



# MAASAI MARA UNIVERSITY

KENYA NATIONAL AUDIT OFFICE  
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## ANNUAL REPORT AND FINANCIAL STATEMENTS

THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

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MAASAI MARA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**ESTABLISHMENT**

Maasai Mara University is a body corporate established by Charter as per the Universities Act 2012.

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Maasai Mara University  
P. O. Box 861 – 20500  
Narok, Kenya  
Tel: 050-23213  
Fax: 020-2066041

**BANKERS**

National Bank of Kenya  
Narok Branch  
P. O. Box 238,  
NAROK

Equity Bank Ltd.  
Narok Branch  
P. O. Box 1023-20500  
NAROK

Kenya Commercial Bank  
Narok Branch  
P. O. Box 406-20500  
NAROK

Barclays Bank of Kenya  
Narok Branch  
P. O. Box 1073-20500  
NAROK

Co-operative Bank of Kenya  
Narok Branch  
P. O. Box 632-20500  
NAROK

**INDEPENDENT AUDITORS**

The Auditor General  
Kenya National Audit Office  
P. O. Box 30084-00100  
**NAIROBI**

### **Core Business of the University**

The Maasai Mara University objectives are defined in Part 1(3) of the Universities Act (2012). The Universities Act (2012) specifies that the objects and functions of the University shall be:-

- a) To provide directly, or in collaboration with other institutions of higher learning, facilities for university education (including technological, scientific and professional education), the integration of teaching, research and effective application of knowledge and skills to the life, work and welfare of the citizens of Kenya;
- b) to participate in the discovery, transmission and preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, cultural, scientific and technological development of Kenya;
- c) to provide and advance university education and training to appropriately qualified candidates, leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to manpower needs;
- d) to conduct examinations for such academic awards as may be provided in the statutes pertaining to the University; and
- e) to examine and make proposal for new faculties, schools, institutes, departments, resource and research centers, degree courses and subjects to study.
- f) play a leading role in the development and expansion of the opportunities for higher education and research;
- g) develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research and consultancy services;
- h) participate in commercial ventures and other activities to the benefit of the institution, the community and stakeholders;
- i) develop and provide educational, cultural, professional, technical and vocational services to the community and in particular foster corporate social responsibility and the practical arts;
- j) provide programmes, products and services in ways that reflect the principles of equality and social justice;
- k) facilitate student mobility between different programmes at different training institutions, universities and industry;
- l) Foster the general welfare of all staff and students.

## **VISION, MISSION AND CORE VALUES**

### **Vision Statement**

To be 'A World Class University Committed to Academic Excellence for Development'.

### **Mission Statement**

To provide, Quality University education through innovative teaching, research and consultancy services for development.

### **Core Values**

- **Teamwork**

Adopt a participatory approach in discharging the mandate of the University.

- **Professionalism**

Maintain high standards of operation in executing the business of the University.

- **Creativity and innovativeness**

Utilize the latest, up-to-date and most appropriate technology in achieving the University's objectives.

- **Excellence**

Uphold and practice and orientation for extremely good performance within the University.

- **Equity and social justice**

Uphold equal treatment to all and practice fair judgment in all matters of the University.

- **Transparency and Accountability**

Uphold clarity and simplicity in all endeavors of the University.

**MEMBERS OF THE UNIVERSITY COUNCIL**

Prof. John Joseph Okumu	-	Chairman of Council
Mr. Parmain Ole Narikae	-	Council Member
Mr. Dismas Ogot	-	Rep. The Principal Secretary, National Treasury
Mrs. Tabby Mungai	-	Rep. The Principal Secretary, Ministry of Education, Science and Technology.
Prof. Joseph Chacha	-	Acting Vice Chancellor, Maasai Mara University
Eng. Daniel Waithaka Njora	-	Council Member
Mrs. Rose Mghoi Macharia	-	Council Member
Dr. Emmy J. Chesire	-	Council Member
Mr. Mohammed Mohammed	-	Council Member

### **Functions and Responsibilities of the Council**

1. Subject to the Universities Act (2012) under Part V (29.1), the Council shall be the governing body of the University through which the University shall act and:-
  - a) Shall administer the property and funds of the University in a manner and for the purpose which shall promote the interest of the University; but the Council shall not charge or dispose of immovable property of the University except in accordance with the procedures laid down by the Government of Kenya;
  - b) Shall receive, on behalf of the University, donations, endowment, gifts, grants, or other moneys and make disbursement there from to the University or other bodies or persons;
  - c) Shall approve the appointment criteria and terms and conditions of services of staff;
  - d) Shall provide for the welfare of the staff and students of the University;
  - e) May enter into association with other universities, university colleges or other institutions of learning whether within Kenya or otherwise, as the Council may deem necessary and appropriate ;
  - f) May after consultation with the Senate, make regulations governing the conduct and discipline of the student of the University.
2. All documents, other than those required by law to be under seal, made on behalf of the Council and all decision of the Council and all decision of the Council may be signified under the hand of the Chairman, the Vice Chancellor or any other members of the Council generally or specifically authorized by the Council in that behalf.
3. The Council shall ensure that proper management structure is in place and make sure that the structure, functions to maintain corporate integrity, reputation and responsibility.
4. The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the University.
5. The Council shall constantly review the viability and financial sustainability of the University and shall do so once every year.
6. The Council shall ensure that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

