. (Kyoto), MIEK, R.Eng.

#### Deputy Vice Chancellor (Planning, Research and Extension)

John O. Shiundu, B.Ed., M.Ed. (Nairobi), Ph.D (McGill)

#### Registrars

1. Onyango Odhiambo B.A., (Nairobi), Dip. HRM (Makerere) -Planning, Research & Extension
2. Rachel C. Atamba. B. A (Nairobi) , MBA (Egerton) - Administration
3. Joash. W. S. Mabonga B.Ed, M.A (Nairobi) ) -Academic Affairs

#### University Librarian

George G .Shibanda. A.L.A., (University of Central England), Dip.Info.Sc., M.L.S. (Loughborough), Advance Cert. Inf. Sc (Wales, Aberystwyth), FLA (CILIP,UK)

#### Dean of Students

Rev. (Mrs) L.E.A Omwoha B.Ed ( KU) ,Msc (Manchester)

#### Finance Officer

Oliver Waluvengo BB M (Moi), MBA (Maseno), C. C. A, C. P. A (K)

**Bankers**

Kenya Commercial Bank, Co-operative Bank, Barclays Bank of Kenya, Standard Chartered Bank, Equity Bank, Family bank, National Bank.

**Auditors**

Kenya National Audit Office - Auditor General  
P.O.Box 30084 -00100 Nairobi

**Registered Office**

Masinde Muliro University of Science and Technology off Kakamega - Webuye Road, P.O BOX 190-50100, Kakamega



## MEMBERS OF UNIVERSITY COUNCIL

<b>Chairman</b>	Alan C.M. Simu, B.A. Arch, M.Arch. (Nairobi), F.A.A.K.
<b>Vice- Chairman of Council</b>	N. Olembo, B.Sc. Hons.(UoN), M.Sc.(UoN), PhD. (UoN), Postdoctoral (Courthould Institute of London, UK).
<b>Honorary Treasurer</b>	Evans Kidero, B.Sc. Pharm (UoN), MBA (USIU).
<b>Vice Chancellor</b>	Barasa C. C. Wangila, EBS, Dip. Ed. (Kenyatta) Dip. Aqua (ARAC), B.Sc. (Nairobi), M. Tech (Rivers State), Ph.D. (Manitoba)
<b>Members</b>	L. K. Biwott, OGW, HSC, B.Sc. (UoN), Postgraduate Dip Petroleum Exploration (Norwegian Technical University), Postgraduate Dip (Havard) University), Cert. (Lund, Sweden).  K. S. Shikely, MBChB (Univ of Alexandria, Cairo), MED (Pediatrics) Ainshans University, Cairo Egypt.  Rt. Rev. Bishop P. Sulumeti, LLD  Permanent Secretary Ministry of Finance Permanent Secretary Ministry of Higher Education Science and Technology (MOHEST) Permanent Secretary Ministry of State for Public Service Secretary, Commission for Higher Education
<b>Co-opted Members</b>	M. Were, BA (William Pen), Dip. Ed. (Makerere), MBChB (UoN), MPH, Phd. (John Hopkins).  Joseph. N. Kesa, BA Hons (Dar es Salaam), M.Sc. Econ. (London)
<b>Senate Representatives</b>	Aggrey.M Simiyu, B.Ed (Nairobi), M.Ed, PhD (State Univ. of New York) Judith S.K. Achoka, B.Ed.(Nairobi) , M. A, (McGill), Ph.D. (Kenyatta)
<b>UASU Representative</b>	S. Choge, B.Ed, (Moi), M.Phil (Moi)
<b>UNTESU Representative</b>	K. Ochieng, CPA II.
<b>KUDHEIHA Representative</b>	E. Kabaji, Cert. Electrical Apprenticeship
<b>MMUST ALUMNI Representative</b>	M.K. Etelej , B.Ed (MMUST)

**Students Representative**

A. Omenta  
C. Chepchumba

**Ex-Officio Members**

A. J. Sigot, B.Sc., M.Sc, (Central Missouri State University) (CMSU)  
U.S.A, Ph.D Admin. Planning and Curriculum Dev't (Kenyatta University)

S.K. Makhanu, B.Sc., Msc.(Nairobi), Cert.Jap.L (Osaka),  
Cert.Dis. Prep .(US Central Command), Ph.D. (Kyoto),  
MIEK, R.Eng.

J.O Shiundu, B.Ed., M.Ed. (UoN), PhD (McGill)

**In Attendance**

Onyango Odhiambo (B.A (UoN), Dip. HRM  
Oliver Waluvengo B.B.M (Moi), MBA (MSU), C.C.A,  
C.P.A (K).

Rachel C. Atamba B. A (UoN), MBA (Egerton)

Joash Mabonga B.Ed, M.A (UoN)



## **VICE-CHANCELLOR'S REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011**

I have the pleasure to present the eighth (8th) annual report and accounts of this University for the year ended 30th June, 2011.

### **THE FUNDING**

During the year under review the University received a total of Kshs.1,689, 898,232/= being Kshs 685,815,699/= as Government of Kenya (GoK) Capitation, Kshs.846,582,534/= as revenue collection and Kshs 157,499,999 as GoK Development Funds. This was against a projected expenditure of Kshs 2.3 billion in recurrent and Kshs.805 million in Development Expenditure as requested and approved by Council.

### **THE RESULTS**

The University made a deficit of Kshs.1,067,404/= during the year under review. This result was caused by two factors. The unfunded subsidy on student's meals of Kshs 17,491,737/= and the use of GoK allocated recurrent funds of Kshs 66 million to clear arrears of the CBA's salaries and house allowances for 2008/2009 and 2009/2010. The total assets grew to Kshs 1.49 billion up from Kshs 1.4 billion for the previous year.

### **THE IMPACT**

The University carried over Kshs 150 million in creditors. The minimal development allocation through the years has constrained Council from carrying out much desired capital infrastructure resulting in the University spending Kshs 16 million on rentals in Kakamega town. With a student population of over 9,000 and a teaching staff of 275, the University is forced to hire part - time lecturers at much risk on standards because recurrent grant cannot make hiring of enough permanent staff possible.

