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MOI UNIVERSITY

PARLIAMENT
OF KENYA
LIBRARY

**ANNUAL REPORT
and
ACCOUNTS
for
THE YEAR ENDED 30TH JUNE, 1994**



**Annual Report and Accounts for the
Year Ended 30th June, 1994**

Moi University
P.O. Box 3900
Eldoret, Kenya
Telephone: (0321) 43001-8/43620
Fax: (0321) 43057

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OFFICERS OF THE UNIVERSITY

CHANCELLOR

HIS EXCELLENCY HON. DANIEL T. arap MOI, C.G.H., M.P., D.Sc. (Moi), LL.D (Nairobi), D.Sc. (New Brunswick, D.Ed.(Kenya)), D.Sc. (Egerton), Ph.D. (Soka), Hon. LL.D (Andrews), D.Sc. Eng. (Jomo Kenyatta) President and Commander-In-Chief of The Armed Forces of the Republic of Kenya and Chancellor of Moi University

HONORARY GRADUATE OF THE UNIVERSITY

HIS EXCELLENCY HON. DANIEL T. arap MOI, C.G.H., M.P., D.Sc. (Moi), LL.D (Nairobi), D.Sc. (New Brunswick, D.Ed.(Kenya)), D.Sc. (Egerton), Ph.D. (Soka), Hon. LL.D (Andrews), D.Sc. Eng. (Jomo Kenyatta) President and Commander-In-Chief of The Armed Forces of the Republic of Kenya and Chancellor of Moi University

CHAIRMAN OF COUNCIL

J.T. arap LETING, E.G.H., B.Ed.(E.A.)

VICE-CHAIRMAN OF COUNCIL

D.G. GATEI, O.G.W., M.B.Ch.B.(E.A.), F.R.C. Path.(U.K.)

HONORARY TREASURER

E. BII, B.A., (Hons) Econ. & Govt. (Nairobi)

VICE-CHANCELLOR

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

DEPUTY VICE-CHANCELLOR

J. IRINA, E.B.S., B.Sc. (London), M.Sc.(St.FX., Canada), Ph.D.(Nairobi)

PRINCIPAL, CHEPKOILEL CAMPUS

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

CHIEF ADMINISTRATIVE OFFICER

J.K. SANG, B.A. (Iowa), M.Sc.(Illinois), M.A., 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

Hosea S. Kipkemboi, M.B.A. (Salford, UK), C.P.A. (K)

BANKERS

National Bank of Kenya Limited

Kenya Commercial Bank Limited

LAWYERS

Nyairo & Company Advocates

AUDITORS

Auditor General (Corporations)

I take this opportunity to welcome the new members to University Council.

I also wish to thank the following members of Council who retired during the year, for their invaluable service.

1. Prof. S.O. Keya Vice-Chancellor
2. Mrs. Nyiva Mwendwa Member
3. Mr. J.B. Kangwana Honorary Treasurer
4. Mr. B. Kiplagat Member
5. Eng. W.P. Wambura PS, Ministry of Public Works
6. Mr. J.N. Mbugua Member

I wish to thank the University Council under the Chairmanship of Mr. J. T. arap Leting for continued invaluable guidance and support without which we would not have attained our current level of performance. The Council is assured of continued tireless cooperation by the entire University community.

Finally, I wish to thank our Chancellor and the Kenya Government for the continued assistance extended to the University.



JUSTIN IRINA
VICE-CHANCELLOR

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 1994**

I have examined the accounts of Moi University for the year ended 30 June, 1994 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 accounts 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.

Except for the reservations referred to herebelow, in my opinion, the accounts, when read together with the notes thereon, present a true and fair view of the financial state of affairs of the University as at 30 June, 1994 and of its deficit for the year then ended.

1.0 FINANCIAL POSITION

During the year under review the University incurred a deficit of KShs.30,763,000.00. As indicated in Note 16 to the accounts, Moi University Club also contributed to the deficit of KShs.30,763,300.00 in that the Club incurred a deficit of KShs.1,545,000.00 during the year under review (1992/93 – KShs.1,288,000.00). The Balance Sheet further reflects a negative working capital of KShs.348,346,000.00. The University has continued, as previously reported, to experience cash flow problems. These accounts have, therefore, been prepared on a going concern basis with an assumption that the University will continue to get financial support from the Government, its creditors and its bankers.