**Chancellor and Principal Officers of the University**

Prof. Ngunjiri, EBS	-	Chancellor
Prof. Joseph Okumu	-	Council Chairman
Prof. J. Chacha	-	Acting Vice Chancellor
Prof. G. N. Kimani	-	Acting Deputy Vice Chancellor (Admin. & Finance)
Prof. J. S. Chacha	-	Acting Deputy Vice Chancellor (Academic Affairs)
Mr. S. Kisirikoi	-	Acting Registrar, Administration
Mr. J. K. Berege	-	Registrar, Academic Affairs
Mr. J. Wala	-	Finance Officer
Prof. M. Kadenyi	-	Acting Dean, School of Education.
Mr. Rukaria	-	Acting Dean, School of Business, Economics Human Resource Development
Prof. N. Oyaro	-	Acting Dean, School of Science and Information Science
Prof. T. Sewe	-	Acting Dean, School of Arts and Social Sciences
Prof. S. K. Seno	-	Acting Dean, School of Natural Resources and School of Agriculture
Mr. W. Ochieng'	-	Deputy University Librarian
Mr. A. K. Koech	-	Senior Assistant Dean of Students



### **COUNCIL CHAIRMAN'S REPORT**

I write to report Maasai Mara University's financial results for financial year 2012/13.

The year that ended June 30th, 2013, saw the completion of the fifth cycle in the University's existence and the grant of charter, by His Excellency the President that made our University fully fledged. The University changed its names as a result of transitioning from Narok University College to the current Maasai Mara University.

We sustained our strong commitment to financial sustainability and continued to attract the very best students to our programmes. We vigorously pursued initiatives to develop programs we believe, will open up new possibilities for the University. The university concluded the construction of the Tuition Complex, Hostel and commenced reviewing our Strategic Plan (2013/2018). Measures were put in place to increase student enrolment through recruitment drives. We witnessed continued support from our government in the funding of higher education particularly in form of direct University fund support, student loans, development grants and more importantly research funds. The Universities Act (2012) was also enacted.

As a result the University grew tremendously during the year. New hostels halls and tuition complex were completed occupied. We continued to expand the University engagements with key collaborations with Clemson University, USAID, and the Transport Licensing Board. We vigorously extended university education to the grassroots by opening satellite campuses in Nyandarua, Kajiado and Kilgoris. The results of these efforts are concisely reflected in the financial results shown hereafter.

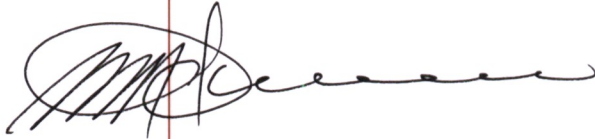
This year also saw the renewal and strengthening of the University's governance, with the installation of a new leaner Council in line with the Constitution and corporate governance practices. As a result the university saw the first appointment of five new Council members; Mrs Macharia, Dr. Chesire, Mr Mohammed, Eng Njora and myself. I know that we will definitely exercise our vast collective experiences in adding value to the growth of our University.

MAASAI MARA UNIVERSITY

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As we celebrate the fifth year of existence, we need to envision what we want the institution to look like when it turns 50. The changing shape of knowledge is redefining disciplinary identities and boundaries, making the greater collaboration among schools and programs imperative. Changing financial realities require an ongoing examination of our funding model with its reliance on government support and HELB money – all of which are expected to be constrained in the years ahead.

Helping to imagine the world anew remains at the heart of what we do and I am grateful for the contributions of everyone in the Maasai Mara University community who has helped make significant progress of this past financial year possible.

A handwritten signature in black ink, appearing to read 'Joseph Okumu', written in a cursive style.

**PROF. JOSEPH OKUMU**  
**CHAIRMAN, MAASAI MARA UNIVERSITY**

**VICE CHANCELLOR'S REPORT**

I am pleased to present the Annual Report and Financial Statements of Maasai Mara University for the year ended 30<sup>th</sup> June 2013. This is the fifth annual report for the University and demonstrates how far we have come.

Maasai Mara University has continued to gain momentum over the short period since inception. During the year under review, the University reviewed its Strategic Plan 2013-2018. This will undoubtedly improve service delivery and ensure achievement of set targets by emphasizing on areas of priority in teaching and research. The University also acquired other necessary facilities and equipment to facilitate teaching and research and to improve on service delivery.

One of my goals as CEO of Maasai Mara University is to encourage greater interaction among the talented staff in our institution, believing that we will benefit from various ideas from different intellects. One such benefit from use of integrated teams has been the tangible results achieved from resolving issues such as staff audit exercises, performance contracting responses and the development of various policy documents for this young institution. The Maasai Mara University team overall is in great shape, with a strong bench of talent and experience across all key areas, and we are close to where we need to be in the long term.

A collaboration agreement with Clemson University, South Carolina – USA, the Transport Licensing Board and NUC were successfully negotiated and was signed during the year. The collaboration will result in the establishment of the first ever Road Safety Institution in this part of the world. The Road Safety Institution will help reduce road carnage in our country. Another key collaboration is the Pro-Mara Initiative which was signed with the USAID. This initiative will help in conservation efforts on the Mau and the Mara water tower that are important for millions of lives downstream.

During the year, the University registered 1882 Government sponsored students and 1408 privately sponsored students. The students who successfully completed their studies during the 2011/2012 academic year are scheduled to graduate in our second graduation ceremony to be celebrated on the 22<sup>rd</sup> of November 2013.

The University has however faced many challenges which have come as a result of low funding from Treasury especially in the Recurrent Budget. The fact that the University continues to grow student population has not been taken into consideration. Currently the University has five Schools notably: The School of Business, Economics & Human Resource Development, School of Education, School of Arts and Social Sciences, School of Science and Information Science and School of Natural Resources Management. We would appreciate if the Government could take into account the scale of operations and kindly reconsider enhancing funding.

