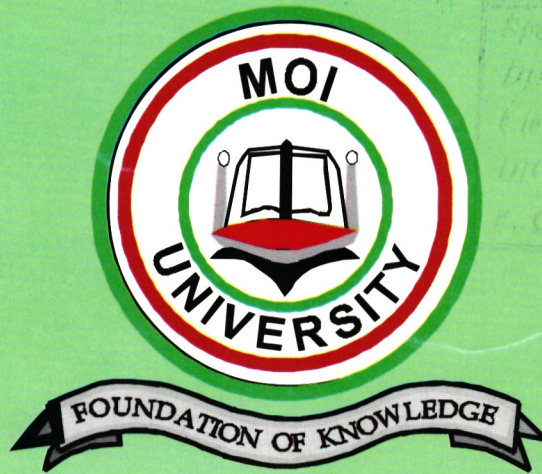


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ANNUAL REPORT
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FINANCIAL STATEMENTS
for
THE YEAR ENDED
30th JUNE 2005

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Annual Report and Financial statements For the year Ended 30 June 2005



Moi University
P.O. Box 3900
Eldoret, Kenya

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**UNIVERSITY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2005**

PRINCIPAL CAMPUSES

MAIN CAMPUS

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

CHEPKOILEL CAMPUS

P.O Box 1125
ELDORET
TEL: 053-63111-3

TOWN CAMPUS

P.O Box 4606
ELDORET
TEL: 053-32781-3

ELDORET WEST CAMPUS

P.O Box 8210
ELDORET
TEL: 31077/82

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

UNIVERSITY AUDITORS

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





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.

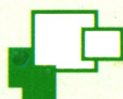
MISSION

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





OFFICERS OF THE UNIVERSITY

CHANCELLOR

B.A OGOT, EBS

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

CHAIRPERSON OF COUNCIL

E.W GACHUKIA, MBS

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

VICE- CHAIRPERSON OF COUNCIL

G.E AVEDI, EBS

B.Sc. (Morgan), PGGC (Reading), PGDE (Bristol)

HONORARY TREASURER

L.CHEPTOO

Dip. Bookkeeping and Accounts, AAFA
Cert. Inter. Bank. (Manchester), Cert. Corresp. Bank. (London)

VICE- CHANCELLOR

D.K. SOME, OGW

B.Sc.Eng. (Newcastle), M.Sc (Cranfield), Ph.D (Newcastle), R.Eng.,MIEK

DEPUTY VICE- CHANCELLOR (RESEARCH AND EXTENSION)

M.J. KAMAR, HSC

B.Sc. Agric. (PAU), M.Ed. (McGill), Ph.D. (Toronto)

DEPUTY VICE- CHANCELLOR (PLANNING AND DEVELOPMENT)

S. GUDU

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

CHIEF ACADEMIC OFFICER

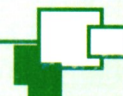
K. OLE KAREI, EBS

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

CHIEF ADMINISTRATIVE OFFICER

J.K. SANG

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





OFFICERS OF THE UNIVERSITY (continued)

PRINCIPAL, CHEPKOILEL CAMPUS

J.K LONYANGAPUO

B.Ed. (Sc.), M.Sc. (App. Maths) Egerton, Ph.D. (App. Maths) (Leeds)

UNIVERSITY LIBRARIAN

T. ARAPTANUI

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

DEAN OF STUDENTS

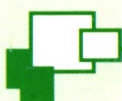
D.M. MUREITHI

S1, Dip.Ed., B.A (Makerere), Cert. Pub. Admin. & Mgt. (Liverpool)

FINANCE OFFICER

B.N MUIRURI

MBA (Cardiff), C.P.A (K)





MEMBERS OF THE UNIVERSITY COUNCIL

Chairperson	E.W GACHUKIA B.A., M.A., Ph.D. (Nairobi)
Vice- Chairperson	G.EAVEDI B.Sc. (Morgan), PGGC (Reading), PGDE (Bristol)
Honorary Treasurer	L. Cheptoo Dip. Bookkeeping and Accounts, AAEA Cert. Inter. Bank. (Manchester), Cert. Corresp. Bank. (London)
Vice- Chancellor	D.K. Some, OGW B.Sc. Eng (Newcastle), M.Sc (Cranfield), Ph.D (Newcastle), R.Eng., MIEK
Deputy Vice- Chancellor (Research & Extension)	M.J. Kamar B.Sc. Agric (PAU), M.Ed. (McGill), Ph.D. (Toronto)
Deputy Vice- Chancellor (Planning & Development)	S. Gudu B.Sc., M.Sc (Nairobi), Ph.D (Guelph)
Principal, WUCST	B.C.C Wangila Dip.Ed. (Kenyatta), Dip. Aqua. (ARAC), B.Sc. (Nairobi), M.Tech. (Rivers State), Ph.D. (Manitoba)
Permanent Secretary, Ministry of Education Science & Technology	K. Mutahi B.A. (Hons) (Nairobi), M.A. (U.C.L.A), Ph.D. (Nairobi)
Permanent Secretary, Ministry of Roads and Public Works	E. Mukiira B.A. Econ (Nairobi), M.A Econ.(Manchester), PGD HRM (Connecticut), Cert. PSM (Birmingham)
Permanent Secretary, Ministry of Finance And Planning	J.K Kinyua B.A. Econ. (Nairobi), M.A. (Nairobi), Member AERC
Members:	D.G. Gatei, OGW M.B.Ch.B (E.A), F.R.C Path, (U.K) M. Chemengich B.Sc (Makerere), M.A (Boston)



MEMBERS OF THE UNIVERSITY COUNCIL (continued)

Rev. Bishop S.Yego
Dip. Theology (Scott), B. Theology (Ontario)
M.A. (ICI- Texas)

A.L. Gondi
M.B.Ch.B (Nairobi), Dip. Sports Medicine

T. Tuei, MBS
B.Sc., (Agric) (Makerere), P.G.D (U.K)

S. A. Omar
B.Sc., M.Sc. (Nairobi), Ph.D. (London)

R.K Ruwa
B.Sc., M.Sc. (Nairobi), Ph.D (Italy)
C.Eng., R.Eng.

Senate Representatives:

H.J.A Lugulu
LLB (Nairobi), LL.M (Columbia), Dip. Law (KSL)

Mucaí Muchiri
B.Sc. (Nairobi), Ph.D (Leicester)

A.K. Chemtai
B.Sc. (Makerere, Ph.D. (Brussels)

J.K. Kwonyike
LLM (Kiev), Ph.D. (UWE- Bristol)

**Non- Senate Staff
Representatives**

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

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

**Non- Academic Staff
Representative**

W.K. Kemboi





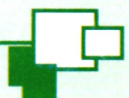
MEMBERS OF THE UNIVERSITY COUNCIL (continued)

Students Representative: Chairman MUSO (Main Campus)
Chairman MUSO (Chepkoilel Campus)

In attendance: J.K. Sang
Chief Administrative Officer (Secretary)
B.A (Iowa), M.Sc. (Illinois), 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)

B.N. Muiruri
Finance Officer
M.B.A (Cardiff), C.P.A (K)



CHAIRPERSON'S MESSAGE

It is with great pleasure that I present this report for the year ended 30 June 2005. On behalf of the University Council, Senate and the entire University community, I wish to extend our deep appreciation for the continued financial support that the government has provided to Moi University despite many competing priorities and the pressures on the available resources.

