

MOI UNIVERSITY

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

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MOI UNIVERSITY
UNIVERSITY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2004

LEGAL STATUS

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

PRINCIPAL CAMPUSES

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

Chepkoilel Campus
P.O Box 1125
ELDORET
TEL: 053-631111-3

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
Eldoret Branch
P.O Box 3111- 30100
ELDORET

Kenya Commercial Bank Limited
Eldoret Branch
P.O Box 560
ELDORET

MOI UNIVERSITY
UNIVERSITY INFORMATION (Continued)
FOR THE YEAR ENDED 30 JUNE 2004

BANKERS

Standard Chartered Bank Limited
Eldoret Branch
P.O Box 7
ELDORET

Co-operative Bank of Kenya Limited
Eldoret Branch
P.O Box 2948- 30100
ELDORET

Barclays Bank of Kenya Limited
Eldoret Branch
P.O Box 22 -30100
ELDORET

INDEPENDENT AUDITORS

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

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, AAEEA
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. ARAP TANUI

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

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.E AVEDI 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. Gond
M.B.Ch.B (Nairobi), Dip. Sports Medicine

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

S. A. Omai
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)

Mucai 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 Karej, 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)

REPORT OF THE VICE- CHANCELLOR

On the Financial Statements for the year ended 30 June 2004

I am pleased to present the Annual Report and Financial Statements of Moi University for the 2003/2004 financial year.

Financial Highlights

This year has brought to the University the challenge of re-affirming our commitment to the future as we build confidently on our traditions and achievements. The University recorded an increase of 7.8% in the total income for the year as compared to the 2002/2003 financial year. The University is keen to continue building its revenue base so that it can face existing and emerging challenges emanating from a liberalized economic and socio-cultural environment. It is also imperative that we engage in cost cutting measures in order to rein in the ever-escalating costs of providing University education.

Academic Programmes

Academic programmes in the year ran smoothly, thanks to co-operation from both students and staff whose patience and understanding led to the timely completion of programmes despite a few difficulties arising from the overstretched facilities. The University has established and strengthened collaboration and linkages with various partners in the provision of academic programmes to our students.

Our students and staff have continued to excel in various academic spheres. In the 2004 Book Week, for example, Mr. Tom Mboya, a lecturer in the department of literature won the first position in the National Literary Award for the short story category. Our students in the Faculty of Law participated in the Phillip Jessup International Moot Court in Washington D.C and also won the Fourth International Law Moot Court Competition held at the University of Nairobi in June.

The University has continued to pursue and engage in linkages with Partners and Universities around the globe. With regard to this, I am glad to report that the University will be holding its first Annual Conference and Partners Meeting next year.

During the year, the University Senate approved six new Doctor of Philosophy Programmes, three Masters Programmes, one Post-graduate Diploma Programme and two Bachelor of Science Programmes. These will go way in enriching our teaching, learning and research programmes.

Appreciation

On behalf of the University Council, I take this opportunity to express my appreciation to the Government of Kenya for its continued financial support. I also thank all our collaborators and partners in the private sector, the public sector and the international community for their invaluable support that has led to the achievement of our goals.

I would also like to thank the University Council for its invaluable guidance and support during 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

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2004

I have audited the financial statements of Moi University for the year ended 30 June 2004 in accordance with the provisions of 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 MANAGEMENT AND THE CONTROLLER AND AUDITOR GENERAL.

The University Management 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 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 misstatements. An audit includes examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of accounting principles used and significant estimates made by the Management as well as evaluation of the overall presentation of the financial statements. I believe my audit provides reasonable basis for my opinion.

1. DEBTORS AND DEBIT BALANCES

The balance sheet debtors and debit balance of Kshs 238,362,000 as at 30 June 2004 includes an amount of Kshs 187,786,000 owed to the University by privately sponsored students, some relating to 1998, 1999, 2000 and 2001 academic years. The University has not provided information regarding any efforts made to recover these amounts. Moreover, no detailed analysis of the bad debts provisions was provided for audit review and a write back of Kshs 25,856,000 between provision for bad debts of Kshs 57,651,000 in 2003 and Kshs 31,795,000 in 2004 was not incorporated in the financial statements.