2.0 CHEPKOILEL CAMPUS

2.1 In paragraph 2.0 of the report on the accounts for the year ended 30 June 1992, I indicated that although the Moi Teachers College had been taken over as a constituent college of Moi University, it had not been officially handed over to the University by the parent ministry. Reference was also made in the same paragraph to the list of assets and liabilities which had been taken over and which had not been agreed on. It was further mentioned that some of the fixed assets had been excluded from the accounts for that year because they had not been valued. A review of the position at the time of signing this report reveals that the official handing over has not taken place. The University has, however, stated that it is in the process of having the fixed assets valued and of acquiring the Title Deeds for the land on which the campus stands. Until these issues are resolved, the Balance Sheet Fixed Assets figure cannot be confirmed correct.

2.2 In paragraph 2.0 of the report on the accounts for the year ended 30 June 1993, I referred to a loss of KShs.2,600,000.00 and indicated that the suspects of the fraud had been charged in a court of law. I also referred in the same paragraph to the payment of KShs.108,720.00 made on 21 October, 1992 for the supply of books to the Campus Library against proforma invoices and further added that these books had not been received. A review of the position as at the time of signing this report indicates that the court case relating to the loss of KShs.2,600,000.00 has not been determined and that the books valued at KShs.108,720.00 have not been received.

3.0 POST-GRADUATE STIPENDS

It was observed that some post-graduate stipend payments which were made through petty cash, open cheques and to personal bank accounts were for post graduate students who had discontinued their studies or who had joined University as graduate assistants and were, therefore, not entitled to post-graduate stipend. Amounts erroneously paid to some 19 individuals between November 1992 and June 1994 amounted to KShs.1,105,396.00. These erroneous payments appear to be as a result of weakness in the internal control system.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

24 December 1996

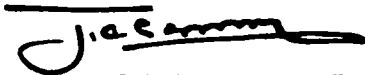
MOI UNIVERSITY
BALANCE SHEET AS AT 30TH JUNE, 1994

	NOTES	KSHS.'000'	KSHS.'000'	1994/94 KSHS.'000'	1992/93 KSHS.'000'
Fixed Assets	10			1,383,848	1,373,299
Current Assets					
Stock	11	26,065			16,045
Debtors	12	42,536			42,244
Bank Balances	19	<u>73,085</u>			<u>23,714</u>
			<u>141,686</u>		82,003
Current Liabilities					
Creditors	13	394,656			387,697
Bank Overdraft	18	<u>95,376</u>			<u>55,461</u>
			<u>490,032</u>		<u>443,158</u>
				<u>(348,346)</u>	<u>(361,155)</u>
				<u>1,035,346</u>	<u>1,012,144</u>
Financed By					
Reserves	14			<u>1,035,346</u>	<u>1,012,144</u>



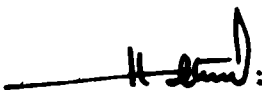
Justin Irina, B.Sc. (London), M.Sc. (St. FX. Canada), Ph.D (Nairobi)

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CHIEF ADMINISTRATIVE OFFICER



Hosea S. Kipkemboi, MBA (Salford, UK), C.P.A. (K)

AG. FINANCE OFFICER

MOI UNIVERSITY
INCOME AND EXPENDITURE ACCOUNT FOR
THE YEAR ENDED 30TH JUNE 1994

		1993/94	1992/93
	Notes	KShs.'000'	KShs.'000'
Income	15	477,374	377,650
Expenditure	17	<u>508,137</u>	<u>439,188</u>
Surplus/(Deficit)		<u>(30,763)</u>	<u>(61,538)</u>

MOI UNIVERSITY

NOTES TO THE ACCOUNTS – STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 1994