I take this opportunity to thank the Government, University Council, Management, Staff, Students and other stakeholders for their mutual cooperation, trust and continued support.



**PROF. MARY WALINGO**  
**VICE CHANCELLOR**

## FINANCIAL OVERVIEW

In its financial year ended June 30th, 2013, the University strove to strengthen its balance sheet, decrease salary overheads to 68% of total revenue and thoughtfully managed expenses and creditors. While the University's operating deficit decreased for the third successive year, efforts have been realized in increasing overall revenue collection to ensure this trend is sustainable.

The University is focusing attention on initiatives to prudently manage or reduce costs, and to explore the potential of generating additional revenue. We expect that these efforts, together with fiscal assurance measures put in place by the Management and Audit Committee, will bring revenue and expense into balance, and position Maasai Mara University well to address future financial management challenges and opportunities.

The University's operating deficit decreased from Kshs 31.8 million in the financial year 2012 to Kshs 4.8 million in this financial year. This decline was not unexpected. With the freeze in administrative staff employment, opening up of learning centers and new collaborations, Maasai Mara University adapted quickly to the new financial circumstances as quickly as practicable, but with sufficient care and diligence to maintain and enhance the University's excellence.

Cash flow challenges however abound. For example, the current ratio declined to 0.62 from 0.45 for the last financial year. Like before, the University continues to grapple with a huge wage bill and exchequer under-funding. Key University budget lines continue to be credit financed. The level of creditors as at year end stood at Kshs 146.9 million.

In light of the operating deficit and continued budgetary uncertainties, the University is pursuing a number of strategies that will help to reduce ongoing costs and enable high priority fixed assets investments. For example, the University has stopped further employment for non-essential administrative staff that will help contain the wage burden. We also engaged the Government for increased exchequer support which was partially fulfilled in the budgetary allocation for the year 2013. Efforts have also been made to increase PSSP student enrollment to supplement exchequer funds. The University is also investing in a ERP system to efficiently collect outstanding student fee arrears and negotiating with creditors on repayment schedules.

**SUMMARY OF FINANCIAL RESULTS**

In Kshs	2013	2012	2011	2010	2009
Total Revenue	756,462,128	482,620,568	412,693,830	309,884,023	180,943,860
Total Expenses	761,352,931	514,482,990	461,029,347	373,515,969	66,879,887
Total Deficit	(4,890,803)	(31,862,422)	(48,335,517)	(63,631,946)	114,063,973
Current Assets	90,863,814	65,234,623	63,672,836	57,182,277	142,910,685
Current Liabilities	146,869,310	128,303,472	133,198,945	26,404,072	3,587,374
Current Ratio	0.62	0.45	0.47	0.46	39.7

**Operating Revenue**

Total operating revenue increased by 17% to Kshs 756.5 million. This was mainly driven by tuition income that increased by 31% to stand at Kshs 222.3 million. The bulk of this increased was driven by the new learning and collaboration centers.

The University's government recurrent funding increased by 19% to stand at Kshs 481.7 million. This revenue stream represents 60% of total revenue received during the year with the rest internally generated or from research funding.

Other incomes are shown on page 19. Growth in this area was mainly from collaborations with other colleges and generated combined revenues of Kshs 15.4 million. The staff nursery school raised Kshs 1.5 million in revenue.

Catering revenues are normally derived from sale of subsidized food to students at our cafeteria and a total of 9.9 million was realized.

**Operating Expenses**

Operating expenses totaled Kshs 761.4 million, a 12% increase compared to financial year 2011.

Compensation expenses (i.e. salaries and benefits) represented 68% of the total operating expenses in the financial year 2012. The industry standard of 50% is gradually being approached as the University froze administrative staff employment enabling the University to better cover its fixed costs. Salaries and wages increased by 27% over the previous financial year mainly as a result of employment of academic staff.

School direct expenses are mainly expenses related directly to the provision of learning. The bulk of this cost is mainly part time lecturer costs, teaching materials, and remuneration of external examiners for quality control. For the financial year 2012, Kshs 44million was spent

for this. This represents 5.6% of total expenditure, a scenario that the University is addressing.

To govern the University, Kshs 11.8 million was spent as Council expenses for both the previous and the current lean council. With the current lean council we expect to cut on cost as a result of reduced membership.

Other expenditure was maintained within budgetary provisions with the exception of the following:

- *Transport and Operating Expenses (92.7%)*: This cost is mainly fueling costs for the University vehicles. Cost of fuel did go up but there are opportunities to minimize unnecessary trips out of station especially to Nairobi. The University management is exploring options to manage this cost.
- *Subsistence allowance (38%)*: Subsistence allowance is an expense that the University is exploring on better ways to control. Areas of concern have been identified and better management of the activities of the University through the budget process advocated for. An analysis of individual travels and justification thereon is constantly ongoing.
- *Subscriptions (13%)*: The Library subscribes to certain online books and journals for use by students.
- *Electricity, Water and Conservancy (102%)*: The Estates and Security departments have been sensitized to control these costs. The University has strict rules that forbid students from cooking in their rooms. Management will consider undertaking a power and water audit to explore areas where savings can be made.
- *Student Activities (61%)*: With limited laboratory facilities, the University was forced to transfer students to institutions that have these facilities so that the students can learn from there. We expect to be able to fully equip our laboratories this financial year 2013.
- *Consultancies (23%)*: The increase was mainly as a result of hiring a lawyer to represent the University in a dismissal case involving a former staff and consultancy services for performance contracting.