I am pleased to report that during the year, the University made concerted efforts in improving its physical facilities, human resources and Income Generating Activities, all in a bid to offer better quality service to our students.

To meet the ever-growing demand for higher education in the country and thus its income generation, the University has increased its capacity to handle the Privately Sponsored Students' Programme (PSSP). The construction of the Town Annexe Building, which is housing the School of Law, has helped to reduce congestion in other campuses. The University is also in the process of completing a section of the 2,250 capacity students' hostel using internally generated funds. Currently there is a critical shortage of accommodation for all our students. The completion of these hostels will therefore go a long way in alleviating this problem.

In this regard, I humbly appeal to the government to help the University solicit for funds to enable the completion of these hostels and other stalled projects.

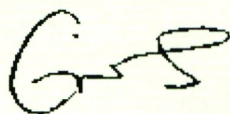
During the year the University produced a new ten-year Strategic Plan covering the period 2004- 2014. This Plan takes into account experiences of the University for the last twenty years and the current national and global challenges in higher education. The plan will act as a guide to the University in its resource utilization and management to improve efficiency and effectiveness in delivering services to staff, students and all the stakeholders.

This year we held our first Annual Conference and Partners Meeting in which current issues, innovations and challenges in Education, National Resources Management, Communications and Development & Environment Management were discussed. Partnerships and collaborations with external partners, industry, the private sector, other universities and the government help in enhancing quality training and gives hands-on experience that may not be available in the University.

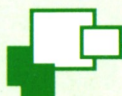
The Annual Conference and Partners Meeting is one of our Chancellor's strategies for raising funds for the University.

I wish to assure the government and donor agencies that have continued to support us over the years that the resources received from them have been prudently invested for the purposes for which they were intended. I appeal for further support from the private sector and other Non-Governmental Organizations so that we can invest in this great University.

I would like to thank the University Management, students and the entire University staff for their teamwork and dedication towards the achievement of the mission of Moi University.



DR. EDDAH GACHUKIA
CHAIRPERSON – MOI UNIVERSITY COUNCIL





REPORT OF THE VICE- CHANCELLOR On the Financial Statements for the year ended 30 June 2005

It is my pride to present the Annual Report and Financial Statements of Moi University for the 2004/2005 financial year. The University has grown tremendously over the last twenty years as a center of excellence. This year, then, marks another milestone in the history of the University as we march confidently into the future.

Financial Performance Highlights

The University continued to build on the positive performance achieved in the 2003/2004 financial year. The net operating surplus improved from Kshs 65,744,000 to Kshs 225,284,000 in the current financial year. This was due to a 44% increase in income as opposed to a 36% increase in operating expenses.

The University to a large extent depends on Exchequer Grants to finance its activities. While the University has continued to expand and student numbers have steadily increased, the Government capitation has not been increased to match the increase in operations.

This has posed a lot of challenges to the University.

To face these challenges and to avoid compromising our core responsibilities, it has become imperative to diversify the University revenue base by engaging in income generation through optimal use of available resources. The Privately Sponsored Students Programme is one significant income-generating source.

The University will endeavour to increase its expenditure on core activities like teaching, research and community service while reducing expenditure on non-core activities.

Academic Programmes

The University's teaching, learning and research programmes continue to flourish as reflected by the range of indicators on performance such as completion rates, results of evaluations, job market satisfaction and progression to higher degrees.

Academic programmes ran smoothly during the year, thanks to co-operation from students and staff. I thank the students and staff for their commendable conduct.

There were various achievements by our students and staff during the year. The Moi University Students in Free Enterprise (SIFE) emerged as national champions and fourth worldwide in a competition held in Canada.

Dr. C. Lutta – Mukhebi, Dean School of Human Resource Development was nominated Woman of the Year 2005 by the American Biographical Institute and also as an International Professional of the Year 2005 and Lifetime Achievement 2005 Awards by the International Biographical Centre, England.

Prof. Adam Chepkwony received the Local Societies Initiative Award from the Metanexus Institute of Science and Religion, Philadelphia, USA for enhancing Dialogue in Religion and Science activities in Moi University.

These awards have made the University and Kenya proud.





Support from Partners

The University has continued to pursue and engage in linkages with partners and universities around the world. During the year, the University held its first Annual Conference and Partners Meeting to chart the way forward with our partners with a vision of making the University a centre of education and excellence.

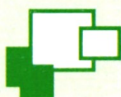
I thank all our collaborators and partners in the private and public sector, the Government and the international community for their invaluable support.

I would also like to thank the Chancellor and the University Council for the guidance and support during the year.

Last, but by no means least, I would like to thank all the staff and students of the University for their hard work and dedication throughout the year.

A handwritten signature in black ink, appearing to read 'D.K. Some', written in a cursive style.

Prof. D.K Some
Vice- Chancellor



ACADEMIC PROGRAMMES AT MOI UNIVERSITY

FACULTY OF EDUCATION

The Faculty of Education was started in 1987 with the Bachelor of Education (Arts) programme. It has since grown and is now offering postgraduate programmes at masters and doctorate levels.

The Bachelor of Education programme is designed to produce practical, well-informed, efficient and self-reliant teachers, capable of functioning in and contributing effectively to development efforts in the rural and urban areas where the schools are situated.

The Faculty offers the following undergraduate degree programmes

- Bachelor of Education (Arts)
- Bachelor of Education (Science)
- Bachelor of Education (Home Science and Technology)
- Bachelor of Education (Technology Education)
- Bachelor of Education (Guidance and Counselling)
- Bachelor of Education (Early Childhood and Primary Education)

Postgraduate programmes offered at the Faculty include the following

- M. Phil in Technology Education
- Postgraduate Diploma in Guidance and Counselling
- M. Phil in Guidance and Counselling and Education Psychology
- M.Phil in Curriculum Development, Educational Administration, Economics of Education and Education Planning
- Postgraduate Diploma in Education
- M. Phil in Education Technology
- M. Phil in Education Foundation
- M. Phil in Home Science and Technology

Doctor of Philosophy degrees in Social Education and Ethics, Education Communication and Technology, Science Education and Mathematics Education are also offered at the Faculty.

In addition, the Faculty offers the following programmes under the Privately Sponsored Students Programme (PSSP)

- Bachelor of Education (Arts)
- Bachelor of Education (Science)
- Bachelor of Education (Home Science and Technology)
- Bachelor of Education (Technology Education)
- Bachelor of Education (Guidance and Counselling)
- Bachelor of Education (Early Childhood and Primary Education)
- Postgraduate Diploma in Education

The school- based programmes offered during the school holidays include Postgraduate Diploma in Education, Bachelor of Education in Guidance and Counselling, Bachelor of Education in Early Childhood and Primary Education and all the M. Phil programmes offered in the Faculty.