SOURCE OF FUNDS	1993/94		1992/93	
	KShs. '000'	KShs. '000'	KShs. '000'	KShs. '000'
Excess of Income Over Expenditure (Deficit)		(30,763)		(61,538)
ADD				
Adjustments for Items not involving Movement of Funds				
Depreciation	16,937			19,086
Prior Year Adjustments				77
Sale of Fixed Assets	-			<u>455</u>
		<u>16,937</u>		<u>19,618</u>
Funds Generated from Operations		(13,826)		(41,920)
OTHER SOURCES				
Donations	-			30
Capital Grants	<u>54,121</u>			<u>70,651</u>
		<u>54,121</u>		<u>70,689</u>
Funds Available for Application		40,295		28,769
APPLICATION OF FUNDS				
Purchase of Fixed Assets		(27,486)		(52,441)
		<u>12,809</u>		<u>23,672</u>
Changes in Working Capital				
Increase/(Decrease) in Stock	10,020			4,090
Increase/(Decrease) in Debtors	292			<u>19,899</u>
(Increase)/Decrease in Creditors	<u>(6,959)</u>			(65,198)
		<u>3,353</u>		41,207
MOVEMENT IN NET LIQUID FUNDS				
(Increase)/Decrease in Bank Overdraft	(39,915)			7,100
Increase in Cash	49,371			10,435
		<u>9,456</u>		<u>17,535</u>
		<u>12,809</u>		<u>(23,672)</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994

ACCOUNTING POLICIES

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

(a) Grants and Fees

Income from grants and fees represents amounts receivable relative to 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/Motor Cycles 25%

Plant and Equipment 12%

Furniture and Fittings 12%

Bicycles 30%

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.

2. Specific Purpose Revenue Grants

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

3. Pension Scheme

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

4. Land

- 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 Gwasi Donated by Chief Daniel Brayya and family for purposes of Research has not been included in the accounts pending valuation and receipt of Title Deed.
- c) A 35 hectare piece of land at 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.
- d) A hundred hectare piece of land at Homa Hill forest in Homa Bay District donated by the Ministry of Forestry and Natural Resources, has not been included in the accounts.

5. Contingent Liabilities

As at 30th June, 1994 the University guaranteed facilities for Car, Housing and Furniture Loans to staff with National Bank of Kenya amounting KShs. 5,984,323.65. The contingent liability is amounting to KShs.22 million.

6. Legal Form

Moi University is a body corporate established in Kenya under the Moi University Act, 1984. However, Moi University and Chepkoile Farms are departments of the University and are not separate legal entities.

7. CURRENCY

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

8. Equipment worth KShs. 33 million taken over from former Moi Teachers' College has not been included in the accounts since the values of individual items have not been ascertained.
9. Although the necessary registers and binders have been procured for the purpose of maintaining a detailed fixed assets register, administrative matters such as the official naming of buildings, the marking of existing permanent assets and lack of handing over certificates for most of our buildings have hindered its take-off in this financial year.

MOI UNIVERSITY

**NOTES TO THE ACCOUNTS
SCHEDULE OF FIXED ASSETS AS AT JUNE, 1994**

COST VALUATION	LAND	BUILDINGS	PLANT AND	FURNITURE	MOTOR	MOTORCYCLE	TOTAL
	KSHS.'000'	KSHS.'000'	EQUIPMENT	& FITTINGS	VEHICLES	S AND	KSHS.'000'
			KSHS.'000'	KSHS.'000'	KSHS.'000'	BICYCLES	
						KSHS.'000'	
1st July 1993	20,000	1,299,595	73,183	39,338	33,295	269	1,465,680
Additions	-	25,892	1,278	283	-	-	27,453
Adjustments	-	-	33	-	-	-	33
	20,000	1,325,487	74,494	39,621	33,295	269	1,493,166
Depreciation							
1st July 1993	-	-	44,998	20,378	26,886	119	92,381
Changes of the Year	-	-	7,321	4,638	4,941	37	16,937
	-	-	52,319	25,016	31,827	156	109,318
Net Book Value							
30th June 1994	20,000	1,325,487	22,175	14,605	1,468	113	1,383,848
30th June 1993	20,000	1,299,595	28,185	18,960	6,409	150	1,373,299

Three thousand acres of land donated by East African Tanning Extract Company (EATEC) have now been included in the accounts at a conservative value/free hold of KShs.20,000/= being the value used for payment of legal fees.