### **Balance Sheet**

On the Balance Sheet, assets that have been reflected are at actual costs to the University. Buildings and land have not been included in the balance sheet. A professional valuation by Tyson's Ltd could not be concluded because the University does not have a reference number for the existing land it stands on. The University management is actively pursuing the title deed.

The University received 150 acres of land from the community at Oletukat. This land will be included in the accounts once a professional valuation is concluded.

  
**Jona Wala CPA (K)**  
**FINANCE OFFICER**

**COUNCIL MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENT**

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 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 judgments and estimates, in conformity with International Financial Reporting Standards. The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at 30<sup>th</sup> June 2013 and of its surplus/deficit for the year then ended.

The Council further accepts responsibility for the maintenance of accounting records that have been relied upon 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:**

  
.....  
**CHAIRMAN**

17/7/14  
.....  
**DATE**

  
.....  
**VICE CHANCELLOR**

17-07-14  
.....  
**DATE**



# REPUBLIC OF KENYA



P.O. Box 30084-00100  
NAIROBI

0-342330  
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kenya.go.ke  
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## KENYA NATIONAL AUDIT OFFICE

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

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### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Maasai Mara University set out on pages 18 to 34, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in funds and reserves and statement of cashflows 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 explanation which to the best of my knowledge and belief were necessary for the purpose of the audit.

#### **Council Members' Responsibility for the Financial Statements**

The University Council of Maasai Mara University is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Council is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provision of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as assessing the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

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

During the year under review, the University recorded a deficit of Kshs.4,890,803 (2012/2013 deficit Kshs.31,862,422) resulting in a decrease of revenue reserve from negative Kshs.29,765,912 in the previous year to negative Kshs.34,656,715 as at 30 June 2013. In addition, the current liabilities of Kshs.146,869,310 as at 30 June 2013 exceeded the current assets of Kshs.90,963,814 as at the same date by Kshs.56,005,496. The University is therefore technically insolvent and its continued operations as a going concern is dependent upon the support of the Government, its bankers and creditors.

#### **2. Non-Current Assets**

As reported in the previous year, the non-current assets balance of Kshs.846,036,730 as at 30 June 2013 excluded undetermined value of land measuring approximately 129 acres inherited from the former Narok Teachers' Training College. In addition, a motor vehicle KBP 683 B Isuzu Pickup donated to the University had not been transferred to the University and is therefore excluded from the non-current assets balance. Consequently, the ownership and accuracy of the non-current assets balance of Kshs.846,036,730 could not be confirmed.

#### **3. Unremitted Statutory Deductions**

Included in the trade and other payables balance of Kshs.95,128,631 as at 30 June 2013 is payroll creditors balance of Kshs.50,612,229 in respect of unremitted pension scheme deductions. The University is therefore exposed to penalties and interests charged for non remittance of these deductions.

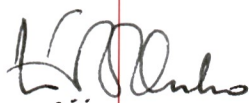
#### **4. Erection and Completion of Lecture Halls**

Narok University College, the predecessors of Maasai Mara University awarded a contract for the erection and completion of lecture halls to a construction company at a contract price of Kshs.387,204,583. The work commenced on 15 March 2010 with a completion date set for 03 January 2011. However, due to what the University described as shortcoming in the preparation of bill of quantities, inaccurate estimates by the Structural Engineer and under-measurement by the Quantity Surveyor, the

contractor was unable to complete the work at the tendered amount. The contractor was subsequently paid Kshs.420,434,799 which was Kshs.33,230,216 above the tendered amount. The remaining works was tendered as Phase II and a new tender awarded to a new contractor on 12 September 2013 at a contract sum of Kshs.108,638,930. This brought the total cost of the project to Kshs.529,073,729. The total cost of the project was thus higher than the original contract price of kshs.387,204,583 by Kshs.141,869,146 representing a 36% variation which exceeds the 15% threshold stipulated under the Public Procurement and Disposal Regulations 2006, Section 31 (c).

### **Qualified Opinion**

In my opinion, except for the effect of 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 2013 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 Universities Act, 2012.



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

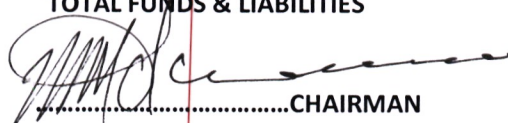
**Nairobi**

**25 August 2014**

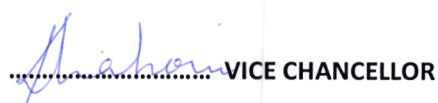
## STATEMENT OF FINANCIAL POSITION

AS AT 30<sup>TH</sup> JUNE 2013

	Notes	2013 Kshs	2012 Kshs
<b>NON CURRENT ASSETS</b>			
Property, plant and Equipment	13	329,660,977	63,420,435
Capital work in progress	14	516,375,753	700,128,465
		<b>846,036,730</b>	<b>763,548,900</b>
<b>CURRENT ASSETS</b>			
Inventories and Stores	15	5,296,391	4,631,603
Trade and Other Receivables	16(a)	82,470,437	53,592,440
Cash and Bank Balances	17	3,096,986	7,010,580
		<b>90,863,814</b>	<b>65,234,623</b>
<b>TOTAL ASSETS</b>		<b>936,900,544</b>	<b>828,783,523</b>
<b>CAPITAL FUNDS &amp; LIABILITIES</b>			
<b>CAPITAL FUNDS</b>			
Accumulated Capital Fund		812,695,302	727,144,423
Revaluation Reserves		3,101,540	3,101,540
Revenue Reserve		(34,656,715)	(29,765,912)
		<b>781,140,127</b>	<b>700,480,051</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	19	95,128,631	80,432,534
Retention –WIP	14	51,740,679	47,870,938
		<b>146,869,310</b>	<b>128,303,472</b>
<b>LONG TERM LIABILITIES</b>			
Hire Purchase – Bus		<b>8,891,107</b>	
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<b>936,900,544</b>	<b>828,783,523</b>