### **THE WAY FORWARD**

The GoK, that is the sponsor and owner of the University, is requested to fund this University adequately. Council should explore other ways of raising money for University programmes to be sustained.

### **CONCLUSION**

I would like to thank GoK for the support given to University Council and Management. Despite the funding problem, the GoK has enabled the University to acquire an impressive asset base, of Kshs 1.49 billion within a span of eight years of the University's existence.

Wise counsel of University Council is appreciated and I hope that the same guidance to management will continue.

To our esteemed donors for our research efforts, we truly appreciate your contributions towards our vision and mission.

Last but not least, I would like to recognize the contributions and cooperation of students, staff and the community in Kakamega town in making the year under review a success for our programmes. I owe a lot to our creditors who support the University even when we are most of the time unable to pay for their inputs on time.

  
**Prof. Barasa C. C. Wangila, EBS**  
**Vice Chancellor**



## **MANAGEMENT REPRESENTATION**

This representation letter is provided in connection with your audit of the financial statements of Masinde Muliro University of Science and Technology for the year ended 2010/11 for the purpose of expressing an opinion as to whether or not the financial statements present fairly, in all material respects, the financial position of Masinde Muliro University of Science and Technology as at 30th June 2011 and the results of its operations and its cash flows for the year then ended in accordance with Section 29 of the Exchequer and Audit Act, Cap 412.

We acknowledge our responsibility for the accuracy of the accounting records and the fair presentation of the financial statements and we confirm, to the best of our knowledge and belief, the following representations given to you in connection with your duties as auditors of Masinde Muliro University of Science and Technology for the year ended 2010/11.

### **1. Accounting policies**

The accounting policies used by Masinde Muliro University of Science and Technology are as stated in the financial statements and are consistent with those of previous year.

### **2. Accounting records and transactions**

We have made available to you all books of account and supporting documentation and all minutes of meetings and no such information has been withheld.

The financial statements are free of material misstatements including omissions. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

We have no plans that may alter materially the carrying value or classification of assets and liabilities reflected in the financial statements.

Except as disclosed in the financial statements, the results of operations for the year were not materially affected by transactions of an extraordinary or abnormal nature or of a sort not usually undertaken by the Masinde Muliro University of Science and Technology or items relating to a prior year.

All transfer payments have been properly and completely accounted for and have been recorded in the proper period.

The Appropriation account reflects a complete record of all expenditure relating to the financial transactions of the budgetary vote under our control as well as all allocated funds (budgeted, adjustments and special authorisations by the minister).

The information required by Audit Circular 1 and which have been disclosed in the schedules are complete and free of material misstatement.

The budget has been prepared in accordance with the relevant regulations and instructions and is in line with set criteria and objectives.

Personnel expenditure represents payments in respect of services which have been rendered to the Masinde Muliro University of Science and Technology by 1016 employees on the payroll of



the year 2010/11.

### **3. Assets**

We have no plans or intentions that will result in any excess or obsolete inventory.

Masinde Muliro University of Science and Technology has satisfactory title to all assets, and there are no liens or encumbrances on Masinde Muliro University of Science and Technology's assets in favour of third parties.

All assets were maintained and were stored in good condition during the financial year.

The current assets in the financial statements are expected, in our opinion, to produce at least the amounts at which they are stated. Adequate provision, in our opinion, has been made against all amounts owing to the debtors, which are known and may be expected to become irrecoverable.

### **4. Liabilities**

Masinde Muliro University of Science and Technology has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

There have been no events subsequent to period end that requires adjustment of or disclosure in the financial statements or notes thereto.

We are not aware of any capital expenditure projects entered into without a legal contract. There were no purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

### **5. Other Matters**

There have been no irregularities involving management or employees that have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

All known, actual or possible, non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements, have been disclosed to the auditors.

Masinde Muliro University of Science and Technology has not incurred any unauthorized expenditure during the year under review.

Except as disclosed in the financial statements, no transactions involving management and others requiring disclosure in the financial statements have been entered into. We confirm the completeness of the information provided regarding the identification of related parties. The identity of, and balances and transactions with, related parties have been properly recorded and,

when appropriate, adequately disclosed in the financial statements.

The required tender procedures have been followed and no commissions have been received by any employee of Masinde Muliro University of Science and Technology.

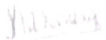
Yours Faithfully,



**B. C. C. Wangila, Dip. Ed, Dip. Aqua, B.Sc. M. Tech. Ph.D**  
**VICE CHANCELLOR**



**S. K. Makhanu, B. Sc, M. Sc, Ph.D**  
**DEPUTY VICE CHANCELLOR (A&F)**



**Oliver Waluvengo, B. B. M., MBA , C. C.A., C.P.A. (K)**  
**FINANCE OFFICER**



## **REPORT OF THE CONTROLLER AND AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2011**

### **REPORT OF THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Masinde Muliro University of Science and Technology set out on pages 12 to 25, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity 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 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 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 its 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 of the Public Audit Act, 2003. The audit has been 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 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 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**

#### **Cash and Bank Balances**

- (I) The cash and bank balances figure of Kshs.69,943,518 as at 30 June 2011 has been arrived at after netting off bank overdrafts in five bank accounts totaling Kshs. 31,366,473. This is contrary to International Accounting Standards (IAS) No.1,



paragraph 32 which states that assets and liabilities shall not be offset unless required or permitted by a standard or interpretation.

- (ii) Further, the cash and bank balances figure of Kshs.69,943,518 excludes payments and receipts reflected in the bank statement but not in the cash book amounting to Kshs.183,164,847 and Kshs.134,770,649 respectively. In addition, the cash and bank balances figures of Kshs. 69,943,518 includes payments and receipts in the cash book not reflected in the bank statements amounting to Kshs.180,344,366 and Kshs.103,240,940 respectively. These amounts have remained outstanding in the Bank Reconciliation Statements.