FACULTY OF INFORMATION SCIENCES

The Faculty of Information Sciences endeavours to produce high-level manpower for the management of information resources in the country.

This is achieved through practical and development oriented programmes, research, continuing education programmes and community- based information activities.

The programmes offered at the Faculty include the following:

- Archives and Records Management
- Information Technology
- Library and Information Studies
- Publishing and Media Studies

Graduates from these programmes have secured jobs in media houses, public relations, publishing, information technology, library services and other related fields.

M.Phil and D.Phil programmes in Library and Information Studies are also offered at the Faculty.

Eligible privately sponsored students are also admitted to pursue the Bachelor of Science degree in Information Sciences.

FACULTY OF LAW

The Faculty of Law was established in July 1994 to offer degree courses leading to the Bachelor of Laws (LL.B). The degree course provides instruction in fundamental legal doctrine; legal theory and advocacy skills by way of traditional classroom instruction, simulated lawyering experiences, law related internships and live- client representation. Its clinically based public orientation provides students with theoretical and doctrinal understanding as well as the required legal skills.

The course provides a challenging and highly effective legal education; one that fully prepares the graduates to provide legal services in the public, private and corporate sectors.

FACULTY OF TECHNOLOGY

The Faculty of Technology was founded in 1986 with just two departments – the department of Electrical and Communications Technology and the department of Production Technology. It has now grown to total of six departments offering programmes leading to the award of Bachelor of Technology (B.Tech) degree in the following disciplines:

- Civil and Structural Engineering
- Electrical and Communication Engineering
- Production Engineering
- Chemical and Process Engineering
- Textile Engineering
- Computer Engineering





In addition to the undergraduate programmes, the faculty also offers Master of Philosophy (M.Phil) and Doctor of Philosophy (PhD) degree programmes.

The Computer Instrumentation Centre also offers various courses leading to the following awards:

- Diploma in Computer Engineering
- Proficiency Certificate in Computer Applications
- Certificate in Computer Applications and Maintenance
- Postgraduate Diploma in Computer Science

The Faculty has excellent and well-equipped laboratories and co-operates with other engineering faculties in the country in areas such as use of facilities, external examinations and part-time teaching support.

The graduates from the faculty are in high demand and have made useful contributions in the Kenyan industry.

FACULTY OF SCIENCE

The Faculty of Science offers undergraduate degree programmes leading to the award of the Bachelor of Science in various physical and biological sciences. Students have an option to major in any of the following areas:

- Botany
- Zoology
- Chemistry
- Mathematics
- Physics
- Computer Science

There are also postgraduate programmes leading to the award of M.Phil and D.Phil degrees.

FACULTY OF AGRICULTURE

The Faculty of Agriculture offers both undergraduate and postgraduate programmes in the following areas of expertise: Crop Production and Seed Technology, Soil Science, Agricultural Mechanisation, Rural Engineering and Agricultural Resource Economics and Management.

These programmes lead to the award of the following undergraduate degrees:

- Bachelor of Science in Agriculture
- Bachelor of Agriculture in Agricultural Economics and Resource Management
- Bachelor of Science in Horticulture

The Faculty offers Master of Philosophy programmes in Soil Science, Rural Engineering, Seed Science and Technology, Agronomy, Plant Breeding & Plant Protection and Resource Economics.

In addition, the following Doctor of Philosophy programmes are offered:

- Soil Science
- Rural Engineering
- Agricultural Resource Economics
- Agricultural Entomology
- Crop Production and Seed Technology





- Crop Eco- Physiology
- Plant Breeding
- Plant Pathology
- Seed Science
- Weed Science

There are also postgraduate diploma programmes in Agricultural Mechanization and in Seed Science and Technology. The duration of these programmes is two semesters.

FACULTY OF HEALTH SCIENCES

The Faculty of Health Sciences is situated within the Moi Teaching and Referral Hospital, the University's main teaching hospital.

The Faculty offers the following undergraduate programmes:

- Bachelor of Medicine and Bachelor of Surgery (MBCh.B)
- Bachelor of Science in Environmental Health (EVH)
- Bachelor of Science in Nursing
- Bachelor of Dental Surgery

The Faculty collaborates in the area of teaching and research through student and staff exchange with various institutions such as Beer- Sheva University (Israel), Indiana University (USA), Linkoping University (Sweden) and Maastricht University (Netherlands).

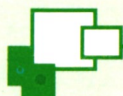
The Faculty has, since its inception in 1988, adopted an innovative philosophy based on academic relevance and excellence in order to produce graduates who are responsible and effective members of the society. The Faculty uses a community oriented approach that is designed to enable students acquire an understanding of the health needs of various communities through the Community Based Education and Service (COBES).

FACULTY OF FOREST RESOURCES AND WILDLIFE MANAGEMENT

This was the first faculty to be established at Moi University. The Faculty was started to meet Kenya's training and research needs in the field of natural resources such as forests, wildlife and fisheries.

Over the years, the Faculty has grown and currently offers both undergraduate and postgraduate programmes in various areas of speciality. The programmes offered are as follows:

- Bachelor of Science (Fisheries)
- Bachelor of Science (Forestry)
- Bachelor of Science (Wildlife Management)
- Bachelor of Science (Wood Science and Technology)
- M.Phil in Wood Science and Technology
- M.Phil in Fisheries



THE SCHOOL OF PUBLIC HEALTH

The School of Public Health was started in 1998 as a research oriented postgraduate centre. The mission of the School is to improve the health of the people of Kenya through the provision of postgraduate training, short courses and workshops in various public health disciplines.

The School offers a postgraduate training programme leading to the award of the degree of Master of Public Health with specialisation in the following areas:

- Hospital Administration
- Health Services Management
- Epidemiology and Disease Control
- Health Promotion
- Occupational Health and Safety
- Human Nutrition
- Maternal and Child Health
- Disaster Management and Preparedness

THE SCHOOL OF ENVIRONMENTAL STUDIES

The School of Environmental Studies is an interdisciplinary concern whose focus is postgraduate programmes leading to the award of Masters and Doctorate degrees. One year postgraduate diplomas are also offered from time to time.

The mandate of the School is to provide leadership in environmental studies in Kenya. The focus, therefore, is on areas such as sustainable use of land and water resources, energy and environmental issues in development. The School has also initiated research on wetlands and marine ecology, pollution, solid waste management and economics of Arid and Semi- Arid land.

The School has eight divisions offering specialized courses, namely:

- Environmental Biological Sciences
- Environmental Economics
- Environmental Health
- Environmental Information Systems
- Environmental Law
- Environmental Physical Sciences
- Environmental Planning and Management
- Management of Human Ecology

THE SCHOOL OF SOCIAL, CULTURAL AND DEVELOPMENT STUDIES

The School of Social, Cultural and Development Studies was started in 1987 following recognition by the Presidential Working Party on Moi University that science based programmes require blending with social, cultural and developmental programmes for optimum results.