2. CASH AND BANK BALANCES – KSHS. 119,982,000

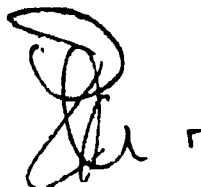
The balance sheet reflects Kshs 119,982,000 under cash and bank balances. However, only thirty five (35) bank reconciliations were availed for audit verification out of forty five (45) bank accounts. Hence, it was not possible to ascertain whether the bank balances as at 30 June 2004 were fairly stated. Further, as indicated in Note 8 to the accounts, the University had bank overdrafts of Kshs 25,882,000 and Kshs 75,096,000 in Standard Chartered Bank and National Bank respectively whereas the approved overdraft limit was Kshs 10,000,000. The management has not explained why the approved overdraft limit was exceeded.

3. STALLED PROJECTS

Note 27 b(ii) to the financial statements indicates that 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 amounting to Kshs 258 million rejected by the Government appointed consultants on pending bills. The value carrying of the stalled projects and the related pending bills of Kshs 702,223,000 have not been incorporated in these financial statements for the 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 these 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. Consequently, it is not possible to give an opinion on the carrying value of the properties as reflected in the financial statements.

OPINION

Except for the above reservations, in my opinion, 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 2004 and of its surplus and cash flows for the year then ended and comply with the University Act (Cap 210).



E.N MWAI
CONTROLLER AND AUDITOR GENERAL

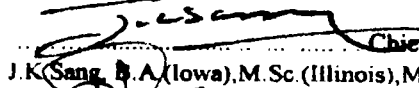
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MOI UNIVERSITY
BALANCE SHEET
AS AT 30 JUNE 2004

	NOTE	2004 Kshs (000)	2003 Kshs (000)
ASSETS			
NON- CURRENT ASSETS			
Fixed assets	1(c) & 2	<u>3,854,217</u>	<u>3,931,503</u>
CURRENT ASSETS			
Stocks and stores	1 (d) & 3	33,107	30,250
Related party balance		2,403	-
Debtors and debit balances	4	238,362	88,574
Short term deposits	5	168,000	100,629
Cash and bank balances	6	<u>119,982</u>	<u>219,143</u>
		<u>561,854</u>	<u>438,596</u>
TOTAL ASSETS		<u><u>4,416,071</u></u>	<u><u>4,370,099</u></u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves	10	4,448,776	4,445,427
Unexpended balances on special accounts and grants	11	-	16,989
Other fund balances	12	193,874	169,286
Income and expenditure account		<u>(432,940)</u>	<u>(355,100)</u>
		<u>4,209,710</u>	<u>4,276,602</u>
CURRENT LIABILITIES			
Creditors and credit balances	7	92,393	71,612
Bank overdraft	8	101,845	50
Other liabilities and provisions	9	<u>12,123</u>	<u>21,835</u>
		<u>206,361</u>	<u>93,497</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u><u>4,416,071</u></u>	<u><u>4,370,099</u></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., P.hD. (Ohio)



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

MOI UNIVERSITY
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 Kshs (000)	2003 Kshs (000)
INCOME			
Capitation grants	1(b) & 13	1,105,896	1,089,114
Tuition and related charges	1(b) & 14	518,970	384,522
Farm income		15,554	13,469
GOK grants		7,558	16,974
Other services rendered	1(b) & 15	56,126	73,725
Sundry income	1(b) & 16	18,001	19,026
		<u>1,722,105</u>	<u>1,596,830</u>
EXPENDITURE			
Academic departments	17	795,016	745,778
Administrative and central services	18	607,682	607,713
Academic services	19	42,955	39,414
General educational services	20	25,201	37,707
Maintenance of premises	21	56,115	71,223
Staff and Students facilities welfare	22	84,537	72,488
Farm expenses		15,026	20,877
Miscellaneous expenses	23	29,829	34,589
		<u>1,656,361</u>	<u>1,629,789</u>
OPERATING SURPLUS FOR THE YEAR		65,744	(32,959)
Accumulated deficit brought forward		<u>(265,828)</u>	<u>(232,869)</u>
ACCUMULATED DEFICIT CARRIED FORWARD		<u>(200,084)</u>	<u>(265,828)</u>

MOI UNIVERSITY
 STATEMENT OF CHANGES IN CAPITAL RESERVES AND ACCUMULATED DEFICIT
 FOR THE YEAR ENDED 30 JUNE 2004

	Capital Reserves Kshs (000)	Accumulated Deficit Kshs (000)
At 1 July 2003	4,445,427	(355,100)
Surplus for the year	-	65,744
Donations	3,349	-
Transfer to fund balances	-	(143,584)
At 30 June 2004	<u>4,448,776</u>	<u>(432,940)</u>