  
 .....CHAIRMAN

17/7/14  
 .....DATE

  
 .....VICE CHANCELLOR

17-07-14  
 .....DATE

**STATEMENT OF COMPREHENSIVE INCOME**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

	NOTES	2013 Kshs	2012 Kshs
<b>INCOME</b>			
Tuition income	2	222,344,950	162,200,008
Exchequer grants	3	481,700,000	273,999,996
Income generating activities	4	29,907,911	25,833,559
Other income	5	22,509,267	20,587,005
<b>Total income</b>		<b>756,462,128</b>	<b>482,620,568</b>
<b>Expenditure</b>			
Central administration	6(a)	661,333,117	452,958,967
Schools direct expenses	7	44,171,754	25,797,572
Research	8	2,428,465	3,040,278
Farm inputs	9	655,526	493,200
Catering and accommodation expenses	10	19,684,535	12,982,762
Health unit expenses	11	18,183,943	9,411,641
Financial expenses	12	2,447,111	1,263,800
Council and committee expenses	6(b)	11,848,480	7,934,770
Audit provision	6(c)	600,000	600,000
Narok teachers training college (nttc) accrued		-	-
<b>Total Expenditure</b>		<b>761,352,931</b>	<b>514,482,990</b>
<b>Surplus/(Deficit)</b>		<b>(4,890,803)</b>	<b>(31,862,422)</b>

## STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2013

	2013 Kshs	2012 Kshs
<b>Cash flow from operating expenses:</b>		
Surplus/(Deficit)	(4,890,803)	(31,862,422)
<b>Adjustment for:</b>		
Profit on Disposal		(144,000)
Provision for Depreciation	22,953,269	15,317,924
provision for bad and doubtful debts (decrease)	(3,156,414)	
Provision for audit fees	600,000	
	<b>15,506,052</b>	<b>(16,688,498)</b>
<b>Change in Working Capital:</b>		
Change in Inventories	(664,788)	63,969
Change in Receivables	(28,877,997)	(1,744,144)
Change in Payables	14,696,097	(13,278,222)
Increase in Retention Money	3,869,741	8,382,749
	<b>(10,976,947)</b>	<b>(6,575,648)</b>
<b>Net cash from Operating Activities</b>	<b>4,529,105</b>	<b>(23,264,146)</b>
<b>Investing Activities:</b>		
Property, Plant & Equipment	(6,680,068)	(9,712,982.)
Work In Progress	(87,313,510)	(246,265,824)
Disposal of Motor Vehicles		512,000
	<b>(93,993,578)</b>	<b>(255,466,806)</b>
Revaluation Reserve		76,617
<b>Financing Activities:</b>		
Government Grants-Capital	85,550,879	278,535,947
Hire Purchase -Bus		-
	<b>85,550,879</b>	<b>278,612,564</b>
Net Increase in Cash & Cash Equivalents	(3,913,594)	(118,388)
Net Cash & Cash Equivalents-Opening	7,010,580	7,128,969
<b>Net Cash &amp; Cash Equivalents-End</b>	<b>3,096,986</b>	<b>7,010,580</b>
<b>Analysis of cash &amp; cash equivalents</b>		
Cash and Bank Balances	3,096,986	7,010,580
Deposits	-	-
	<b>3,096,986</b>	<b>7,010,580</b>

**STATEMENT OF CHANGES IN FUNDS AND RESERVES**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013

	Accumulated Fund Kshs	Revaluation Reserve kshs	Revenue Reserve Kshs	Total
<b>Balances as at 1<sup>st</sup> July, 2011</b>	<b>448,608,476</b>	<b>3,024,923</b>	<b>2,096,510</b>	<b>453,729,909</b>
Government Capital Grants	278,535,947		-	278,535,947
Revaluation Reserve				
Surplus/(Deficit) for the Year		186,875		186,875
<b>Balances as at 30<sup>th</sup> June, 2012</b>		<b>(110,258)</b>		<b>(110,258)</b>
	-		(31,862,422)	(31,862,422)
	<b>727,144,423</b>	<b>3,101,540</b>	<b>(29,765,912)</b>	<b>700,480,051</b>
<b>Balances as at 1<sup>st</sup> July, 2012</b>	<b>727,144,423</b>	<b>3,101,540</b>	<b>(29,765,912)</b>	<b>700,480,051</b>
Government Capital Grants	85,550,879		-	85,550,879
Surplus/(Deficit) for the Year	-		(4,890,803)	(4,890,803)
<b>Balances as at 30<sup>th</sup> June, 2013</b>	<b>812,695,302</b>	<b>3,101,540</b>	<b>(34,656,715)</b>	<b>781,140,127</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2013**

**1 . SIGNIFICANT ACCOUNTING POLICIES**

**(i) 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 nearest one Shilling.

**(ii) Revenue and Expenditure Recognition**

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

Expenditure is recognized when it is incurred. CBA salary agreements, being a one off event, were expensed in total during the year even though they relate to earlier periods (IAS 8)

Exchequer grants (Capitation) from the Government are recognized as income in the period in which they relate as per IAS 20 (Income approach treatment).

Exchequer grants (Capital Development) from the Government are recognized as owners' funds in the period in which they relate as per IAS 20 paragraph 13 and 14 (Capital approach treatment).