The School therefore offers Arts based BA, M.Phil. and D.Phil. programmes in a predominantly technological university. The programmes consist of several disciplines including Anthropology, Economics, Geography, Government and Public Administration, History, Kiswahili and other African languages, Linguistics and Foreign Languages, Literature, Philosophy, Religion, Sociology and Theatre Arts.

These disciplines lead to the award of the following degrees:

- Bachelor of Arts (Creative Arts)
- Bachelor of Arts (Cultural Studies in Anthropology, History and Religion)
- Bachelor of Arts (Economics)
- Bachelor of Arts (Geography)
- Bachelor of Arts (Kiswahili)
- Bachelor of Arts (Language and Literary Studies) – Linguistics, Literature, English or French or Arabic
- Bachelor of Arts (Social Studies in Government and Public Administration, Philosophy, Psychology or Sociology)

The School also offers courses leading to the award of Postgraduate Diplomas, Masters and Doctorate degrees. The courses include:

- Postgraduate Diploma in Religion
- Postgraduate Diploma in Religious Studies
- Master of Philosophy in Kiswahili
- Master of Philosophy in Linguistics
- Master of Philosophy in Religion
- Master of Philosophy in History
- Master of Philosophy in Literature
- Master of Philosophy in Geography
- Master of Philosophy in Anthropology
- Master of Philosophy in Sociology
- Master of Philosophy in Philosophy (Greek and African Philosophy, Ethics, Current Trends in Philosophy and Logic)
- Doctor of Philosophy in Kiswahili
- Doctor of Philosophy in Religion

SCHOOL OF GRADUATE STUDIES

The School of Graduate Studies coordinates all matters pertaining to graduate programmes. Applications for admission into any graduate programme are processed initially by the School of Graduate Studies. The School is also charged with the responsibility of ensuring that graduate programmes are initiated and maintained and that qualified students are attracted into these programmes.

The entry requirements into a Master of Philosophy degree are

- a First Class or Upper Second Class Degree from a university recognised by the Senate
- Holders of Lower Second Class Honours degrees may also be considered if in addition to the degree, they possess a postgraduate qualification or have research experience as evidenced by at least one refereed publication.

A relevant Masters degree is the minimum entry requirement for Doctor of Philosophy candidates.





SCHOOL OF BUSINESS MANAGEMENT

This is the most recent School to be established at the University. The School is competitive and attracts excellent students from Kenya and other countries.

The degree programmes offered at the School are:

- Bachelor of Tourism Management (BTM)
- Bachelor of Hotel and Hospitality Management (BHM)
- Bachelor of Travel and Tour Operations Management (BTTM)
- Bachelor of Business Management (BBM)
- Master of Business Administration (MBA – Executive)

THE INSTITUTE OF HUMAN RESOURCES DEVELOPMENT

The Institute of Human Resources Development was established in 1989 with the aim of focusing attention on organising academic support programmes, developing and teaching common courses and offering short courses in various areas of human resource development. The common courses are university- wide and compulsory to all first and second year undergraduate students.

In addition, needs- based and faculty- specific optional courses are offered to third and fourth year undergraduate students.

The Institute also offers postgraduate programmes leading to the award of Postgraduate Diploma in Human Resource Management and Public Relations as well as Master of Philosophy in Development Studies, Entrepreneurship and Communication Studies.

PRIVATELY SPONSORED STUDENTS' PROGRAMMES (P.S.S.P)

The establishment of Privately Sponsored Students' Programmes was prompted by the increasing need for university education in Kenya. This programme has therefore given an invaluable opportunity to the thousands of Kenyans and non-Kenyans who meet university admission requirements but do not secure admissions due to the restricted intake done through the Joint Admissions Board (JAB).

The programme has helped the University to generate income to augment the grants received from the exchequer.

The programmes are flexible and also allow those with post- secondary and tertiary qualifications to gain admission to the University.



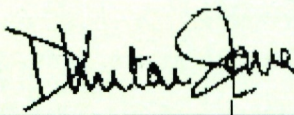
STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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 2005 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.

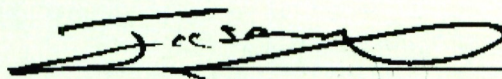
Signed on behalf of the Council by:



VICE- CHANCELLOR

11th APRIL 2006

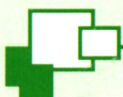
DATE



CHIEF ADMINISTRATIVE
OFFICER

11th APRIL 2006

DATE





KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Moi University for the year ended 30 June 2005 in accordance with 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Council Members and the Controller and Auditor General

As set out in the statement of Council Members' responsibilities, the Council is responsible for the preparation of financial statements, which give a true and fair view of the University's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of opinion

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Council, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Salaries and Allowances

During the year under review, the University Council approved payment of salaries and allowances in accordance with the terms of the collective bargaining agreement between the Public Universities Union (UASU) and the Government. The Council similarly approved payment of monthly car allowances for senior management who opted to forfeit provision of official car ranging from Kshs. 125,000 to Kshs. 156,000 per person per month. Although the Office of the President circular OP/CAB/9/21/LII/43 of 23 November 2004 allows payment of mileage claims when using personal vehicle for official duties in lieu of official transport, it does not cover payment of commuted monthly car allowances. Under the circumstances, I am unable to confirm the propriety of the car allowances reported under various departments' expenses totalling Kshs. 24,997,000 during the year under review.



2. Debtors and Debit Balances

The balance sheet debtors and debit balances Kshs. 299,809,000 as at 30 June 2005 includes an amount of Kshs. 288,536,665 owed to the University by students, some relating to 1988, 1999, 2000 and 2001 academic years after providing for bad and doubtful debts totalling Kshs. 45,032,000. The University has not provided information regarding any efforts being made to recover these amounts. Moreover, no detailed analysis of the bad debts provisions was provided for audit review and consequently, it was not possible to confirm the accuracy of the debtors' figure of Kshs. 299,809,000 reflected in the financial statements as at 30 June 2005.

3. Property, Plant and Equipment

3.1 Vehicles

The balance sheet figure of property, plant and equipment of Kshs. 3,794,096,000 includes value of two vehicles KAH 095F and KAH 049F of Kshs. 650,000 and Kshs. 1,200,000 respectively which were not physically seen. The management explained that these vehicles were attached by an auctioneer over a debt arising from claims of University staff who were injured while travelling in a University bus KZX 891 on 23 November 2002. Further, the University took possession of the bus involved in the accident at a salvage value of Kshs. 345,000 and the bus has been lying at a garage for the last four years awaiting repairs. The bus continues to deteriorate in value and may require more resources to put it back on the road.

In the circumstance, I am unable to confirm the carrying values of the three values included in the property figure of Kshs. 3,794,096,000 as at 30 June 2005.