MOI UNIVERSITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year	65,744	(32,959)
Adjustments for:-		
Depreciation	133,354	119,058
Capital receipts from GOK	(7,558)	(16,974)
Transfer to fund balances	(143,584)	(89,272)
Interest income	(1,604)	(9,497)
Operating surplus/(deficit) before working capital changes	<u>46,352</u>	<u>(29,644)</u>
(Increase)/decrease in stocks and stores	(2,857)	977
Increase/(decrease) in creditors and credit balances	20,781	(43,423)
(Decrease)/increase in other liabilities and provisions	(9,712)	6,419
Increase in related party balance	(2,403)	-
(Increase)/decrease in debtors and debit balances	<u>(149,788)</u>	<u>18,055</u>
Net cash (used by)/from operating activities	<u>(97,627)</u>	<u>(47,616)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(56,068)	(72,941)
Donated equipment	3,349	18,352
Special grants and appropriations	(16,989)	384
Interest received	1,604	9,497
Other fund balances	24,588	67,372
Net cash flows from investing activities	<u>(43,516)</u>	<u>22,664</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital receipts from GOK	<u>7,558</u>	<u>16,974</u>
Net cash flows from financing activities	<u>7,558</u>	<u>16,974</u>
Net increase in cash and cash equivalents	(133,585)	(7,978)
Cash and cash equivalents at the beginning of the year	<u>319,722</u>	<u>327,700</u>
Cash and cash equivalents at the end of the year	<u><u>186,137</u></u>	<u><u>319,722</u></u>
Represented by:		
Short term deposits	168,000	100,629
Bank and cash deposits	119,982	219,143
Bank overdraft	<u>(101,845)</u>	<u>(50)</u>
	<u><u>186,137</u></u>	<u><u>319,722</u></u>

MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of certain assets.

(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.

The annual depreciation rates in use are:

Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25%
Computers	30%

Freehold land is not depreciated.

The depreciation charge for the year is charged to the Capital Reserves.

(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.

MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

- (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.
- (m) **Research and Development**
Research and development expenditure is charged to the Income and Expenditure Account in the year in which it is incurred.

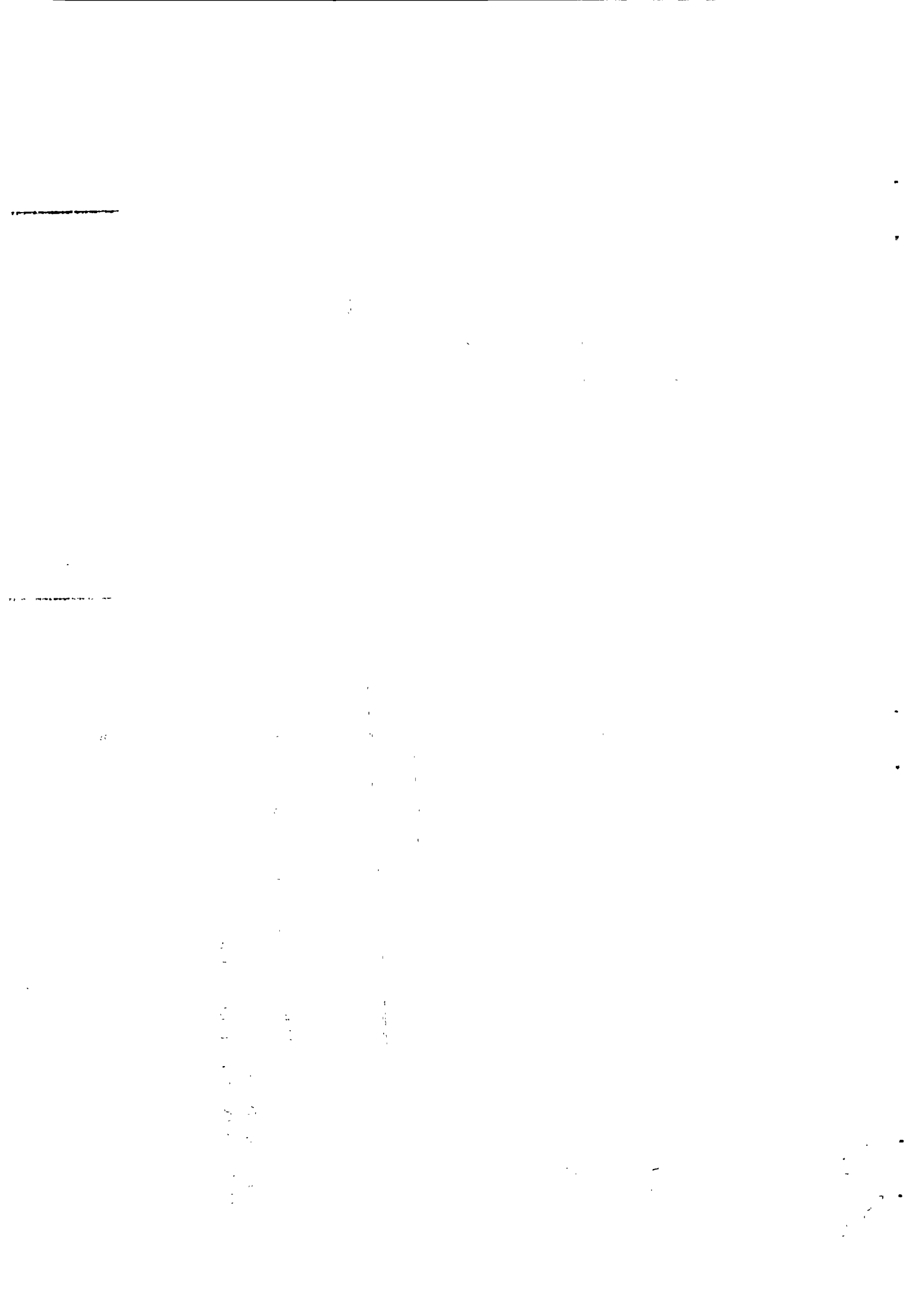
MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

