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MOI UNIVERSITY

BALANCE SHEET

and

ACCOUNTS

for

THE YEAR ENDED 30 JUNE 1991



REPORT AND ACCOUNT

for the year ended 30th June, 1991

MOI UNIVERSITY
P.O. Box 3900
ELDORET, KENYA
Telephone (0321) 43001/8
Telegram: MOIVARSITY, ELDORET
Telex: 35047, Fax 43047

MOI UNIVERSITY

Main Balance Sheet and Accounts for the
Year ended 30th June, 1991

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KENYA NATIONAL ASSEMBLY
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OFFICERS OF THE UNIVERSITY

Honorary Graduate of the University:-

His Excellency the Hon. Daniel T. arap Moi, C.G.H., M.P. LL.D. (Nairobi), D.Sc. (New Brunswick), D.Sc. (Moi) D.Ed. (K.U.), D.Sc. Egerton, Ph.D. (Soka), Chancellor of Moi University, and President of the Republic of Kenya and Commander-in-Chief of the Armed Forces.

Chancellor

H.E. Daniel T. arap Moi, C.G.H., M.P. Hon. LL.D. (Nairobi), D.Sc. (Moi), D.Ed. (K.U.), D.Sc. (Egerton), Ph.D. (Soka), President and Commander-in-Chief of the Armed Forces of the Republic of Kenya.

Chairman of the University Council

Mr. J.T. arap Leting, B.Ed. (EA) E.G.H.

Vice-Chairman

Prof. D.G. Gatei, M.B., Ch.B. (EA), F.R.C. Path. (U.K.) O.G.W.

Honorary Treasurer

Mr. J.B. Kangwana, LL.B (Nairobi), LL.M. (EDIN), M.B.S.

Vice-Chancellor

Prof. S.O. Keya, B.Sc. (E.A.), M.Sc. (Cornell), Ph.D (Cornell), F.K.N.A.S.

Deputy Vice-Chancellor

Prof. M.K. Maleche, B.A. (London), P.G.D.E. (EA), M.A., Ed. MED.D. (T.C.) (Columbia)

Principal, Chepkoilel Campus

Prof. J. Irina, B.Sc. (London), M.Sc. (St. F.X. Canada), Ph.D. (Nairobi)

Chief Administrative Officer

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

Chief Academic Officer

Prof. K. Ole Karei, B.A. (Philander Smith), M.A. (Atlanta), M.P.A. Pittsburg, M.A., Ph.D., (Pennsylvania), E.B.S.

Finance Officer

B.P.M. Nyang'ongo, C.P.A. (K)

Bankers

National Bank of Kenya Limited
Kenya Commercial Bank Limited

Lawyers

Nyairo & Co. Advocates

Auditors

Kenya General Corporation

REPORT OF THE VICE CHANCELLOR
FOR THE YEAR ENDED 30TH JUNE, 1991

It gives me great pleasure to present the Annual Financial report for the year ended 30th June, 1991. The year under review was a difficult one, however, through continued support of the Kenya Government, Council and by applying prudent, efficient financial and managerial policies it ended on a sound note.

The University expressed a steady growth in both staff and student population. The students number grew by 104% from 3184 in 1989/90 to 6502 in 1990/91. The academic and administrative staff grew by 57.26% from 1465 in 1989/90 to 2304 in 1990/91. Expenditure on students rose by 87.56%; from Kshs.39.588 million in 1989/90 to Kshs.74.255 million in 1990/91. While expenditure on staff growth was by 56.35% from Kshs.143.629 million in 1989/90 to Kshs.224.597 million in 1990/91.

The tremendous increase, in both students and staff to a large extent overstretched the limited resources available. Nevertheless, all services to University community were provided with the aim of maintaining high academic standards.

I note with satisfaction the growth in capital reserves, that rose from Kshs.697 million in 1989/90 to Kshs.808 million in 1990/91. Revenue and capital receipts in the year amounted to Kshs.254.277 million and Kshs.160.732 million respectively. This contributed to the improvement of capital reserves.

A deficit of Kshs.49.632 million was realized, which was caused mainly by under disbursement of Capitation Grants, and the following other factors:-

(i) OPERATIONAL COSTS

- (a) An increase in Academic and Support staff to cope with the large number of students.
- (b) Financial charges on enhanced banking facilities.

(ii) DEPRECIATION

The charge for the year amounted to Kshs.17.131 million an increase of 38%. This however, does not involve movement of funds.

(iii) CATERING AND RESIDENTIAL SERVICES

The Department incurred a deficit of Kshs.6.7 million in the year; and the main contributory factors were:-

- (a) Unprecedented price increase in consumable goods and services.
- (b) Drastic increase in student population.
- (c) Heavy subsidy in providing MUSACS services and under-provision in the budget.