MOI UNIVERSITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1994

11	STOCK	1993/94 KSHS.'000'	1992/93 KSHS.'000'
	Catering	1,102	929
	Clinic Drugs	613	159
	Hostels Stock	1,932	1,423
	Petrol Station	772	216
	Central Stores	1,941	984
	Bookshop	10,523	5,488
	Guest House	35	-
	Estates	660	1,812
	Cattle	2,665	1,588
	General Stores (Farms)	479	1,567
	General Stores (Main)	682	-
	Chicken	23	13
	Library	29	32
	Teaching Departments	203	12
	Crops	<u>4,406</u>	<u>1,822</u>
		<u>26,065</u>	<u>16,045</u>

MOI UNIVERSITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994

12 DEBTORS	1993/94	1992/93
	KShs.'000'	KShs.'000'
Interdepartmental Debtors (Farm)	1,751	-
Revenue Grants for Specific Purposes	82	1,743
Deans Committee Research Grants	-	28
Sundry Debtors	23,154	27,301
Students' Organization	166	116
Post Graduate Programme	356	315
Tuition Fees	17,027	12,741
	42,536	42,244
13 CREDITORS		
Statutory Deductions	50,046	40,098
Revenue Grants for Specific Purpose	11,942	11,717
Deans Committee Research Grant	1,024	1,267
Other Creditors	325,058	325,074
Post Graduate Programme	6,586	9,541
	394,656	387,697

MOI UNIVERSITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1994

14. CAPITAL RESERVES	1993/94	1992/93
	KSHS.'000'	KSHS.'000'
Balance brought forward	1,012,144	1,002,460
Add		
Capital Receipts	54,121	70,652
Donations Received	-	38
Prior Year Adjustments	-	77
Sales of Fixed Assets	-	<u>455</u>
	<u>1,066,265</u>	<u>1,073,682</u>
Less		
Deficit for the Year		
Moi University	(28,459)	(59,308)
Farm – Main	(456)	(2,069)
Farm – Chepkoilel	(1,848)	(161)
	<u>(30,763)</u>	<u>61,538</u>
	<u>1,035,502</u>	<u>1,012,144</u>

MOI UNIVERSITY

NOTES TO THE ACCOUNTS SCHEDULE OF INCOME FOR
THE YEAR ENDED 30TH JUNE 1994

	1993/94	1992/93
	KShs.'000'	KShs.'000'
15 INCOME		
Moi University	319,732	266,562
MUSACS Accommodation Allowance	14,418	12,422
Tuition Fees	73,573	64,284
Medical Subsidy	1,310	-
MUSACS Income	4,496	9,652
Farm – Main Campus	2,998	1,580
– Chepkoilel Campus	4,464	2,688
Deficit – Moi University Club	(1,545)	(1,288)
Book Allowance	47,171	21,750
	<u>466,617</u>	<u>377,650</u>
CHEPKOILEL CAMPUS		
Capital Grant	426	-
MUSACS/Accommodation Allowance	166	-
Tuition Fees	5,736	-
Bookshop Sales	368	-
MUSACS Income	1,949	-
Other Income	1,425	-
	<u>9,740</u>	
FACULTY OF HEALTH SCIENCES		
Capital Grant	308	-
Tuition	250	-
Book Allowance	3	-
MUSACS Income	279	-
Others Income	177	-
	1,017	-
	477,374	-