In the circumstances, it has not been possible to confirm the validity and accuracy of the cash and bank balances of Kshs.69,943,518 as at 30 June 2011.

### **Trade and Other Payable Pay As You Earn**

As reported in the previous year, trade and other payables balance of Kshs.165,898,425 as at 30 June 2011 includes tax arrears and penalties due to P.A.Y.E totaling Kshs.26,028,059 (2009/2010 – Kshs.31,271,601). As similarly reported in 2009/2010, the arrears and penalties continue to attract additional charges as per the Income Tax Act Cap 470 Section 94(1).

### **Value Added Tax**

In addition, the trade and other payables balance of Kshs.165,898,425 as at 30 June 2011 excludes tax arrears and penalties due to Kenya Revenue Authority in respect of V.A.T amounting to Kshs.20,008,333. Further the arrears and penalties continue to attract additional charges as per the V.A.T Act Cap 476 Section 15 (1) and (2).

In the circumstances, it was not possible to confirm that the trade and other payables balances of Kshs.165, 898,425 is fairly stated as at 30 June 2011.

### **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 2011, 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 Masinde Muliro University of Science and Technology Act 2006.



**Edward R. O. Ouko**  
**AUDITOR GENERAL**

**Nairobi**  
**4 April 2012**



## STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES ON THE 2010/2011 ACCOUNTS

### ACTIVITIES

The principal activities of the University are teaching, research, and extension services.

### RESPONSIBILITY

The Council members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the State Corporations Act.

The Council members are of the opinion that the financial Statements give a true and fair view of the state of the University's financial affairs and of its income and expenditure statement.

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.

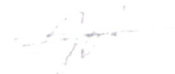
### AUTHORITY

The 2010/11 accounts were presented to Council and approved on 27th September, 2011.



**B.C.C. Wangila, EBS.**  
**Dip. Ed. (Kenyatta) Dip. Aqua (ARAC),**  
**B.Sc. (Nairobi), M.Tech (RSUST), Ph.D. (Manitoba).**

**Vice Chancellor**  
**30th September, 2011**



**Joseph N. Kesa**  
**BA (Hons)**  
**Dar, M.sc (Econ) London Pharm**

**Council Member**  
**30th September, 2011**

**STATEMENT OF COMPREHENSIVE INCOME**For the Year Ended 30<sup>th</sup> June, 2011

<b>INCOME:</b>	<b>NOTES</b>	<b>2011</b>	<b>2010</b>
		<b>Kshs</b>	<b>Kshs</b>
Government Grant	1	685,815,699	601,326,699
Tuition and related charges	2	839,988,552	607,390,545
Income Generating Units	3	(13,752,502)	(13,555,535)
Sundry Income	4	6,593,982	6,292,691
		<b><u>1,518,645,731</u></b>	<b><u>1,201,454,400</u></b>
<b>EXPENDITURE:</b>			
Academic Departments	5	445,647,707	476,237,439
Administration & Central Services	6	677,116,192	432,488,580
Council Expenses	7	15,061,200	19,118,431
Academic Services	8	17,488,187	10,356,007
General Educational Services	9	2,291,280	549,329
Maintenance of Premises	10	22,942,618	13,435,648
Staff & Students Facilities welfare	11	276,663,092	213,395,390
Miscellaneous Expenditure	12	6,807,244	17,232,997
Depreciation	13	55,695,615	51,257,922
		<b><u>1,519,713,134</u></b>	<b><u>1,214,953,312</u></b>
<b>Surplus / (Deficit)</b>		<b>(1,067,404)</b>	<b>(13,498,912)</b>
Provision for bad debts	18	(3,253,436)	(2,982,063 )
Provision for unbanked cash		(3,726,000)	
Provision for Audit Fee		-	(955,000)
Net Surplus/ (Deficit)		(8,046,840)	(17,435,975)
Accumulated Surplus B/F		13,484,025	30,920,000
<b>Accumulated Surplus C/F</b>		<b>5,437,185</b>	<b>13,484,025</b>

## STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2011

<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>	<b>NOTE</b>	<b>2011</b>	<b>2010</b>
		<b>Kshs</b>	<b>Kshs</b>
Property, Plant and Equipment	15	1,360,227,542	1,235,450,696
Biological Assets	16	441,000	526,000
		<b><u>1,360,668,542</u></b>	<b><u>1,235,976,696</u></b>
<b>Current Assets:</b>			
Inventory	17	16,102,308	35,540,000
Trade and other Receivables	18	45,914,240	109,087,745
Short Term Investment	19	-	1,027,000
Cash and Bank Balances	20	69,943,518	19,067,644
<b>Sub- Totals</b>		<b><u>131,960,066</u></b>	<b><u>164,722,389</u></b>
<b>Total Assets</b>		<b><u>1,492,628,608</u></b>	<b><u>1,400,699,085</u></b>
<b>Equity and Liabilities</b>			
Equity		1,320,766,998	1,163,266,999
Stock Reserve Account		526,000	526,000
Revenue Reserve		5,437,185	13,484,025
		<b><u>1,326,730,183</u></b>	<b><u>1,177,277,024</u></b>
<b>Non -Current Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other Payables	21	<b><u>165,898,425</u></b>	<b><u>223,422,061</u></b>
<b>Total Equity and Liabilities</b>		<b><u>1,492,628,608</u></b>	<b><u>1,400,699,085</u></b>

**AUTHORITY**

The 2010/11 accounts on Pages 12-25 were presented to Council and approved on 30th September, 2011, and were signed on behalf of Council by:

**B.C.C. Wangila, EBS, Dip. Ed, Dip. Aqua, B. Sc. M. Tech. PhD**  
**VICE- CHANCELLOR.**

**S.K. Makhanu, B.Sc., Msc.(UoN), Phd.(Kyoto)**  
**DEPUTY VICE CHANCELLOR (A&F)**

**Oliver Waluvengo. B.B.M (Hon.) (MU), MBA (MSU), C.C.A., C.P.A. (K)**  
**FINANCE OFFICER.**



**STATEMENT OF CASH FLOWS****For the Year Ended 30<sup>th</sup> June, 2011**

	<b>2011 Kshs</b>	<b>2010 Kshs.</b>
<b>Cash Flows from Operating activities</b>		
Surplus / (Deficit)	(8,046,840)	(17,435,975)
<b>Add:</b> Changes in:		
Depreciation charges	55,695,615	51,257,922
General Stores	19,437,692	(9,413,000)
Debtors and Receivables	63,173,505	(63,737,745)
Creditors and Payables	(57,523,636)	39,285,061
<b>(a) Net Cash flows from operating activities</b>	<b>72,736,336</b>	<b>(43,737)</b>
<b>Investment activities:</b>		
Short Term Investment	1,027,000	(31,000)
Purchase of Non Current Assets	(180,472,461)	(314,578,615)
Loss in value of Biological Assets ( Note 16)	84,999	
<b>(b) Net cash from Investment Activities</b>	<b>(179,360,462)</b>	<b>(314,609,615)</b>
<b>Financing activities:</b>		
Equity	157,499,999	159,999,999
<b>(c) Net cash from financing activities</b>	<b>157,499,999</b>	<b>159,999,999</b>
Net increase (decrease) in cash and cash equivalent (a+b+c)	50,875,874	(154,653,356)
<b>Cash &amp; Cash Equivalents brought forward 2010</b>	19,067,644	173,721,000
<b>Cash &amp; Cash Equivalents carried forward 2011</b>	<b><u>69,943,518</u></b>	<b><u>19,067,644</u></b>



## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30<sup>th</sup> June, 2011

	Equity	Stock Reserve account	Revenue Reserve	Total Equity
	Kshs.	Kshs.	Kshs	Kshs
<b>Balance as at 30th June 2009</b>	<b>1,003,267,000</b>	<b>526,000</b>	<b>30,920,000</b>	<b>1,034,713,000</b>
Equity-(Capital development)	159,999,999	-	-	<b>159,999,999</b>
Net Deficit for the year	-	-	(17,435,975)	<b>(17,435,975 )</b>
<b>Balance as at 30<sup>th</sup> June, 2010</b>	<b>1,163,266,999</b>	<b>526,000</b>	<b>13,484,025</b>	<b>1,177,277,024</b>
Equity-(Capital development)	157,499,999	-	-	<b>157,499,999</b>
Net Deficit for the year	-	-	(8,046,840 )	<b>(8,046,840)</b>
<b>Balance as at 30<sup>th</sup> June, 2011</b>	<b>1,320,766,998</b>	<b>526,000</b>	<b>5,437,185</b>	<b>1,326,730,183</b>

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

The accounts have been prepared in compliance with international financial reporting standards (IFRS)

Income from grants and fees represent only amounts receivable in relation to the financial year 2010/2011.

Non-current assets are stated at cost or professional valuation.

Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The rates are:

Building	2%
Plant, Equipment and Furniture	12.5%
Motor Vehicles	25%
Computers	30%

Depreciation is on straight-line basis and it is charged to the Income and Expenditure Account. Assets acquired during the year are depreciated.

Stocks are valued at the lower of cost and net realizable value.

The cost of library books and teaching materials are written off to expenditure.

Appropriation for specific purpose represents revenue generated by some departments and unspent balance on certain votes, carried forward to meet expenditure in the ensuing year.

Deans Committee research grant is carried forward until the related research project is completed.

Values for equipment donated are estimated by the University or as advised by donors.

1.10 Capital development grants are credited to the equity and debited to the relevant asset.

1.11 Biological assets are valued at estimated market value less estimated cost of sales

1.12 Research funds are accounted for in accordance with agreements entered into between the donor and the University. Where the agreement is not explicit on accounting matters, the University financial regulations apply.

1.13 The default rate on fee arrears is normally 10 percent of student debtors.

## 2. CURRENCY

The accounts are expressed in Kenya Shillings and the amounts are rounded to the nearest one shilling.

### **3. LEGAL STATUS**

The Masinde Muliro University of Science and Technology is a body corporate established in Kenya under The Masinde Muliro University of Science and Technology Act of 2006.

### **4. RELATED PARTY TRANSACTIONS**

The University did not have related party transactions during the year under review.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30<sup>th</sup> June, 2011

## GOVERNMENT GRANTS FOR 2010/2011

## Recurrent Expenditure for the year ended 30.06.2011

Month	EFT Date	Receipt Date	Receipt No	(Kshs)	Remarks
July	09/08/2010	9.8.10	37614	51,700,000	Capitation
August	09/08/2010	9.8.10	36021	51,700,000	Capitation
September	03/09/2010	3.9.10	37605	51,638,729	Capitation
October	28/09/2010	28.9.10	37607	51,638,729	Capitation
November	09/11/2010	26.1.11	43436	51,638,729	Capitation
December	29/12/2010	26.1.11	43435	51,638,729	Capitation
January	31/12/2010	16.2.11	39256	51,638,729	Capitation
February	01/02/2011	11.2.11	39252	51,638,729	Capitation
March	03/03/2011	7.3.11	39289	51,638,729	Capitation
April	05/04/2011	16.5.11	66401	51,638,729	Capitation
May	24/5/2011	19.5.11	66402	84,972,063	Capitation
June	06/06/2011	09.6.11	66440	23,817,975	Capitation
June	28/06/2011	28.6.11	66443	46,126,150	Capitation
<b>Sub -Total</b>				<b>619,726,021</b>	

August	10/8/2011	10.08.10	37613	<b>66,089,678</b>	Salary Arrears
<b>Total Recurrent Expenditure</b>				<b>685,815,699</b>	

## Capital development for the year ended 30.06.2011

EFT Date	Receipt Date	Receipt No.	(Kshs)
26/08/2010	09.02.11	46580	4,045,616
29/10/2010	09.02.11	46581	5,334,866
26/11/2010	09.02.11	46582	34,855,843
25/02/2011	25.02.11	39303	38,395,102
25/02/2011	25.02.11	39303	4,500,000
29/06/2011	29.06.11	66442	44,368,572
29/04/2011	25.05.11	66405	26,000,000
<b>Totals Capital development</b>			<b>157,499,999</b>