3.2 Stalled Projects

As disclosed in Note 27 b (ii) to the financial statements, the University has pending bills amounting to Kshs. 702,221,732 arising out of capital projects financed by the Government, which stalled in 1990/91 due to inadequate funding. The amount excludes bills of Kshs. 258 million rejected by the Government appointed consultants on pending bills. The carrying value of the stalled projects and related pending bills of Kshs. 702,221,732 have not been incorporated in these financial statements for reason that the Government is to eventually determine the settlement of these pending bills. These projects continue to deteriorate due to weathering. It is, however, not possible to confirm whether the projects will be completed in the future or to determine the additional costs, if any, that would be necessary to complete them or the losses that the University would suffer in the event that the projects are not completed. This situation is indicative of significant impairment on properties. Consequently, it is not possible to give an opinion on the carrying value of the properties as reflected in the financial statements.

4. Budgetary Control

The University overspent by a total of Kshs. 192,037,000 in the various votes contrary to the provisions of Section 12 of the State Corporations Act as follows:

<u>Name of account</u>	<u>Approved Budget</u>	<u>Actual Expenditure</u>	<u>Over-Expenditure</u>
	<u>Kshs.</u>	<u>Kshs.</u>	<u>Kshs.</u>
Medical expenses	17,162,000	54,278,000	37,116,000
External travelling	1,771,000	2,113,000	342,000
Graduation expenses	5,000,000	5,653,000	653,000



Electricity & water	31,200,000	58,755,000	27,555,000
Gratuity and retirement			
Benefits	86,003,000	100,666,000	14,633,000
Field Courses	10,155,000	23,728,000	13,573,000
Council expenses			
and conferences	8,800,000	39,182,000	30,372,000
External Examiners	5,820,000	8,627,000	2,807,000
Teaching and Office			
Expenses	11,991,000	12,636,000	645,000
Purchase of uniform			
and clothing	4,667,000	3,992,000	675,000
Advertising and Publicity	3,000,000	9,906,000	6,906,000
Show expenses	259,000	803,000	544,000
Rents and rates	500,000	10,275,000	9,775,000
Insurances	9,037,000	29,826,000	20,789,000
Miscellaneous	6,221,000	17,896,000	11,675,000
Training/staff development	5,570,000	10,484,000	4,914,000
Purchase of Plant and			
Equipment	1,722,000	9,090,000	7,368,000
Games and sports/			
Inter- University	832,000	2,527,000	<u>1,695,000</u>
			<u>192,037,000</u>

The University has not provided any evidence of authority from the Council or the Parent Ministry in conjunction with Treasury sanctioning this over-expenditure. Under the circumstances, I am unable to confirm the propriety of the above over-expenditures.

Opinion

In my opinion, except for the foregoing reservations, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the University as at 30 June 2005 and of its deficit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the University Act (Cap 210).

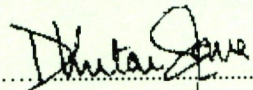
E.N MWAI
CONTROLLER AND AUDITOR GENERAL
NAIROBI
11 MAY 2006



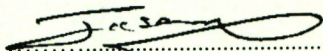
BALANCE SHEET

AS AT 30 JUNE 2005


	NOTE	2005 Kshs (000)	2004 Kshs (000)
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	1(c) & 2	<u>3,794,096</u>	<u>3,854,217</u>
CURRENT ASSETS			
Stocks and stores	1 (d) & 3	41,830	33,107
Related party balance	4	2,403	2,403
Debtors and debit balances	5	299,809	238,362
Short term deposits	6	262,000	168,000
Cash and bank balances	7	153,328	119,982
		<u>759,370</u>	<u>561,854</u>
TOTAL ASSETS		<u>4,553,466</u>	<u>4,416,071</u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves	11	4,448,776	4,448,776
Other fund balances		-	193,874
Income and expenditure account		(13,782)	(432,940)
		<u>4,434,994</u>	<u>4,209,710</u>
CURRENT LIABILITIES			
Creditors and credit balances	8	93,439	92,393
Debit bank balances	9	1,252	101,845
Other liabilities and provisions	10	23,781	12,123
		<u>118,472</u>	<u>206,361</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u>4,553,466</u>	<u>4,416,071</u>

 Vice Chancellor

D.K Some, OGW, Bsc Eng. (Newcastle), M.Sc (Cranfield), PhD (Newcastle), R.Eng, MIEK

 Chief Administrative Officer

J.K Sang, B.A.(Iowa), M.Sc.(Illinois), M.A., PhD.(Ohio)

 Finance Officer

B.N Muiruri, M.B.A.(Cardiff), C.P.A(K)



**INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 30 JUNE 2005**

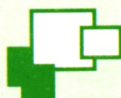
	NOTE	2005 Kshs (000)	2004 Kshs (000)
INCOME			
Capitation grants	1(b) & 12	1,576,682	1,105,896
Tuition and related charges	1(b) & 13	772,555	518,970
Farm income		21,846	15,554
GOK grants		9,006	7,558
Other services rendered	1(b) & 14	75,425	56,126
Sundry income	1(b) & 15	27,902	18,001
		<u>2,483,416</u>	<u>1,722,105</u>
EXPENDITURE			
Academic departments	16	1,213,192	795,016
Administrative and central services	17	772,994	607,682
Academic services	18	58,003	42,955
General educational services	19	27,444	25,201
Maintenance of premises	20	73,619	56,115
Staff and Students facilities welfare	21	84,151	84,537
Farm expenses		16,707	15,026
Miscellaneous expenses	22	12,022	29,829
		<u>2,258,132</u>	<u>1,656,361</u>
SURPLUS FOR THE YEAR		<u>225,284</u>	<u>65,744</u>



**STATEMENT OF CHANGES IN CAPITAL RESERVES AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED 30 JUNE 2005**

a) CAPITAL RESERVES

	Capital reserves Kshs (000)	Accumulated deficit Kshs (000)	Total Kshs (000)
As at 1 July 2003	4,445,427	(355,100)	4,090,327
Donations	3,349	-	3,349
Surplus for the year	-	65,744	65,744
Transfer to fund balances	-	(143,584)	(143,584)
As at 30 June 2004	<u>4,448,776</u>	<u>(432,940)</u>	<u>4,015,836</u>
As at 1 July 2004	4,448,776	(432,940)	4,015,836
Surplus for the year	-	225,284	225,284
Transfer to fund balances	-	193,874	193,874
As at 30 June 2005	<u>4,448,776</u>	<u>(13,782)</u>	<u>4,434,994</u>

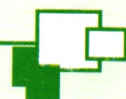




CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2005

	NOTE	2005 Kshs (000)	2004 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		225,284	65,744
Adjustments for :-			
Depreciation		117,287	133,354
Interest income		(10,731)	(1,604)
Capital receipts from GOK		(9,006)	(7,558)
Transfer to fund balances		193,874	(143,584)
Prior year adjustment		-	-
Operating surplus before working capital changes		516,708	46,352
Increase in stocks and stores		(8,723)	(2,857)
Decrease in creditors and credit balances		1,046	20,781
Increase in other liabilities and provisions		11,658	(9,712)
Increase in related party balance		-	(2,403)
Increase in debtors and debit balances		(61,447)	(149,788)
Net cash from operating activities		<u>459,242</u>	<u>(97,627)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(57,166)	(56,068)
Donated equipment		-	3,349
Special grants and appropriations		-	(16,989)
Interest received		10,731	1,604
Other fund balances		(193,874)	24,588
Net cash flows from investing activities		<u>(240,309)</u>	<u>(43,516)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital receipts from GOK		9,006	7,558
Net cash flows from financing activities		<u>9,006</u>	<u>7,558</u>
Net increase/(decrease) in cash and cash equivalents		227,939	(133,585)
Cash and cash equivalents at the beginning of the year		186,137	319,722
Cash and cash equivalents at the end of the year	26	<u>414,076</u>	<u>186,137</u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and form of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain assets. The financial statements are presented in Kenya Shillings (Kshs) and the amounts are rounded to the nearest one thousand shillings.