MOI UNIVERSITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1994

	1993/94 KShs.'000'	1992/93 KShs.'000'
16	MOI UNIVERSITY CLUB	
	934	882
	Income	
	<u>(2,479)</u>	<u>(2,170)</u>
	Expenses	
	<u>(1,545)</u>	<u>(1,288)</u>
17	EXPENDITURE	
	202,791	192,278
	Central Expenses	
	284,610	212,124
	Departmental Expenses	
	9,766	6,498
	University Farms	
	<u>10,970</u>	<u>28,288</u>
	Other Expenses	
	<u>508,137</u>	<u>439,188</u>
18	BANK OVERDRAFT	
	12,294	5,480
	NBK Payments A/C	
	38,487	39,598
	NBK Deposit A/C	
	-	1
	IDRC A/C	
	23,651	2,717
	MUSACS Bank A/C	
	13,497	5,400
	KCB Main A/C	
	-	600
	KCB Bookshop	
	7,343	-
	NBK Bookshop	
	16	-
	KCB Research A/C	
	15	-
	BBK Dr. Wangila - CIDA	
	33	1,656
	KCB Main Campus Farm	
	<u>95,376</u>	<u>55,461</u>

BANK BALANCES AS AT 30TH JUNE, 1994

	1993/94 KShs.'000'	1992/93 KShs.'000'
19 Capital Development A/C	25,584	6,959
Research Account NBK	148	2,331
School of Environmental Studies		
Current Account	-	132
Savings Account	276	276
MUSO Bank Account	-	713
Fixed Deposit	28,142	3,396
Moi/UVA SES Project	741	4,262
Bookshop - NBK	-	2,568
Moi University Secondary School Accounts	-	5
Chepkoilel Revenue	346	346
Academic Courses - BBK	42	25
Research A/C KCB	-	1,051
Malaria Project - NBK	291	223
S.E.S	942	822
DAAD/DSE Mr. Achoka, Mrs. Eshitemi SBK	680	-
Centre for Refugee Studies, Prof. Okumu SBK	99	-
KARI/SES - Dr. Dima - SBK	101	-
NBK Payments A/C	-	-
NBK Payments A/C	370	-
IDRC Bank - Dr. Kipkore	4,175	-
F.H.S. Mortuary Bank A/C	53	-
Bookshop - KCB	255	-
NBK - Chepkoilel Main Deposit A/C	7,903	-
NBK - Chepkoilel MUSACS A/C	400	-
NBK - F.H.S. Main Deposit A/C	712	-
NBK - F.H.S. MUSACS A/C	278	-
Chepkoilel Farm	1,026	124
Main Campus Farm	521	481
	73,085	23,714

20 LOSS OF REVENUE - CHEPKOILEL CAMPUS

During the Financial year 1992/93 a fraud involving use of illicitly printed books and forged Bank Rubber Stamps was discovered. The reported loss by our Internal Auditors at the time of drawing the accounts was approximately KShs.2,600,000.00. As investigation is still going on in other areas, the final figure has not been arrived at. However, some suspects have already been arraigned before the court.

OTHER INFORMATION (5 YEAR TREND)

(i) General Revenue Statistics

The following table shows the actual audited Income and Expenditure over the last five years:

	1993/94	1992/93	1991/92	1990/91	1989/90
	KShs.'000'	KShs.'000'	KShs.'000'	KShs.'000'	KShs.'000'
Income	477,374	377,650	350,826	254,277	154,210
Expenditure	<u>508,137</u>	<u>439,188</u>	<u>361,159</u>	<u>303,911</u>	<u>186,663</u>
Surplus/(Deficit)	<u>(30,763)</u>	<u>(61,538)</u>	<u>(10,333)</u>	<u>(49,634)</u>	<u>(32,543)</u>

(ii) Capital Development Statistics

The following table shows the actual audited fixed assets and capital receipts from the Government

	1993/94	1992/93	1991/92	1990/91	1989/90
	KShs.'000'	KShs.'000'	KShs.'000'	KShs.'000'	KShs.'000'
Fixed Assets	1,383,848	1,373,299	1,339,942	1,001,139	788,750
Capital Receipts	54,121	71,222	217,737	161,570	140,318