<b>Grand Total – GOK Funds</b>	<b>843,315,698</b>
--------------------------------	--------------------



**2.0 Tuition and Related Charges:**

	<b>2011</b> <b>Kshs</b>	<b>2010</b> <b>Kshs</b>
Tuition Fees (PSSP	614,622,279	430,544,016
Tuition Fee (JAB)	31,340,208	47,201,250
Identity Cards	929,200	687,700
Medical Subsidy	13,672,100	9,750,745
Activity fees	7,806,200	5,070,016
Examination fees	18,172,110	17,540,000
Registration fees	4,567,500	1,826,800
Diploma, Certi & Bridging		
Fees	41,920,255	20,136,000
Accommodation	6,636,120	7,714,588
Application	4,794,445	5,841,247
Postgraduate fees	41,219,750	24,049,000
Amenity	7,571,800	4,810,800
Diploma project fees	-	16,000
Supervision	7,920,000	6,766,000
Field trips	55,200	53,000
Thesis	4,687,010	5,267,000
Computer fees	1,732,000	486,298
Attachment	32,342,375	19,630,085
	<u><u>839,988,552</u></u>	<u><u>607,390,545</u></u>

**3.0 Income Generating Units**

	<b>Income</b> <b>Kshs.</b>	<b>Expenditure</b> <b>Kshs.</b>	<b>Profit/(loss)</b> <b>Kshs.</b>
Catering	11,786,298	29,278,035	(17,491,737)
Production			
Unit	1,804,580	610,210	1,194,370
Farm	635,694	196,320	439,374
Bookshop	850,506	35,784	814,722
Library	840,538	24,649	815,889
	474,880		
Estates		-	474,880
	<u><u>16,392,496</u></u>	<u><u>30,144,998</u></u>	<u><u>(13,752,502)</u></u>

**4.0 Sundry Income**

	<b>2011</b> <b>Kshs</b>	<b>2010</b> <b>Kshs</b>
Sales of Tender Documents	478,984	1,290,560
Other Incomes	<u>6,114,998</u>	<u>5,002,131</u>
	<u><b>6,593,982</b></u>	<u><b>6,292,691</b></u>

**5.0 Academic Departments**

	<b>2011</b> <b>Kshs.</b>	<b>2010</b> <b>Kshs.</b>
Personal emolument	165,663,371	245,307,774
House allow	120,943,031	120,992,164
House to office	30,299,159	17,753,945
Pension	26,314,610	27,983,430
Other allowances	9,433,609	6,742,955
Part time expenses	39,138,274	19,183,187
External Travel & Accommm	5,368,571	6,449,012
Teaching Materials	15,315,319	2,301,417
Senate	1,522,422	1,777,582
School Practice	8,395,394	9,431,173
Industrial Attachment	7,119,374	5,453,237
Research Programmes	6,531,330	3,681,189
Seminars & Conference	6,970,224	9,180,375
New Programmes	1,955,779	
Robotic Expenses	<u>677,240</u>	<u>-</u>
	<u><b>445,647,707</b></u>	<u><b>476,237,439</b></u>



## 6.0 Administration and Central Services

	2011	2010
	Kshs.	Kshs.
Personal emolument	232,617,049	136,448,086
House allowance	129,207,930	91,319,548
House to office	17,530,898	18,460,677
Pension	57,442,461	18,290,832
Other allowances	17,721,485	8,814,000
Casual wages	15,010,209	31,549,777
Traveling and accommodation	8,570,885	7,847,445
Advertising and publicity	14,850,822	12,633,570
Transport and operating expenses	9,882,637	11,511,932
Office Expenses	6,615,728	8,026,879
Telephone Expenses	12,050,693	11,613,042
Electricity, water and Conservancy	12,165,500	9,924,976
Purchase of stationary	16,497,280	8,248,459
Purchase of uniforms	1,101,911	643,843
Official entertainment	454,205	913,395
Insurance	11,542,758	11,456,234
Postal and telegrams	783,156	505,639
Maintenance of Computers	1,197,558	2,398,809
Publishing and printing	1,769,863	1,973,941
Public Celebrations and funerals	1,063,290	240,629
Bank charge	500,000	571,000
Audit Fee	1,000,000	955,000
Maint of plant and equipment	13,682,487	6,913,101
Graduation	8,875,913	3,070,445
Security Services	11,281,506	9,038,890
Cleaning Services	6,760,423	-
Salary Arrears	66,939,545	-
	<u><u>677,116,192</u></u>	<u><u>413,370,149</u></u>

## 7.0 Council Expenses

	Kshs.	Kshs.
Council Expenses	15,061,200	19,118,431
	<u><u>15,061,200</u></u>	<u><u>19,118,431</u></u>



**8.0 Academic Services**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Library expenses	11,442,306	7,177,658
Computer expenses	4,876,558	3,178,349
Affiliation Fess	1,169,323	-
	<u>17,488,187</u>	<u>10,356,007</u>

**9.0 General Education Services**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
External examiners	1,893,980	565,529
Students' registration expenses	397,300	(16,200)
	<u>2,291,280</u>	<u>549,329</u>

**10.0 Maintenance of Premises**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Rent and rates	16,209,410	10,810,075
Maintenance of buildings	4,313,187	1,698,615
Maintenance of playground	80,800	74,540
Maintenance of water and sewage	418,749	125,000
Maintenance of catering & hostels	1,920,472	727,417
	<u>22,942,618</u>	<u>13,435,648</u>

**11.0 Staff and Students Facilities and Welfare**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Inter-University games	4,200,234	4,247,752
Students expenses	10,602,199	7,133,520
Medical expenses	31,264,123	29,261,455
Training expenses	8,949,266	2,555,691
MUSO expenses	1,138,050	1,619,478
PSSP payments	216,409,749	167,663,244
Sports equipment	580,440	914,250
Tamasha Festivals	2,573,551	-
Pension Trustees Expenses	945,480	-
	<u>276,663,092</u>	<u>213,395,390</u>

**12.0 Miscellaneous Expenditure**

	2011 Kshs	2010 Kshs
Hire of transport, plant and machines	191,700	152,000
Show & Seminars	4,478,181	12,527,520
Sundry expenses	1,667,863	4,377,702
Tender expenses	<u>469,500</u>	<u>175,775</u>
	<u><b>6,807,244</b></u>	<u><b>17,232,997</b></u>

**13.0 Depreciation Kshs. 55,695,615/=**

Depreciation is on straight-line basis and it is charged to the Income and Expenditure Account. Assets acquired during the year are depreciated.