**(iii) Property, Plant and Equipment and Depreciation**

Property, Plant and Equipment are stated at cost or valuation less accumulated depreciation. Building completed and in use during the year was valued at construction cost (IAS 16). Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying value of the assets over their expected useful lives (IAS 4). Assets acquired during the year are depreciated from the date of acquisition (IAS 4).

The annual depreciation rates (straight line basis) in use are:-

Buildings	-	2.5%
Machinery and Equipment	-	20.0%
Furniture and Fittings	-	12.5%
Motor Vehicles	-	25.0%
Computers	-	33 1/3 %

Freehold land is not depreciated as it is deemed to have an infinite life.

Work in Progress (WIP) is not depreciable until capitalized to respective asset class.



**(iv) Retirement Benefits Costs**

The University operates a contributory pension scheme for eligible employees through the Moi University Pension Scheme as per that Trust Deed. The assets of the scheme are held in a separate trustee administered fund that is funded by both the University and the employees and managed by Moi University Trustees.

The University's contribution to the above scheme is charged to the income and expenditure account in the year to which they relate.

**(v) Cash and Cash Equivalent**

Cash and cash equivalent are defined as cash in hand, bank balances, demand deposits and short-term, highly liquid investment readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the cash flow statement, cash equivalent consist of cash and bank balances.

**(vi) Receivables**

Receivables are stated in their nominal values as reduced by appropriate allowances for estimated doubtful debts. A general provision of 10% has been provided from gross receivables.

**(vii) Payables**

Payables are stated at their nominal value.

**(viii) Government Grants**

Government grants are recognized when there is reasonable assurance that the University will comply with conditions attached to them and that the grants will be received. The grants are recognized as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separate.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## NOTE 2

## TUITION SCHEDULE

	2013 Kshs	2012 Kshs
SCHOOL OF BUSINESS	60,833,225	46,610,502
SCHOOL OF SCIENCE	40,290,600	25,455,002
SCHOOL OF EDUCATION	69,443,500	51,325,600
SCHOOL OF ARTS	32,547,720	25,102,404
SCHOOL OF NATURAL RESOURCE	19,229,905	13,706,500
<b>TOTAL</b>	<b>222,344,950</b>	<b>162,200,008</b>

## NOTE 3

## a) CAPITATION GRANTS SCHEDULE

DATE	2013 Kshs	2012 Kshs
AUG. 2012	33,666,667	22,833,333
SEPT.2012	33,666,667	22,833,333
SEPT.2012		22,833,333
SEPT.2012	33,666,667	
NOV.2012	33,666,667	45,666,666
DEC. 2012	125,033,333	22,833,333
JAN. 2013		22,833,333
FEB. 2013	33,666,667	22,833,333
MAR. 2013	33,666,667	22,833,333
APR. 2013	33,666,667	22,833,333
MAY 2013	67,333,333	22,833,333
JUN. 2013	53,666,667	22,833,333
<b>TOTAL</b>	<b>481,700,000</b>	<b>273,999,996</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## b) CAPITAL DEVELOPMENT

	2013 Kshs	2012 Kshs
JULY. 2012		21,738,000
AUG. 2012		37,000,000
SEP. 2012		58,549,877
NOV. 2012	23,114,160	25,425,969
DEC. 2012	17,255,093	-
JAN. 2013		35,168,661
MAR. 2013		11,381,227
Apr-13	23,675,587	44,485,051
Jun-13	21,506,039	44,787,162
<b>TOTAL</b>	<b>85,550,879</b>	<b>278,535,947</b>

## NOTE 4

## INCOME GENERATION ACTIVITIES

	2013 Kshs	2012 Kshs
CATERING SALES	9,973,378	10,277,966
FARM	18,870	368,560
NAIROBI CAMPUS	17,926,363	13,429,363
SALE OF TENDER DOCUMENTS	465,000	406,000
NURSERY SCHOOL	1,524,300	1,351,650
	<b>29,907,911</b>	<b>25,833,539</b>

**NOTE 5**  
**OTHER INCOME**

	2013 Kshs	2012 Kshs
COLLABORATION-AICO	7,733,118	8,333,187
COLLABORATION-ESMART KISII	2,458,010	815,282
COLLABORATION- ESMART MUMIAS	1,710,000	2,808,750
MISCELLANEOUS INCOME	352,325	387,711
COLLABORATION –KERICHO COLLEGE.P. STUDIES	635,850	
COLLABORATION – HIGHLANDS	2,476,900	
RESEARCH GRANTS	3,400,000	432,000
MARKETING SALES	-	-
STAFF RENT	586,650	636,000
REFUNDS	-	-
KINANGOP CENTRE	-	2,739,175
BOMET CENTRE		4,290,900
GAIN ONDISPOSAL MOTOR VEHICLES	-	144,000
PROVISION FOR BAD AND DOUBTFUL DEBTS (DECREASE)	3,156,414	
<b>TOTAL</b>	<b>22,509,2670</b>	<b>20,587,005</b>