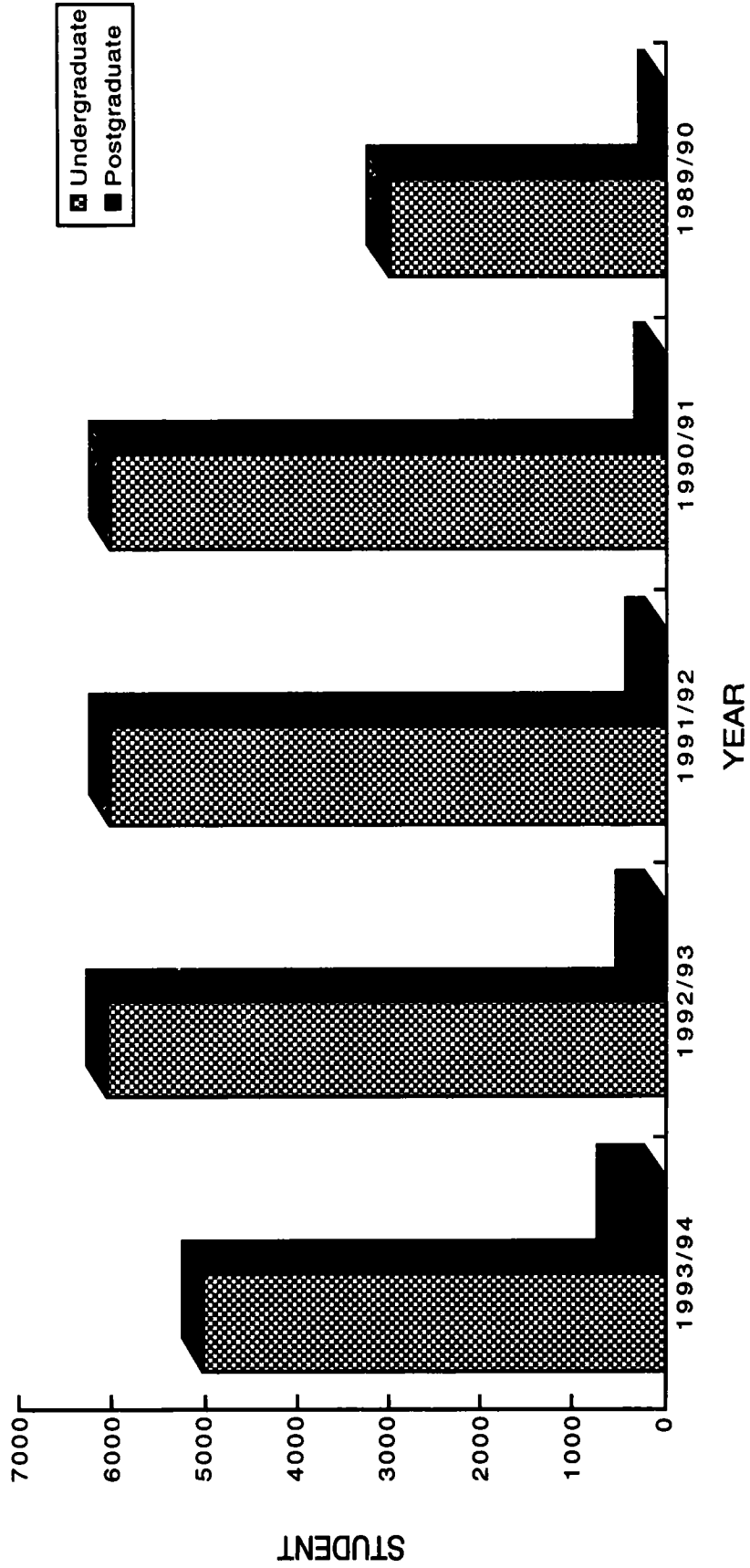
(iii) Student Population Statistics

	1993/94	1992/93	1991/92	1990/91	1989/90
Undergraduates	5175	6571	6415	6622	3184
Postgraduate	<u>267</u>	<u>207</u>	<u>149</u>	<u>70</u>	<u>28</u>
	<u>5442</u>	<u>6778</u>	<u>6564</u>	<u>6692</u>	<u>3212</u>