**14.0 Provision for bad debts Kshs. 3,253,436/=**

The Provision for bad debts includes default rate on student fee arrears at 10 percent of Student debtors. This also includes an amount of Kshs **3,726,000/=** for unbanked cash carried forward from prior periods.

**15.0 Property, Plant and Equipment as at 30th June 2011**

	Land	Building	WIP	Plant & Equipment	Computer	Furniture	Motor Vehicles	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost/Valuation B/F30/06/10	67,180,000	541,786,896	576,350,390	121,950,000	31,521,000	43,011,000	67,315,000	1,449,114,286
Additions: 2010/2011			126,032,555	5,994,941	10,712,602	15,614,903	22,117,460	180,472,461
Disposal/Transfers	0	0	0	0	0	0	0	0
Gross Assets as at 30/06/11	67,180,000	541,786,896	702,382,945	127,944,941	42,233,602	58,625,903	89,432,460	1,629,586,747
Dep. as at 30/06/2010	0	35,556,493	0	88,075,536	22,446,900	19,139,440	48,445,221	213,663,590
Charge for the year	0	10,835,738		16,533,112	8,519,281	7,141,812	12,665,672	55,695,615
Dep. end of the year 30/06/11	-	46,392,223	-	104,608,648	30,966,181	26,281,252	61,110,893	269,359,205
Net Book Value 30/06/11 - Now	67,180,000	495,394,665	702,382,945	23,336,293	11,267,421	32,344,651	28,321,567	1,360,227,542
Net Book Value 30/06/10-	67,180,000	506,230,403	576,350,390	33,874,464	9,074,100	23,871,560	18,869,779	1,235,450,696



**16.0 Biological Assets**

	2011 Kshs.	2010 Kshs.
Livestock	446,000	531,000
Less cost at point of sale	<u>( 5,000)</u>	<u>5,000)</u>
	<u><b>441,000</b></u>	<u><b>526,000</b></u>

**17.0 Inventory**

	2011 Kshs.	2010 Kshs.
General stores	16,102,308	35,540,000
	<u><b>16,102,308</b></u>	<u><b>35,540,000</b></u>

**18.0 Trade and other receivables**

**(i) DEBTORS**

	2011 Kshs	2010 Kshs
Sundry Debtors	345,260	516,000
Staff Debtors	14,714,054	15,470,160
Students debtors	32,534,362	29,820,632
Provision for bad debt	(3,253,436 )	(2,982,063)
Provision for unbanked cash	(3,726,000)	-
Cash in Transit from MOEST	-	64,689,016
Unbanked Cash	3,726,000	-
	<u><b>44,340,240</b></u>	<u><b>107,513,745</b></u>

**(ii) Receivables**

	2011 Kshs	2010 Kshs
Electricity & Water Deposits	1,574,000	1,574,000
	<u><b>1,574,000</b></u>	<u><b>1,574,000</b></u>
<b>Total Trade and other Receivables</b>	<u><b>45,914,240</b></u>	<u><b>109,087,745</b></u>

**19.0 Short Term Investment**

	2011 Kshs	2010 Kshs
Weco deposit	-	199,000
Fixed deposit	<u>-</u>	<u>828,000</u>
	<u><b>-</b></u>	<u><b>1,027,000</b></u>



**20.0 Cash and Bank Balances**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash at Bank	69,857,931	18,902,532
Cash in hand	<u>85,587</u>	<u>165,112</u>
	<u><b>69,943,518</b></u>	<u><b>19,067,644</b></u>

**21.0 Trade and other payables**

**(i) Creditors**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Sundry creditors	<u>150,265,112</u>	<u>204,770,019</u>
	<u><b>150,265,112</b></u>	<u><b>204,770,019</b></u>

**(ii) Payables**

	<b>2011</b>	<b>2010</b>
	<b>Kshs</b>	<b>Kshs</b>
Donor fund-Note (Appendix 1)	5,952,016	5,788,027
Caution Money	2,642,500	2,693,200
Prepaid fees	6,038,797	5,489,815
Provision for Audit Fee	1,000,000	955,000
Provision for un banked cash	-----	3,726,000
	<u><b>15,633,313</b></u>	<u><b>18,652,042</b></u>
<b>Total Trade and other Payable</b>	<u><b>165,898,425</b></u>	<u><b>223,422,061</b></u>