(iv) FARM

The farm realised a loss of Kshs.2.602 million in the year under review.

I thank most sincerely members of Council under the Chairmanship of Mr. J.T. arap Leting, for continued invaluable guidance and assistance without which we would not have attained our current level of performance. Council is assured of my continued tireless support and co-operation, and that of the entire University Community.

I wish to record my appreciation to the entire University staff for their exemplary and distinguished performance during the year. It was their initiative, innovation and devotion to duty, that enabled us to attain our objectives.

Finally, I wish to express my profound appreciation to the Government of Kenya for its continued unswerving support extended to the University.

PROF. S.O. KEYA

VICE-CHANCELLOR.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1991

I have examined the accounts of Moi University for the year ended 30 June 1991 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations which were considered necessary for the purpose of the audit. Proper books of account have been maintained by the University and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with Moi University Act. 1984.

Subject to the reservations set out below, in my opinion, the accounts, when read together with the notes thereon, present a true and fair view of the state of affairs of the University as at 30 June 1991 and of its deficit and the statement of changes in the financial position of the year then ended.

1. FINANCIAL POSITION

During the year under review, the University incurred a deficit of Kshs.49,634,000.00 compared to Kshs.32,453,000.00 during the previous year. The Balance Sheet also reflects a negative working capital of Kshs.192,427,000.00 (1990 - Kshs.91,973,000). The University has continued to face liquidity problems and the accounts have been drawn on a going concern basis on the assumption that it will continue to get financial support from its creditors and bankers.

2. CHEPKOILEL CAMPUS

As indicated in Note 7 to the accounts, the former Moi Teachers College was taken over as a constituent college of Moi University and named Chepkoilel Campus. However, there has not been any official handing over of the College to the University and as a result the lists of assets and liabilities taken over have not been agreed upon and included in the accounts of the University.

3. DEVELOPMENT GRANTS

Although the University's records as at 30 June 1991 indicate that it received development grants amounting to Kshs.160,732,000.00 from the parent Ministry, the parent Ministry's records indicated that development grants amounting to Kshs.209,432,000.00 were released. The difference of Kshs.48,700,000.00 resulting from these two sets of records was due to payments amounting to Kshs.48,719,000.00 which the parent Ministry made to some 14 creditors and charged the University's development allocation, out of which payments totalling Kshs.42,909,300.00 were made to some 12 creditors, whose details the Ministry has not provided to the University. I have therefore been unable to confirm the propriety of these payments.

A. J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

14th October, 1992

MOI UNIVERSITY

BALANCE SHEET AS AT 30TH JUNE, 1991

				1990/91	1989/90
	<u>NOTES</u>	<u>Ksh'000's</u>	<u>Ksh.'000's</u>	<u>Kshs'000's</u>	<u>Kshs'000's</u>
Fixed Assets	9 (b)			1,001,139	788,750
<u>CURRENT ASSETS</u>					
Stock	10	7,124			4,532
Debtors	11	30,337			25,477
Bank Balances	19	<u>38,190</u>	75,651		<u>4,054</u>
					<u>34,063</u>
<u>CURRENT LIABILITIES</u>					
Creditors	12	207,036			102,849
Bank Overdraft	18	60,498			22,198
Loan	3	<u>544</u>			<u>989</u>
			268,078		<u>126,036</u>
				<u>(192,427)</u>	<u>(91,973)</u>
				<u>808,712</u>	<u>696,777</u>
 <u>FINANCED BY:</u>					
Reserves	13			<u>808,712</u>	<u>696,777</u>

S.O. KEYA. B.Sc., M.Sc., Ph.D

VICE CHANCELLOR

J.K. SANG' B.A., M.Sc., M.A., Ph.D

CHIEF ADMINISTRATIVE OFFICER

B.P.M. NYANG'ONGO, C.P.A. (K)

FINANCE OFFICER

MOI UNIVERSITY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR

ENDED 30TH JUNE, 1991

	<u>NOTES</u>	1990/91 <u>Kshs. '000'</u>	1989/90 <u>Kshs. '000'</u>
Income	14	254,277	154,210
Expenditure	17	<u>303,911</u>	<u>186,663</u>
Deficit		<u>49,634</u>	<u>32,453</u>