(iv) Staff Population Statistics

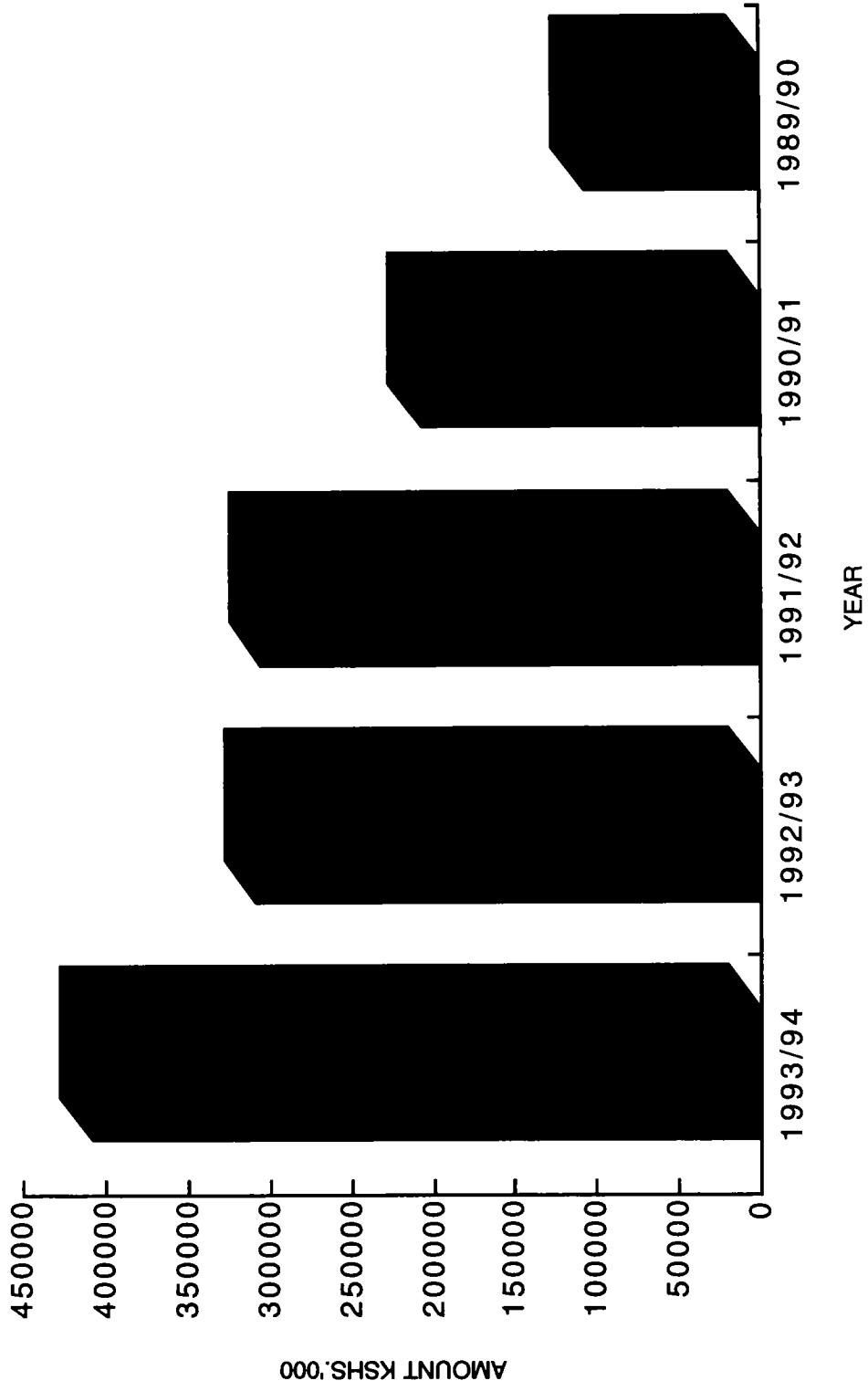
Category	1989	1990	1991	1992	1993	1994
Senior and Academic Staff	248	396	494	575	648	720
Middle Grade	171	249	323	364	412	451
Unionisable Staff	<u>514</u>	<u>926</u>	<u>974</u>	<u>1006</u>	<u>1027</u>	<u>1072</u>
Total	<u>933</u>	<u>1571</u>	<u>1791</u>	<u>1945</u>	<u>2087</u>	<u>2243</u>