(b) Revenue recognition

Interest and income from students are recognized as they accrue unless collectibility is in doubt.

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.

(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.

(e) Retirement benefit costs

The university operates a contribution pension scheme for its 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) Library books and teaching materials

The cost of library books and teaching materials are written off to the Income and Expenditure Account as they are incurred.

(h) Appropriations for specific purposes

Appropriations for specific purposes represent revenue generated by some departments and unspent balances on certain votes carried forward to meet expenditure in the ensuing year.

(i) Deans' Committee Research Grants

Deans' committee research grants are votes set aside from current and past financial years. The uncommitted balances on each research grant is carried forward until the related research project is completed.

(j) Donated assets

Values for donated assets are estimated by the university or are taken as advised by the donors.

(k) Balances standing on PSSP's accounts are treated as reserves. Distributed earnings to the university are treated as income.

(l) 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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2005

(m) **Research and development**

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

(n) **Agricultural assets**

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

(o) **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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2005

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 Kshs (000)	Total Kshs
At 1 July 2004	389,129	2,620,098	967,950	288,122	200,393	165,175	4,630,867
Additions	-	-	27,093	9,090	4,289	16,694	57,166
At 30 June 2005	389,129	2,620,098	995,043	297,212	204,682	181,869	4,688,033
DEPRECIATION							
At 1 July 2004	-	314,034	-	191,165	134,769	136,682	776,650
Charge for the year	-	52,402	-	47,451	4,930	12,504	117,287
At 30 June 2005	-	366,436	-	238,616	139,699	149,186	893,937
NET BOOK VALUE							
At 30 June 2005	389,129	2,253,662	995,043	58,596	64,983	32,683	3,794,096
At 30 June 2004	389,129	2,306,064	967,950	96,957	65,624	28,493	3,854,217



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	Kshs (000)	Kshs (000)
3. STOCKS AND STORES		
Main	14,359	11,912
Catering	1,247	3,117
Farms	17,214	11,450
Bookshop	9,010	6,628
	<u>41,830</u>	<u>33,107</u>
4. RELATED PARTY BALANCE		
Moi University Holdings Limited	<u>2,403</u>	<u>2,403</u>
<p>The related party balance relates to bank balances for several operational units that were taken over by the company upon the assumption of management control of the units.</p> <p>Other transactions with the company were made at terms equivalent to those that prevail in arm's length transactions.</p>		
5. DEBTORS AND DEBIT BALANCES		
Amounts falling due within one year:-		
General debtors	104,187	82,131
Farm debtors	1,512	240
PSSP debtors	239,142	187,786
Provision for doubtful debts	(45,032)	(31,795)
	<u>299,809</u>	<u>238,362</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005****6. SHORT TERM DEPOSITS**

	Kshs (000)	Kshs (000)
Recurrent Exp Funds	41,000	26,000
Privately Sponsored Students Programme	221,000	142,000
	<u>262,000</u>	<u>168,000</u>

7. CASH AND BANK BALANCES

Kenya Commercial Bank	18,987	39,345
National Bank of Kenya	92,172	27,994
Standard Chartered Bank	30,066	7,976
Barclays Bank of Kenya	9	11,250
Co-operative Bank of Kenya	12,094	1,299
Cash in hand	-	32,118
	<u>153,328</u>	<u>119,982</u>

8. CREDITORS AND ACCRUALS

Amounts falling due within one year:-

Recurrent creditors	58,261	45,762
Students' holding accounts	18,121	18,086
PSSP creditors	17,057	28,545
	<u>93,439</u>	<u>92,393</u>

9. DEBIT BANK BALANCES

Kenya Commercial Bank	423	8
Standard Chartered Bank Kenya Limited	-	25,882
Barclays Bank of Kenya	389	859
National Bank of Kenya	440	75,096
	<u>1,252</u>	<u>101,845</u>



10. OTHER LIABILITIES AND PROVISIONS

	Kshs (000)	Kshs (000)
Provision for audit fees	900	1,995
Prepaid fees	22,881	10,128
	<u>23,781</u>	<u>12,123</u>

11. CAPITAL RESERVES

Balance brought forward	4,448,776	4,445,427
Donations	-	3,349
Balance carried forward	<u>4,448,776</u>	<u>4,448,776</u>

Capital Reserves represents the revaluation reserve created on revaluation of assets, the value of donated assets

and capital receipts from the government.

12. CAPITATION GRANT

July	131,390	92,158
August	131,390	92,158
September	131,390	92,158
October	131,390	92,158
November	131,390	92,158
December	131,390	92,158
January	131,390	92,158
February	131,390	92,158
March	131,390	92,158
April	131,390	92,158
May	131,390	92,158
June	131,392	92,158
	<u>1,576,682</u>	<u>1,105,896</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

13. TUITION AND RELATED CHARGES

	Kshs (000)	Kshs (000)
Tuition fees	695,763	503,248
Registration fees	961	296
Students' ID charges	266	161
Examination fees	16,831	4,407
Medical fees	13,684	2,022
Activity fees	6,277	501
Application fees	3,642	2,378
Workshop/attachment fees	26,305	-
Amenity fees	6,667	-
Sundry income	2,159	5,957
	772,555	518,970

14. OTHER SERVICES RENDERED

Bookshop sales	13,196	11,559
Accommodation and catering services	50,422	30,085
Rental income	11,790	14,478
Commercial tree nursery	17	4
	75,425	56,126

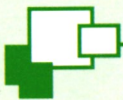
15. SUNDRY INCOME

Sale of tender documents	761	94
Water sales	548	375
Graduation fees	1,284	1,306
Interest income	10,731	1,604
Annual conference income	5,106	-
IGU income	8,368	5,998
Fines	-	1,280
Miscellaneous	1,104	7,344
	27,902	18,001