MOI UNIVERSITYSTATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE, 1991

<u>SOURCE OF FUNDS</u>	<u>Kshs 000's</u>	<u>1990/91 Kshs 000's</u>	<u>1989/90 Kshs 000's</u>
Excess of Income over Expenditure (Deficit)		(49,634)	(32,453)
<u>ADD</u>			
Adjustments for items not involving movement of funds			
Depreciation	17,131		12,437
Prior Year Adjustments	220		-
Gain on revaluation of Livestock	-		(76)
Loose tools written off	<u>75</u>		<u>-</u>
		17,426	12,361
FUNDS GENERATED FROM OPERATIONS		(32,208)	(20,092)
<u>OTHER SOURCES</u>			
Capital Grant Donations	160,732		120,593
Increase in Capital Reserves	-		20,000
Less: Decrease in reserves	<u>-</u>		<u>(276)</u>
		<u>160,732</u>	<u>140,317</u>
FUNDS AVAILABLE FOR APPLICATIONS		128,524	120,225
<u>APPLICATION OF FUNDS</u>			
Purchase of Fixed Assets	228,977		252,435
Loans Repayment	446		<u>(438)</u>
		<u>229,423</u>	<u>251,997</u>
		<u>(100,899)</u>	<u>(131,772)</u>
<u>CHANGES IN WORKING CAPITAL</u>			
Increase/Decrease in Stock	2,592		661
Increase/Decrease in Accounts Receivable	4,860		5,103
Increase/Decrease in Accounts Payable	<u>(104,187)</u>		<u>(91,429)</u>
		(96,735)	(85,665)
<u>MOVEMENT IN NET LIQUID FUNDS</u>			
Increase in Bank Overdraft	(38,300)		(12,899)
Increase in Cash	34,136		<u>(33,208)</u>
		<u>(4,164)</u>	<u>(46,107)</u>
		<u>(100,899)</u>	<u>(131,772)</u>

NOTES TO THE ACCOUNTSFOR THE YEAR ENDED 30TH JUNE, 1991ACCOUNTING POLICIES

1. The accounts are prepared in accordance with the historical cost convention. The following are the principle policies adopted by the University.

a) Grants and Fees

Income from grants and fees represents amount receivable relative to the current financial year. Other income represents amounts received or receivable from services rendered during the year.

b) Depreciation

Depreciation is calculated to write off the cost of the fixed assets on a straight line basis over the expected useful lives of the assets.

Motor Vehicles	25%
Plant and Equipment	12½%
Furniture & Fittings	12½%
Farm Works	2%

Depreciation on buildings has not been provided for as this becomes the subject of special grants when such replacement is necessary.

c) Stocks

Stocks are valued at the lower of the cost and net realisable value. Books and teaching materials are written off in the year of acquisition. Livestock bred on the farm is valued by management at the rates approximating to the net realisable value. No value is attributed to the stock of wattle growing on the farm. The stock value for livestock bred on Farm ranges between Kshs.1,600 and Kshs.2,500 per animal.

2. Specific Purpose Revenue Grants

These have been treated as either accounts receivable or payable as applicable depending on the degree of materiality.

3. Loan

The University still has a loan balance of Kshs.544,000 which was acquired from Kenya Commercial Bank.

4. Pension Scheme

With effect from July 1991 the University is operating a Pension Scheme Fund for both the Senior and Middle Level Staff.

5. a) A five acre land and equipment donated by Mr. W. Saina for the purpose of Research Project has not been included in the accounts pending valuation and receipt of Title Deed.
- b) A two hundred acre piece of land at Gwasí donated by Chief Daniel Brayya and family for the purpose of research has not been included in the accounts pending valuation and receipt of Title Deed.
- c) A 35 hectare piece of land in Sabaki near Malindi in Kilifi District donated by the Kilifi District Development Council to the School of Environmental Studies for the purpose of research has not been included in the accounts pending valuation and receipt of Title Deed.

6. Contingent Liabilities

As at 30th June, 1991 the University guaranteed facilities for Car, Housing and Furniture Loans to Staff with National Bank of Kenya amounting to Kshs.5.866 million. The contingent liability is limited to Kshs.22 million.

7. Chepkoiel Campus

The former Moi Teachers College was taken over as a constituent College of Moi University. It has been named Chepkoiel Campus. However, all its fixed assets have not been included in the accounts since valuation of most of them have not been obtained.

8. Legal Form

Moi University is a body corporate established in Kenya under University Act, 1984. However, Moi University Farm is a Department of the University and is not a separate legal entity.

9(a) Currency

These accounts are expressed in Kenya Currency. The amounts are rounded up to the nearest thousand shillings.