2. FIXED ASSETS

COST/VALUATION	Land Kshs (000)	Buildings Kshs (000)	W.I.P Kshs (000)	Plant and equipment Kshs (000)	Furniture Kshs (000)	Motor vehicles Kshs (000)	Total Kshs
At 1 July 2003	389,129	2,620,098	944,922	403,485	72,893	144,272	4,574,799
Additions	-	-	23,028	8,403	3,734	20,903	56,068
At 30 June 2003	389,129	2,620,098	967,950	411,888	76,627	165,175	4,630,867
DEPRECIATION							
At 1 July 2002	-	261,632	-	225,085	39,784	116,795	643,296
Charge for the year	-	52,402	-	51,921	9,144	19,887	133,354
At 30 June 2003	-	314,034	-	277,006	48,928	136,682	776,650
NET BOOK VALUE							
At 30 June 2003	389,129	2,306,064	967,950	134,882	27,699	28,493	3,854,217
At 30 June 2002	389,129	2,358,466	944,922	178,400	33,109	27,477	3,931,503

The values of the following pieces of land have not been accrued for in the financial statements because the ownership of the same has not been passed to the university

- (a) Gwasi in Suba District
- (b) Forestry Research Station in Baringo District



MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
3. STOCKS AND STORES		
Main	11,659	11,333
Catering	3,117	2,913
Farms	11,450	10,499
Bookshop	6,628	5,505
PSSP	253	-
	<u>33,107</u>	<u>30,250</u>
4. DEBTORS AND DEBIT BALANCES		
Amounts falling due within one year:-		
General debtors	82,131	26,354
Farm debtors	240	989
PSSP debtors	187,786	118,882
Provision for doubtful debts	(31,795)	(57,651)
	<u>238,362</u>	<u>88,574</u>
5. SHORT TERM DEPOSITS		
Chepkoilel Students Welfare Funds	-	129
UNESCO Chair	-	500
Recurrent Exp Funds	26,000	30,000
Privately Sponsored Students Programme	142,000	70,000
	<u>168,000</u>	<u>100,629</u>
6. CASH AND BANK BALANCES		
Kenya Commercial Bank	39,345	82,087
National Bank of Kenya	27,994	114,866
Standard Chartered Bank	7,976	507
Co-operative Bank	1,299	-
Barclays Bank of Kenya	11,250	19,345
Citibank/ABN Amro Bank	-	2,338
Cash in hand	32,118	-
	<u>119,982</u>	<u>219,143</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
7. CREDITORS AND CREDIT BALANCES		
Amounts falling due within one year:-		
Recurrent creditors	44,897	31,017
Farm creditors	865	1,553
Deans' committee grants	-	4,893
Post graduate programmes	-	7,988
Students' holding accounts	18,086	11,712
Appropriations	-	2,046
PSSP creditors	28,545	12,403
	<u>92,393</u>	<u>71,612</u>
8. BANK OVERDRAFT		
Kenya Commercial Bank	8	1
Standard Chartered Bank	25,882	-
Barclays Bank	856	-
National Bank of Kenya	75,096	49
	<u>101,842</u>	<u>50</u>
9. OTHER LIABILITIES AND PROVISIONS		
Provision for audit fees	1,995	1,995
Students' funds	-	2,906
Prepaid fees	10,128	16,934
	<u>12,123</u>	<u>21,835</u>
10. CAPITAL RESERVES		
Balance brought forward	4,445,427	4,427,075
Donations	3,349	18,352
Balance carried forward	<u>4,448,776</u>	<u>4,445,427</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
11. UNEXPENDED BALANCES ON SPECIAL ACCOUNTS AND GRANTS		
Credit balances	-	(16,989)
Debit balances	-	-
	<u>-</u>	<u>(16,989)</u>