**NOTE 6(a)****CENTRALIZED EXPENSES**

	<b>2013</b> <b>Kshs</b>	<b>2012</b> <b>Kshs</b>
Gross Salary	479,027,077	355,934,966
Pension Costs	36,799,951	30,685,060
Transport Operating Expenses	6,948,945	6,080,300
External Travelling and Accommodation	14,000	333,400
Subsistence	16,523,081	9,902,129
VAT – Supplies	-	208,503
Subscriptions	988,105	194,530
Postage & Telephone	3,700,347	2,787,170
Internet Expenses	784,125	689,356
Office Expenses	2,195,798	2,146,138
Public Celebrations & Funerals	345,300	145,000
Open & Cultural Day Expenses	-	20,000
Electricity, Water and Conservancy	20,321,012	10,105,508
Publishing and Printing Expenses	876,172	159,600
Purchase of Uniforms & Clothing	138,379	-
Library Books	1,740,720	1,585,134
Stationery & Office Expenses	7,243,890	2,354,605
Advertising & Publicity	10,598,464	3,941,913
Seminar/Workshops	3,272,504	-
Rent & Rates	2,363,300	-
Computer Expenses	3,411,127	2,070,977
Insurance Expenses	3,037,605	571,0190
Consultancy	2,389,214	1,233,028
Cleaning Materials and Detergents	3,735,827	560,600
Casuals	3,440,062	-
Training Expenses	1,925,808	80,000
Bursaries	-	-
University Research Programme	-	-
Corporate Social Responsibility	-	-
Maintenance of Computers	-	3,500
Maintenance of Equipment	293,282	-
Maintenance of Buildings	2,632,429	737,922
Maintenance of Catering facilities	32,500	166,510
Maintenance of Water & Sewerage	839,988	304,931
Maintenance of Playground	811,769	221,749
Student Field trips	-	-
Student Activities	4,935,984	3,222,486

Refunds on Tuition	602,914	-
Hire of Equipment		1,001,215
Accounted Expenses	-	-
Increase in provision for Bad Debts	-	193,794
Provision for Depreciation	22,953,269	15,317,924
Service Delivery Charter	2,134,923	-
Graduation	4,856,700	
Charter Expenses	9,418,546	
<b>TOTAL</b>	<b>661,333,117</b>	<b>452,958,967</b>

**NOTE 6(b)****COUNCIL & COMMITTEE EXPENSES**

Sitting Allowance	3,950,000	2,650,000
Daily Subsistence Allowance	2,950,400	1,707,600
Honoraria( Chairman of Council)	960,000	960,000
Mileage	2,575,525	1,969,352
Misc. (Stationery & Catering Expenses)	1,412,555	647,818
<b>TOTAL</b>	<b>11,848,480</b>	<b>7,934,770</b>

**NOTE 6(c)****AUDIT FEES**

Audit Fee	600,000	600,000
<b>TOTAL</b>	<b>600,000</b>	<b>600,000</b>

**Note:** Audit fees for 2011/2012 was paid in 2012/2013

**NOTES TO FINANCIAL STATEMENTS (continued)****NOTE 7****SCHOOLS DIRECT EXPENSES**

	2013 Kshs	2012 Kshs
Academic Programme development	-	-
External Examiners	704,726	559,950
Laboratory Reagents	-	-
PSSP Disbursement-Sch. of Business	8,588,027	8,755,315
PSSP Disbursement-Sch. of Education	25,226,896	12,496,885
PSSP Disbursement-Sch. of Natural Sciences	1,371,875	1,626,875
PSSP Disbursement-Sch. of Science	4,399,430	1,248,855
Teaching Materials	1,680,188	1,107,692
Teaching Practice	2,200,612	-
<b>TOTAL</b>	<b>44,171,754</b>	<b>25,795,572</b>

**NOTE 8  
RESEARCH**

	2013 Kshs	2012 Kshs
Research	2,428,465	3,040,278
Research		
	<b>2,428,465</b>	<b>3,040,278</b>

**NOTE 9**

Farm Inputs	2013 Kshs	2012 Kshs
Purchase of farm inputs	655,526	493,200
	<b>655,526</b>	<b>493,200</b>

**NOTE 10**

Catering & Accommodation Expense	2013 Kshs	2012 Kshs
Purchase of Food	19,684,535	12,982,762
	<b>19,684,535</b>	<b>12,982,762</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****NOTE 11**

Health Services	2013 Kshs	2012 Kshs
Medical Bills	10,145,554	4,147,643
Locum	1,552,874	651,940
Purchase of Drugs	6,485,515	4,612,058
	<b>18,183,943</b>	<b>9,411,641</b>

**NOTE 12****FINANCIAL EXPENSES**

	2013 Kshs	2012 Kshs
Bank charges & Interest-Coop	552,670	479,235
Bank charges & Interest-Equity	131,490	22,645
Bank charges & Interest-KCB	20,366	109,628
Bank charges & Interest-NBK	1,732,765	635,443
Bank charges & Interest-BBK	9,820	16,850
	<b>2,447,111</b>	<b>1,263,801</b>

**NOTE 13**

<b>PROPERTY, PLANT AND EQUIPMENT</b>						
<b>AS AT 30TH JUNE 2013</b>						
	<b>PLANT</b>	<b>BUILDING</b>	<b>FURNITURE</b>	<b>M .VEHICLES</b>	<b>COMPUTER</b>	<b>TOTAL</b>
<b>Cost/Valuation</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 1.07.2012</b>	<b>28,079,973</b>	<b>39,406,413</b>	<b>11,819,036</b>	<b>16,088,048</b>	<b>10,231,710</b>	<b>105,625,180</b>
Additions	1,598,992	271,066,222	3,998,755	11,036,300	1,493,542	<b>289,193,811</b>
<b>TOTAL</b>	<b>29,678,965</b>	<b>310,472,635</b>	<b>15,817,791</b>	<b>27,124,348</b>	<b>11,725,252</b>	<b>394,818,991</b>
Accumulated Depreciation 1.7.2012	11,687,271	2,634,112	3,828,986	13,823,011	10,231,365	<b>42,204,745</b>
Depreciation for the year	5,935,793	7,761,816	1,977,224	6,781,087	497,349	<b>22,953,269</b>
Accumulated Depreciation c/d	17,623,064	10,395,928	5,806,210	20,604,098	10,728,714	65,158,014
<b>Net Book Value as at 30 June 2013</b>	<b>12,055,901</b>	<b>300,076,707</b>	<b>10,011,581</b>	<b>6,520,250</b>	<b>996,538</b>	<b>329,660,977</b>
<b>Net Book Value as at 30 June 2012</b>	<b>16,392,702</b>	<b>36,772,301</b>	<b>7,990,050</b>	<b>2,265,035</b>	<b>345</b>	<b>63,420,435</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## NOTE 14: WORK IN PROGRESS