STUDENT POPULATION CHART

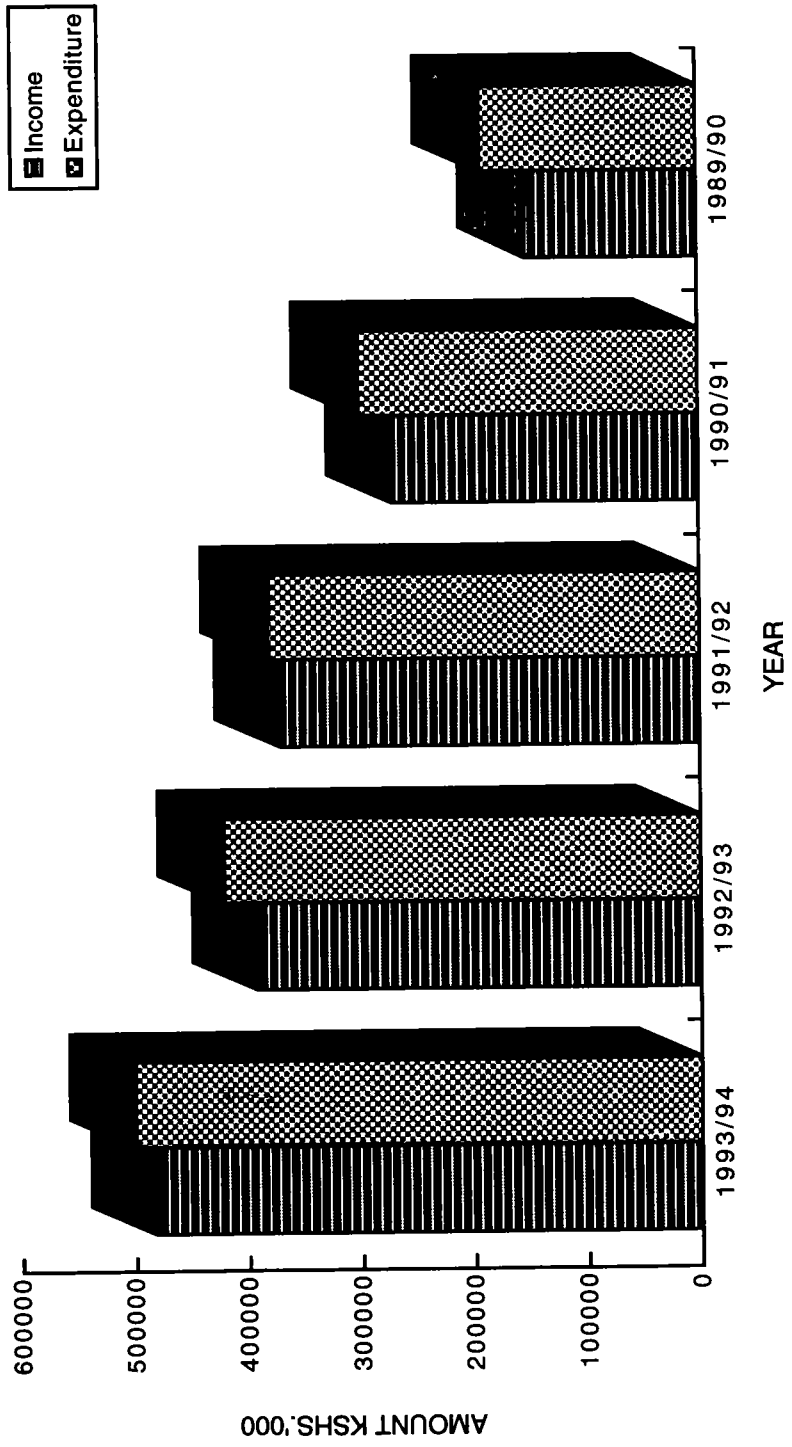


Annual Report and Accounts, June 1994

INCOME TRENDS CHART



GENERAL REVENUE AND RECURRENT EXPENDITURE



STAFF POPULATION CHART