12. OTHER FUND BALANCES	Balance b/f Kshs. (000)	Allocation Kshs. (000)	Expenditure/ transfers Kshs. (000)	Balance c/f Kshs. (000)
CAPITAL DEVELOPMENT	72,276	28,717	76,922	24,071
FACULTY DEVELOPMENT	15,262	28,717	45,804	89,783
STAFF DEVELOPMENT	13,266	12,205	-	25,471
ENDOWMENT FUND	13,266	12,205	-	25,471
RESEARCH FUND	25,912	21,538	18,372	29,078
RESERVE FUND	22,111	21,538	43,649	-
GENERAL RESERVE	7,193	18,664	25,857	-
TOTAL	<u>169,286</u>	<u>143,584</u>	<u>210,604</u>	<u>193,874</u>

13. CAPITATION GRANT		
July	92,158	85,859
August	92,158	85,859
September	92,158	85,859
October	92,158	85,859
November	92,158	85,859
December	92,158	85,859
January	92,158	85,859
February	92,158	85,859
March	92,158	85,859
April	92,158	85,859
May	92,158	115,262
June	92,158	115,262
	<u>1,105,896</u>	<u>1,089,114</u>

MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
14. TUITION AND RELATED CHARGES		
Tuition fees	503,248	366,244
Registration fees	296	252
Students' ID charges	161	340
Key deposit	-	544
Examination fees	4,407	7,986
Medical fees	2,022	7,789
Application fees	2,378	-
Activity fees	501	1,365
Sundry income	5,957	2
	<u>518,970</u>	<u>384,522</u>
15. OTHER SERVICES RENDERED		
Bookshop sales	11,559	14,959
Accommodation and catering services	30,085	45,489
Rental income	14,478	13,277
Commercial tree nursery	4	-
	<u>56,126</u>	<u>73,725</u>
16. SUNDRY INCOME		
Sale of tender documents	94	210
Water sales	375	192
Graduation fees	1,306	468
Interest income	1,604	9,497
IGU income	5,998	-
Fines	1,280	93
Miscellaneous	7,344	8,566
	<u>18,001</u>	<u>19,026</u>
17. ACADEMIC DEPARTMENTS EXPENSES		
Personal emoluments	338,276	355,572
House allowance	214,302	229,504
Responsibility allowance	53,401	14,290
Car allowance	11,336	12,948
Entertainment	6,404	6,613
Commuting allowance	12,774	13,252
Part-time lecturers	259	501
Gratuity and retirement benefits	38,651	41,808
Teaching and office expenses	8,376	9,446
Travelling and accommodation	7,598	7,145
Telephone	2,503	3,325
Stationery	7,554	6,650
Purchase of uniforms	452	336
Vehicle running expenses	2,977	5,101
Staff development	432	13,607
University research programme	366	1,190
Field courses	13,053	18,441
International programmes	4,543	-
Special grants expenses	67,559	-
Books and journals	4,200	6,049
	<u>795,016</u>	<u>745,778</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