## APPENDIX 1

## Donor Funds for the year ended 30.06.2011

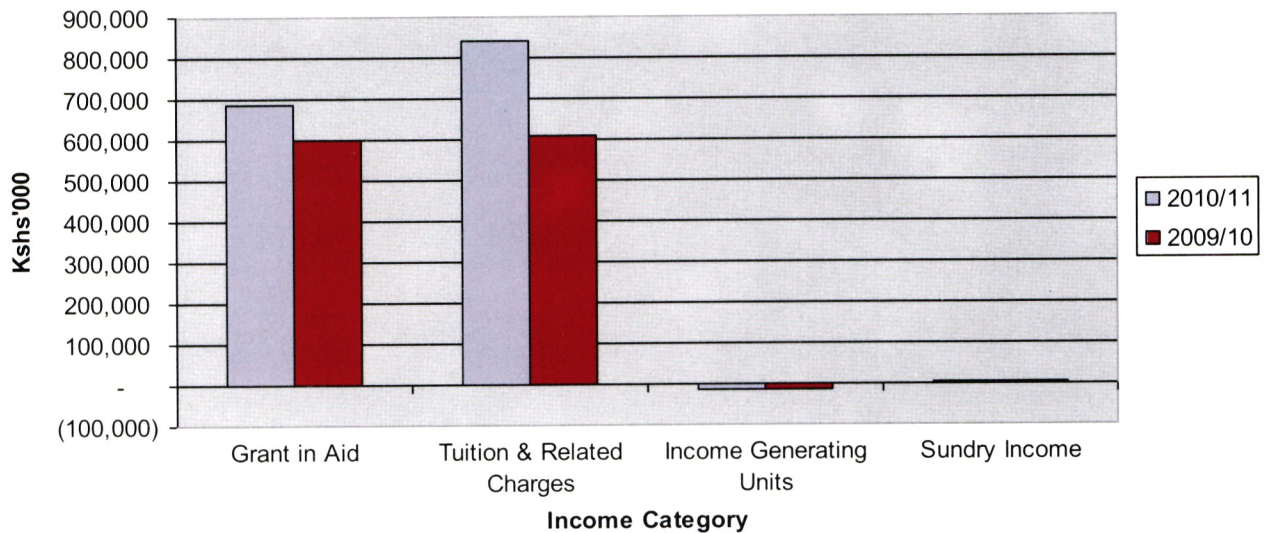
Donors	b/d	Income	Expenditure	c/d
	Kshs.	Kshs.	Kshs.	Kshs.
IFS	50,869.00	-	-	50,869.00
VICRES	-	247,080.05	40,907.00	206,173.05
DAAD	3,802.00	-	-	3,802.00
SCOTTISH CROP	-	3,777,954.60	2,866,388.00	911,566.60
SNV.NETHERLANDS	20,450.00	-	-	20,450.00
CHE	613,695.00	986,500.00	1,139,900.00	460,295.00
NCST	865,300.00	5,040,000.00	3,892,436.00	2,012,864.00
CAPACITATE. E.A	1,715,676.70	-	1,714,676.70	1,000.00
LUTHERAN WORLD	285,000.00	842,200.00	1,074,200.00	53,000.00
UNESCO	871,028.50	533,221.20	1,233,826.00	170,423.70
K.U GRANT	245,952.00	-	245,952.00	-
NATURAL ENVIRON	-	1,282,176.00	1,256,243.60	25,932.40
E.A.LAKE VIC BASIN	-	876,499.00	876,499.00	-
ASSOCIA.A.UNIVERSITIES	-	157,086.00	157,086.00	-
I.TARO.NETWORK	-	2,608,550.20	2,262,800.00	345,750.20
ISTE.I.SOCIETY	-	1,156,432.50	893,000.00	263,432.50
NATIONAL COHESION	-	425,000.00	425,000.00	-
ENV.IMPACT	-	224,321.00	201,000.00	23,321.00
MUSHROOM INTIATIVE	-	2,220,937.50	817,800.00	1,403,137.50
TOWA PROJECT	-	170,300.00	170,300.00	-
OSSREA	27,438.60	118,123.85	145562.45	-
<b>TOTALS</b>	<b>4,699,211.80</b>	<b>20,666,381.90</b>	<b>19,349,045.75</b>	<b>5,952,016.95</b>

**OTHER INFORMATION**

**1.0 GENERAL REVENUE STATISTICS**

	<b>2010/11</b>	<b>%</b>	<b>2009/10</b>	<b>%</b>
	kshs'000		kshs'000	
<b>INCOME</b>				
Grant in Aid	685,816	45	601,327	50
Tuition & Related Charges	839,989	55	607,391	51
Income Generating Units	(13,753)	(1)	(13,556)	(1)
Sundry Income	6,594	0	6,293	1
<b>Totals</b>	<b>1,518,646</b>	<b>100</b>	<b>1,201,455</b>	<b>100</b>