M O I U N I V E R S I T Y

9. (b) NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1991

FIXED ASSETS SCHEDULE

COST OR VALUATION	LAND	BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	FARMWORKS	TOOLS	TOTAL
	KSHS.000's	KSHS.000's	KSHS.000's	KSHS.000's	KSHS.000's	KSHS.000's	KSHS.000's	KSHS.000's
1st July, 1990	10,000	724,649	40,640	18,298	22,784	101	178	826,650
Additions	-	193,731	24,499	1,754	8,993	-	-	228,977
Adjustments	-	1,217	-	-	-	-	(75)	1,142
TOTALS	10,000	919,597	65,139	20,052	31,777	101	103	1,056,709
<u>DEPRECIATION</u>								
1st July, 1990	-	-	18,251	13,041	6,600	7	-	37,899
Charge for the Year	-	-	8,143	5,013	3,973	2	-	17,131
Adjustments	-	-	600	-	-	-	-	600
TOTALS	-	-	26,994	18,054	10,573	9	-	55,630
NET BOOK VALUE AS AT 30TH JUNE 1991	10,000	919,597	38,145	1,999	21,204	92	103	1,001,139
30TH JUNE, 1990	20,000	724,649	22,390	5,256	16,184	138	133	788,750

(1) The additional cost of Kshs.193,731,000 charged to Buildings represents work in progress in respect to work already done on the on-going buildings.

(2) A three acre land donated by East African Tanning Extract Company has now been included in the account at a conservative value/freehold of Kshs.20,000,000 being the value used for payment of legal fees.

MOI UNIVERSITYNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1991

10. STOCK	1990/91 <u>KSHS.000's</u>	1989/90 <u>KSHS.000's</u>
Catering	1,044	950
Clinic Drugs	295	216
Hostels Stock	237	212
Petrol Station	84	158
Central Stores	764	528
Bookshop	1,830	1,434
Guest House	-	2
Estates	853	69
Cattle	1,741	834
General Stores	117	129
Sheep	51	-
Chicken	35	-
Net University Club Stock	73	-
	<u>7,124</u>	<u>4,532</u>

MOI UNIVERSITYNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 199111. DEBTORS

	1990/91	1989/90
	<u>KSHS.000's</u>	<u>KSHS.000's</u>
Staff & Students Advances	37	223
Revenue Grants for Special Purposes	1,095	586
Deans Committee Research Grants	361	204
Farm Debtors	266	254
Sundry Debtors	27,689	23,904
Students Organisation	674	70
Statutory Deductions	2	22
Post Graduate Programme	213	214
	<u>30,337</u>	<u>25,477</u>
	<u><u>30,337</u></u>	<u><u>25,477</u></u>

12. CREDITORS

Students Organisation	4	5
Statutory Deductions	11	3,033
Revenue Grants for Specific Purposes	4,259	3,808
Deans Committee Research Grants	750	602
Other Creditors	200,194	95,235
Post Graduate Programme	1,402	125
Unpaid Wages	416	40
	<u>207,036</u>	<u>102,848</u>
	<u><u>207,036</u></u>	<u><u>102,848</u></u>

MOI UNIVERSITYNOTES TO THE ACCOUNTS SCHEDULE OF INCOMEFOR THE YEAR ENDED 30TH JUNE, 1991

14. <u>INCOME</u>	1990/91	1989/90
	<u>KSHS.000's</u>	<u>KSHS.000's</u>
Moi University	169,987	89,359
Musacs	13,317	7,053
Students Residential Allowances	54,171	29,193
Tuition Fees	7,220	22,189
Field Courses	-	-
House Rent	257	371
Farm	2,457	1,742
Surplus - Moi University Club	464	71
(Deficit) Primary School	(241)	-
Miscellaneous	6,645	4,232
	<u>254,277</u>	<u>154,210</u>
	<u><u>254,277</u></u>	<u><u>154,210</u></u>

19.

BANK BALANCES AS AT 30TH JUNE, 1991

	1990/91	1989/90
	<u>KSHS.000's</u>	<u>KSHS.000's</u>
Capital Development Account	33,520	1,556
Research Accounts	2,546	1,124
School of Environmental Studies Current Account	764	164
School of Environmental Studies Savings Account	600	-
Farm Account	760	1,210
	<u>38,190</u>	<u>4,054</u>
	<u><u>38,190</u></u>	<u><u>4,054</u></u>

ADJUSTMENTS TO RESERVES DURING THE YEAR 1990/91

<u>FARM</u>	<u>KSHS.000's</u>
Dairy Cattle	430
Chicken Stock	35
Sheep Stock	51
Banking in Farm savings account related to 1988/90	8
Adjustment in opening balance of Farm Loan account	89
	<u>613</u>
	<u><u>613</u></u>
 <u>MUSACS</u>	
Hostels and Catering Stock	140
	<u>140</u>
 <u>MOI UNIVERSITY</u>	
Clinic Drugs Stock	153
Central Stores Stock	69
Estates Stores Stock	463
Prior Year Adjustments (Depreciation)	(600)
	<u>85</u>
	<u><u>85</u></u>
 TOTAL MOVEMENT IN RESERVES DURING THE YEAR	 838
	<u><u>838</u></u>