**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

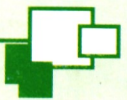
16. ACADEMIC DEPARTMENTS EXPENSES	Kshs (000)	Kshs (000)
Personal emoluments	533,328	338,276
House allowance	418,830	214,302
Responsibility allowance	52,134	53,401
Car allowance	14,071	11,336
Entertainment	6,386	6,404
Commuting allowance	19,485	12,774
Part-time lecturers	1,201	259
Gratuity and retirement benefits	69,842	38,651
Teaching and office expenses	12,634	8,376
Travelling and accommodation	4,480	7,598
Telephone	3,800	2,503
Stationery	4,470	7,554
Purchase of uniforms	1,051	452
Vehicle running expenses	2,253	2,977
Staff development	9,156	432
University research programme	17,883	366
Field courses	23,728	13,053
International programmes	3,069	4,543
Special grants research expenses	14,232	67,559
Books and journals	1,159	4,200
	<u>1,213,192</u>	<u>795,016</u>
17. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Personal emoluments	254,029	176,078
House allowance	156,502	107,427
Responsibility allowance	6,568	7,352
Car allowance	10,101	5,424
Entertainment	2,621	4,534
Commuting allowance	22,413	21,329
Advertisements	9,906	9,333
Gratuity and retirement benefits	27,147	20,712
Office expenses	19,515	6,699
Travelling and accommodation	5,052	7,539
Telephone	8,051	8,437
Purchase of uniforms	2,896	1,589
Vehicle running expenses	10,450	14,251
Games and sports	2,527	1,402
Insurance	29,826	23,678
Annual conference expenses	3,522	-





**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

	Kshs (000)	Kshs (000)
Official entertainment	47	41
Council and senate expenses	33,474	24,073
Passage and baggage	669	1,439
Publishing and printing	644	891
Ceremonial expenses	18	165
Provision for audit fees	900	263
Bookshop expenditure	15,441	10,899
Books and journals	817	119
Miscellaneous, legal and others	17,896	19,288
Depreciation	117,287	133,354
Provision for doubtful debts	13,237	-
Postal and telegram	1,438	1,366
	<u>772,994</u>	<u>607,682</u>
18. (a) ACADEMIC SERVICES EXPENSES		
Personal emoluments	24,918	16,333
House allowance	19,746	13,065
Responsibility allowance	313	322
Car allowance	727	683
Entertainment	112	79
Commuting allowance	1,919	1,852
Gratuity and retirement benefits	3,537	2,264
Office expenses	833	440
Travelling and accommodation	252	166
Telephone	102	83
Purchase of uniforms	45	319
Vehicle running expenses	704	398
Library materials	-	220
Books and periodicals	575	3,014
	<u>53,783</u>	<u>39,238</u>
18. (b) DESK TOP PUBLISHING EXPENSES		
Personal emoluments	789	361
House allowance	513	480
Responsibility allowance	-	-
Car allowance	49	49
Uniforms	-	10
Commuting allowance	-	-
Gratuity and retirement benefits	140	69
Office expenses	39	31
Travelling and accommodation	-	14
Telephone	-	-
Vehicle running expenses	-	-
Teaching materials	2	5
	<u>1,532</u>	<u>1,019</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2005

18. (c) COMPUTER SERVICES EXPENSES

	2005	2004
	Kshs (000)	Kshs (000)
Personal emoluments	1,155	1,223
House allowance	1,132	822
Responsibility allowance	-	33
Car allowance	49	65
Entertainment	-	-
Commuting allowance	181	96
Gratuity and retirement benefits	-	233
Office expenses	44	22
Travelling and accommodation	84	28
Telephone	20	173
Purchase of uniforms	-	3
Vehicle running expenses	23	-
Postgraduate fieldwork	-	-
Teaching materials	-	-
Books and journals	-	-
	<u>2,688</u>	<u>2,698</u>
TOTAL	<u>58,003</u>	<u>42,955</u>

19. GENERAL EDUCATIONAL SERVICES EXPENSES

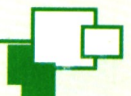
Graduation expenses	5,653	5,219
Students admission and examination	7,437	1,697
External examiners expenses	8,627	5,503
Postgraduate expenses	100	5
Staff development - non academic	1,328	777
External travel and accommodation	2,113	4,728
Conferences and seminars	2,186	7,272
	<u>27,444</u>	<u>25,201</u>

20. MAINTENANCE OF PREMISES

Rents and rates	10,275	7,436
Electricity, water and conservancy	58,755	46,395
Maintenance of buildings	4,589	2,284
	<u>73,619</u>	<u>56,115</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

	Kshs (000)	Kshs (000)
21. STAFF AND STUDENTS WELFARE		
University medical scheme	54,278	55,013
Recruitment expenses	749	1,724
Passage and leave	1,262	6,448
Hotel accommodation and hospitality	428	403
House to office expenses	-	-
Students' accommodation and catering expenses	23,452	19,393
Students' welfare services	3,982	1,556
Students' rations and provisions	-	-
	<u>84,151</u>	<u>84,537</u>
22. MISCELLANEOUS EXPENSES		
ASK show expenses	803	707
Maintenance of plant and equipment	3,221	11,821
Others	7,998	17,301
	<u>12,022</u>	<u>29,829</u>
23. BOOKSHOP REVENUE ACCOUNT		
Sales	13,196	11,559
Less: Cost of sales		
Opening stocks	6,628	5,505
Purchases	10,191	7,900
	16,819	13,405
Closing stocks	(9,010)	(6,628)
	<u>7,809</u>	<u>6,777</u>
Gross surplus for the year	5,387	4,782
Less: Expenses		
Salaries and wages	7,613	5,734
Others	19	254
Deficit for the year	<u>(2,245)</u>	<u>(1,206)</u>



NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005

24. UNIVERSITY FARMS REVENUE ACCOUNTS

	Kshs (000)	Kshs (000)
Sales -Maize	1,338	420
-Wheat	12,914	10,751
-Livestock	5,545	2,722
-Others	2,049	1,661
	<u>21,846</u>	<u>15,554</u>
Less: Expenses		
Opening stocks	11,450	10,499
Maize and wheat expenses	11,073	9,413
Livestock expenses	4,378	2,750
Other expenses	<u>2,905</u>	<u>1,889</u>
	29,806	24,551
Personnel costs	4,068	1,925
Provision for doubtful debts	47	-
Closing stocks	<u>(17,214)</u>	<u>(11,450)</u>
	<u>16,707</u>	<u>15,026</u>
Surplus for the year	<u>5,139</u>	<u>528</u>

25. PRIVATELY SPONSORED STUDENTS
PROGRAMME ACCOUNT

Tuition and other income	<u>439,750</u>	<u>283,250</u>
Less: Expenses		
Service providers	105,453	98,198
Contribution to recurrent expenditure	100,542	17,769
Teaching materials	6,848	1,793
Co-ordinating office expenses	9,206	5,347
Advertisements	1,060	1,362
Rent	5,239	4,577
Depreciation	5,186	3,081
Security services	3,773	3,571
Staff development expenses	8,556	-
Research expenses	16,527	-
Library books	994	3,965
Others	-	3
	<u>263,384</u>	<u>139,666</u>
Surplus for the year	<u>176,366</u>	<u>143,584</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