**General Revenue Statistics**

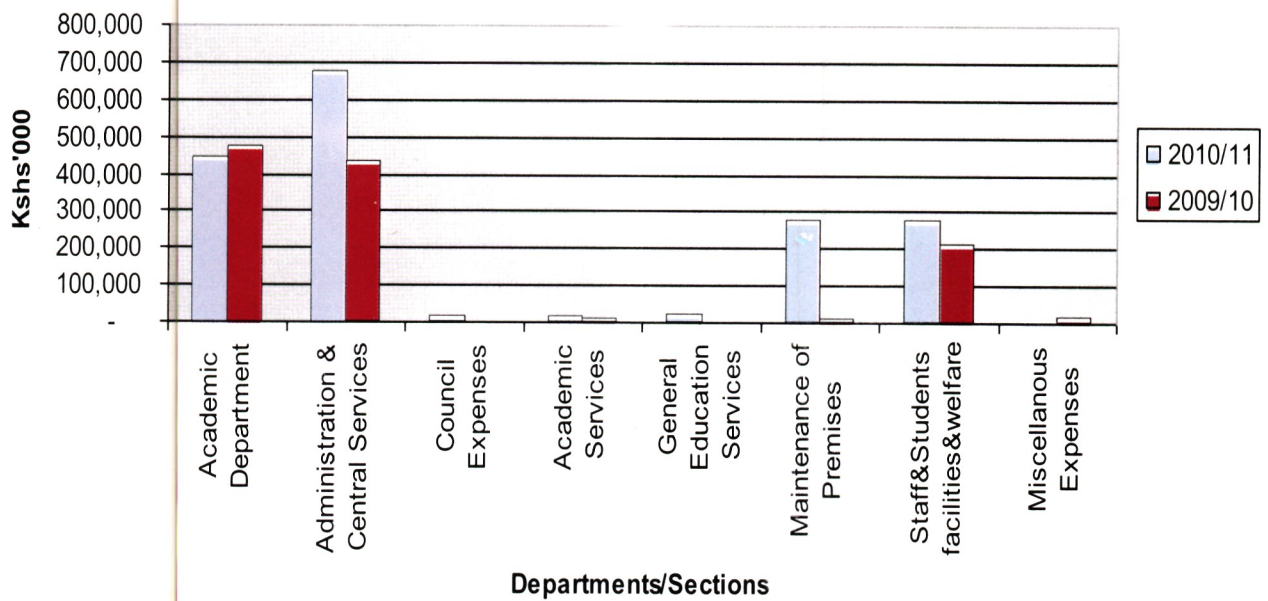




2.0 EXPENDITURE STATISTICS

	2010/11 kshs'000	%	2009/10 kshs'000	%
Academic Department	445,648	26	476,237	41
Administration & Central Services	677,116	39	432,489	37
Council Expenses	15,061		-	
Academic Services	17,488	1	10,356	1
General Education Services	22,943	1	549	0
Maintenance of Premises	276,663	16	13,436	1
Staff & Students facilities & welfare	276,663	16	213,395	18
Miscellaneous Expenses	6,807	0	17,233	1
<b>Totals</b>	<b>1,738,389</b>	<b>99</b>	<b>1,163,695</b>	<b>100</b>

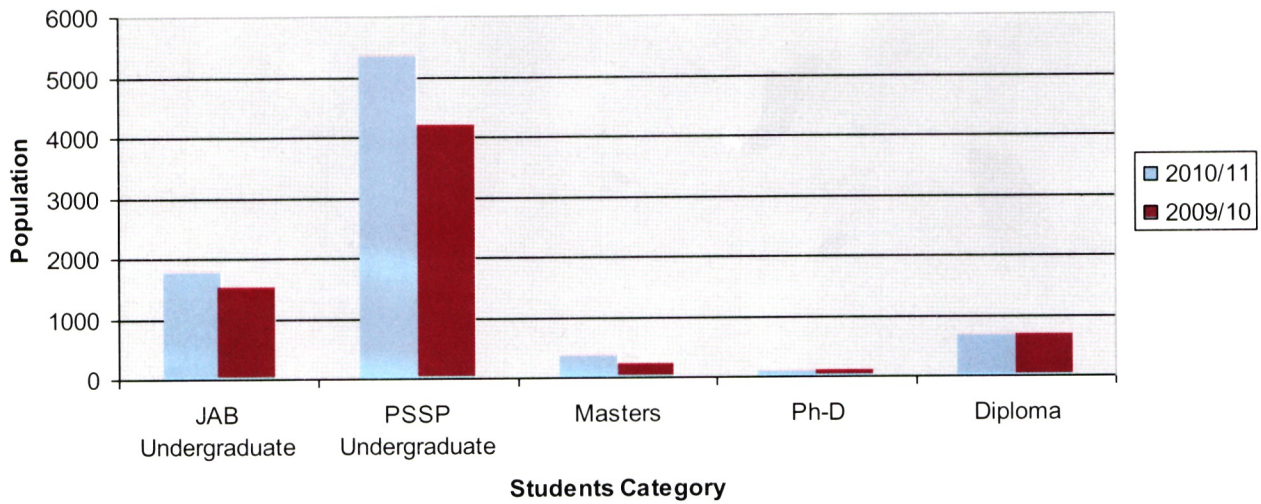
Expenditure Statistics



### 3.0 STUDENTS POPULATION STATISTICS

	2010/11	%	2009/10	%
Diploma	1770	21	1513	13
JAB Undergraduate	5348	65	4179	32
PSSP Undergraduate	358	4	224	50
Masters	86	1	106	1
Ph-D	686	8	681	2
<b>Totals</b>	<b>8248</b>	<b>100</b>	<b>6703</b>	<b>100</b>

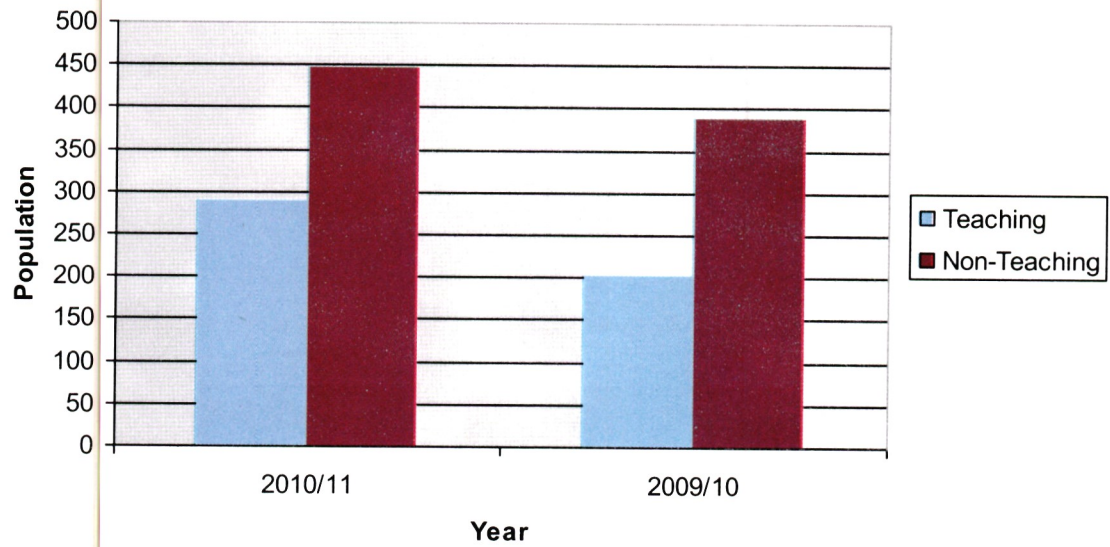
Students Population Statistics



#### 4.0 STAFF POPULATION STATISTICS

	2010/11	%	2009/10	%
Teaching	289	39	202	34
Non-Teaching	448	61	388	66
<b>Totals</b>	<b>737</b>	<b>100</b>	<b>590</b>	<b>100</b>

Staff Population Statistics









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