		GROSS PAID	VAT (16%)	WITHHOLDING (3%)	RETENTION (5%)	NET PAID
<b>ON-GOING CONSTRUCTION :</b>						
	<b>BAL. B/F</b>					
	<b>01.07.2012</b>	<b>700,128,465</b>	<b>57,060,315</b>	<b>12,735,625</b>	<b>47,870,938</b>	<b>582,461,587</b>
	TRANSFERRED TO P.P.E	(271,066,222)				
	<b>Total</b>	<b>429,062,243</b>				
	<b>ADDITIONS</b>					
20.12.12	Student Lecture Halls Project	17,255,093	-	446,252	-	16,808,841
27.11.12	Student Lecture Halls Project	23,114,160	-	597,780	2,311,416	20,204,964
25.04.13	Student Lecture Halls Project	23,675,587	-	710,268	1,183,779	21,781,540
22.05.13	Student Lecture Halls Project	19,523,202	-	585,696		18,937,506
27.08.12	Student Dining Halls Extension	1,052,941	-	27,231	105,294	920,416
07.07.12	Student Dining Halls Extension	897,794		23,219	89,779	784,796
03.08.12	Student Dining Halls Extension	1,794,733	-	46,416	179,473	1,568,844
	<b>TOTAL</b>	<b>516,376,573</b>	<b>57,060,315</b>	<b>15,172,487</b>	<b>51,740,679</b>	<b>663,468,494</b>

**NOTE:** The University Completed construction of two buildings; the student lecture hall block and student hostels block. The student's hostel has been transferred to property and equipment as an additional asset in the financial year. A new hostel is also under construction and extension of the dining hall is ongoing.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****NOTE 15****INVENTORIES AND STORES**

	<b>2013</b> Kshs	<b>2012</b> Kshs
Closing Inventories-Catering	1,164,065	631,092
Closing Inventories-Central Services	671,892	1,944,886
Closing Inventories-Estates	1,160,884	1,693,227
Closing Inventories-Health	2,299,550	362,398
	<b>5,296,391</b>	<b>4,631,603</b>

**NOTE 16 (a)****TRADE AND OTHER RECEIVABLES**

	<b>2013</b> Kshs	<b>2012</b> Kshs
MOHE Capitation	53,666,667	
Staff Receivables-Advances	1,415,439	-
Staff Receivables-Imprest	2,203,614.00	1,827,844
Student Receivables	16,810,776	45,185,202
Others(Note 15 b)	9,206,400	10,568,267
NTTC Bank Accounts	1,965,843	1,965,843
	<b>85,268,739</b>	<b>59,547,156</b>
<b>Provision for Doubtful debts</b>	<b>(2,798,302)</b>	<b>(5,954,716)</b>
<b>Net Receivables</b>	<b>82,470,437</b>	<b>53,592,440</b>

**NOTE 16 (b)****OTHER DEBTORS**

	<b>2013</b> Kshs.	<b>2012</b> Kshs.
Highlands Nairobi	390,500	-
Kericho College P. Studies	104,000	-
Nursery Debtors	191,400	198,150
Deposits	600,000	600,000
Collaboration Esmart Mumias	569,500.00	1,553,750
Collaboration - A.I.CO	1,345,200	-
Kinangop Centre	539,400	1,189,025
Nairobi Campus	4,565,800	4,861,745
Bomet Campus	900,600	2,165,597
<b>Total</b>	<b>9,206,400</b>	<b>10,568,267</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## NOTE 17

## CASH AND BANK BALANCES

	2013 Kshs	2012 Kshs
COOP GSSP	62	64,207
BBK	1,139,454	848,735
EQUITY CATERING	282,216	104,100
EQUITY GSSP	91,021	312,367
COOP PSSP	1,000,228	1,485,361
COOP Catering	280,892	1,075,598
KCB PSSP	158,500	
BBK 20245662649	107,032	
KCB DEVELOPMENT	37,581	231,873
NBK OPERATIONS		2,156,934
Equity PSSP		731,405
	<b>3,096,986</b>	<b>7,010,580</b>

	2013 Kshs	2012 Kshs
Equity PSSP	(5,826,883)	
NBK Operations	(60,108,413)	
	<b>(65,935,296)</b>	

**NB:** The cash book balance for National bank operations and Equity pssp account had a negative cash balance as a result of cheques waiting to be released awaiting the capitation which delayed till 2<sup>nd</sup> and 5<sup>th</sup> July 2013 respectively.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## NOTE 18

## TRADE PAYABLES

	2013 Kshs	2012 Kshs
Trade creditors	25,389,861	13,684,784
Payroll Creditors	50,612,229	47,713,853
VAT W.I.P	4,500,000	14,254,997
Prepaid Student Fees	-	1,608,775
Provision for Audit Fees	1,200,000	600,000
Part Time Lecturers	10,691,541	1,059,125
Caution Money	2,735,000	1,511,000
<b>TOTAL</b>	<b>95,128,631</b>	<b>80,432,534</b>

## NOTE 19

## NUMBER OF EMPLOYEES

The average number of employees during the year was 553.