26. CASH AND CASH EQUIVALENTS

The cash and cash equivalents in the cash flow statements is composed of the following amounts:

	2005	2004
	Kshs (000)	Kshs (000)
Short term deposits	262,000	168,000
Bank and cash balances	153,328	119,982
Bank overdraft	(1,252)	(101,845)
	<u>414,076</u>	<u>186,137</u>

27. 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) The High Court ruled against M/S Naciti Engineers in a case the contractor filed claiming Kshs. 17,507,349 for the construction of lecture halls, seminar rooms and offices. The firm has indicated that it intends to go for arbitration for payment of the Kshs. 17,507,349. The University has rejected this plea in light of the court ruling. No provision has been made in the financial statements as the University is of the view that the arbitration bid has a low probability of success.

i i) Pending Bills

The University has pending bills amounting to Kshs 702,221,732 arising out of capital projects that were financed by the government. The projects stalled in 1990/1991 due to inadequate funding. The above amount does not include contractors' claims amounting to Kshs 258 million that was rejected during the government instituted Ernst & Young special audit of pending bills.

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 the financial statements as the determination and eventual settlement of the pending bills will be done by the government.

- i i 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 in court are also likely to take a considerable period to be determined due to the congested court diary.

The University, in particular, has been sued by passengers that were travelling in bus KZX 891. The claims amounting to approximately Kshs 5 million have not included in these financial statements as the case is in court pending appeal.



NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005

28. EMPLOYEES

The average number of employees during the year was 2,629.

29. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

30. LEGAL STATUS

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

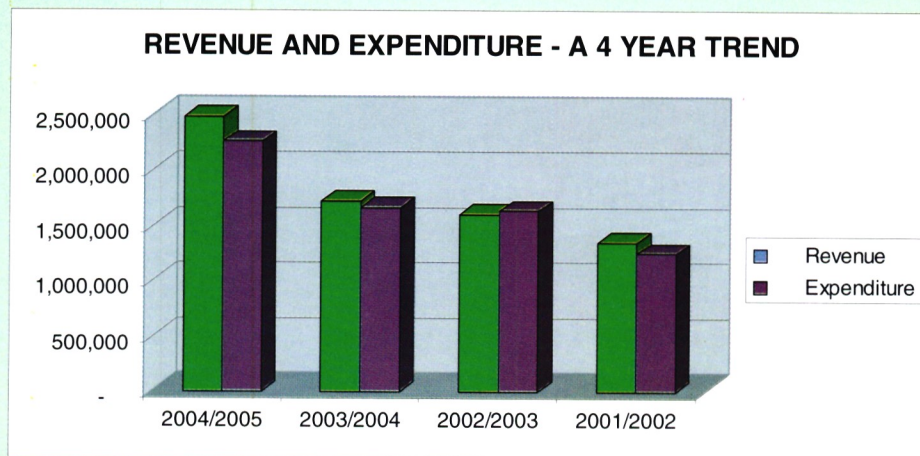
31. GENERAL REVENUE STATISTICS

The following tables show the percentage distribution of income and expenditure over the last four years.

	2004/2005	2003/2004	2002/2003	2001/2002
	%	%	%	%
INCOME				
Government grants	63.85	64.22	69.26	79.95
Tuition and related income	31.11	30.14	24.10	10.88
Other services rendered	3.04	3.26	5.45	6.77
Other income	2.00	2.38	1.09	2.40
Total income (Kshs. '000)	2,483,416	1,722,105	1,596,830	1,343,621
EXPENDITURE				
Academic Departments	53.72	47.99	46.84	46.30
Administrative Departments	34.23	36.69	34.11	31.20
Academic Services	2.57	2.59	3.24	2.60
General Educational Services	1.22	1.52	2.42	1.60
Maintenance of Premises	3.26	3.38	5.72	7.20
Staff and Students' Welfare	3.73	5.11	5.04	8.10
Other Expenditure	1.27	2.72	2.63	3.00
Total Expenditure	2,258,132	1,656,361	1,629,789	1,245,552

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

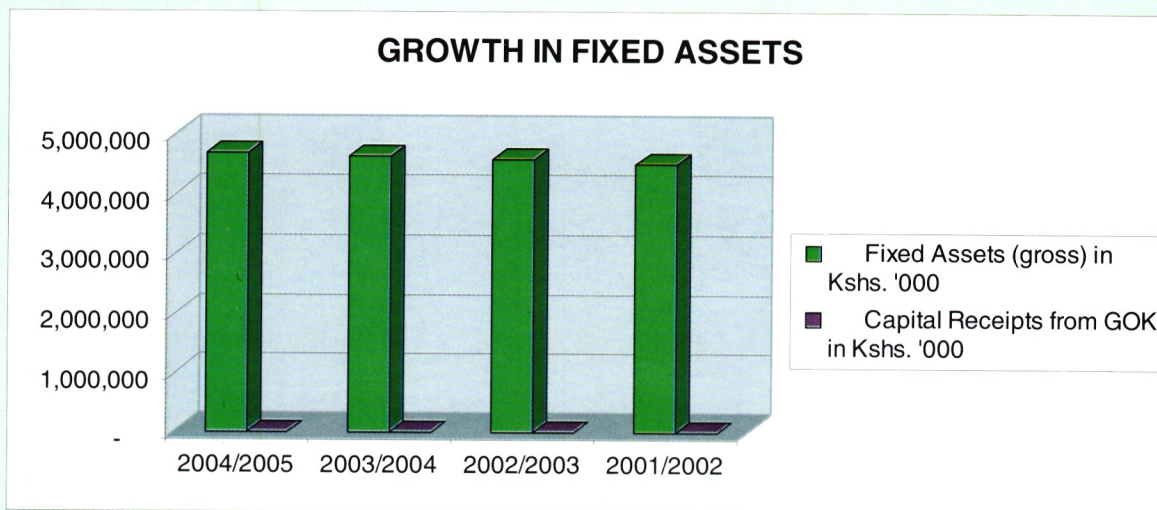
	2004/2005	2003/2004	2002/2003	2001/2002
Revenue	2,483,416	1,722,105	1,596,830	1,343,621
Expenditure	2,258,132	1,656,361	1,629,789	1,245,552



32. CAPITAL DEVELOPMENT STATISTICS

The following table shows the growth in fixed assets against the receipt of funds for Capital Development over the last four years.

	2004/2005	2003/2004	2002/2003	2001/2002
Fixed Assets (gross) in Kshs. '000	4,688,033	4,630,867	4,574,799	4,501,858
Capital Receipts from GOK in Kshs. '000	9,006	7,558	16,974	8,066





**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2005**

33. STUDENT POPULATION STATISTICS

During the year 2004/2005 the students' population was as follows:

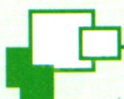
- Government Sponsored Students	9,819
- Privately Sponsored Students	4,415

Total 14,234

Number of students in the year 2004/2005 by gender was as follows:

- Male Students	9,584
- Female Students	4,650

Total 14,234



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