2004
 Kshs (000)

2003
 Kshs (000)

18. ADMINISTRATION AND CENTRAL SERVICES EXPENSES

Personal emoluments	176,078	138,667
House allowance	107,427	102,797
Gratuity and retirement benefits	20,712	16,113
Responsibility allowance	7,352	4,587
Car allowance	5,424	4,589
Entertainment	4,534	2,071
Commuting allowance	21,329	19,503
Advertisements	9,333	11,013
Office expenses	6,699	6,236
Travelling and accommodation	7,539	7,266
Telephone	8,437	10,420
Purchase of uniforms	1,589	2,089
Vehicle running expenses	14,251	12,240
Catering expenses	-	43,885
Games and sports	1,402	1,812
Insurance	23,678	5,215
Cleaning materials	-	34
Official entertainment	41	148
Council and senate expenses	24,073	8,947
Passage and baggage	1,439	1,738
Bank charges	1,070	1,705
Publishing and printing	891	2,851
Ceremonial expenses	165	142
Provision for audit fees	263	944
Bookshop expenditure	10,899	8,448
Books and journals	119	344
Miscellaneous, legal and others	18,218	15,735
Depreciation	133,354	119,068
Provision for doubtful debts	-	57,651
Postal and telegram	1,366	1,455
	<u>607,682</u>	<u>607,713</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

2004
 Kshs (000)

2003
 Kshs (000)

19. (a) ACADEMIC SERVICES EXPENSES

Personal emoluments	16,333	16,795
House allowance	13,065	12,086
Responsibility allowance	322	207
Car allowance	683	455
Entertainment	79	70
Commuting allowance	1,852	1,792
Gratuity and retirement benefits	2,264	2,241
Office expenses	440	147
Travelling and accommodation	166	280
Telephone	83	86
Purchase of uniforms	319	45
Vehicle running expenses	398	267
Library materials	220	98
Books and periodicals	3,014	1,334
	<u>39,238</u>	<u>35,903</u>

19. (b) DESK TOP PUBLISHING EXPENSES

Personal emoluments	361	346
House allowance	480	480
Car allowance	49	49
Uniforms	10	-
Commuting allowance	-	16
Gratuity and retirement benefits	69	68
Office expenses	31	12
Travelling and accommodation	14	35
Telephone	-	1
Teaching materials	5	116
	<u>1,019</u>	<u>1,123</u>

MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

	2004 Kshs (000)	2003 Kshs (000)
19. (c) COMPUTER SERVICES EXPENSES		
Personal emoluments	1,223	1,214
House allowance	822	582
Responsibility allowance	33	-
Car allowance	65	102
Commuting allowance	96	74
Gratuity and retirement benefits	233	160
Office expenses	22	36
Travelling and accommodation	28	35
Telephone	173	182
Purchase of uniforms	3	-
Vehicle running expenses	-	3
	<u>2,698</u>	<u>2,388</u>
TOTAL	<u><u>42,955</u></u>	<u><u>39,414</u></u>
20. GENERAL EDUCATIONAL SERVICES EXPENSES		
Graduation expenses	5,219	5,179
Students admission and examination	1,697	7,158
External examiners expenses	5,503	8,472
Postgraduate expenses	5	330
Staff development - non academic	777	2,302
External travel and accommodation	4,728	1,875
Conferences and seminars	7,272	12,391
	<u>25,201</u>	<u>37,707</u>
21. MAINTENANCE OF PREMISES		
Rents and rates	7,436	8,520
Electricity, water and conservancy	46,395	56,890
Maintenance of buildings	2,284	5,813
	<u>56,115</u>	<u>71,223</u>
22. STAFF AND STUDENTS WELFARE		
University medical scheme	55,013	50,657
Recruitment expenses	1,724	535
Passage and leave	6,448	8,047
Hotel accommodation and hospitality	403	627
Students' accommodation and catering expenses	19,393	12,440
Students' welfare services	1,556	-
Students' rations and provisions	-	182
	<u>84,537</u>	<u>72,488</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

2004
 Kshs (000)

2003
 Kshs (000)

23. MISCELLANEOUS EXPENSES

ASK show expenses	707	839
Maintenance of plant and equipment	11,821	13,298
Others	17,301	20,452
	<u>29,829</u>	<u>34,589</u>

24. BOOKSHOP REVENUE ACCOUNT

Sales	<u>11,559</u>	<u>14,959</u>
Less: Cost of sales		
Opening stocks	5,505	7,072
Purchases	7,900	10,982
	<u>13,405</u>	<u>18,054</u>
Closing stocks	<u>(6,628)</u>	<u>(5,505)</u>
	<u>6,777</u>	<u>12,549</u>
Gross surplus for the year	4,782	2,410
Less: Expenses		
Office and travelling expenses	138	367
Salaries and wages	5,734	4,124
Project expenses	-	455
Others	116	166
Deficit for the year	<u>(1,206)</u>	<u>(2,702)</u>

25. UNIVERSITY FARMS REVENUE ACCOUNT

	Main Campus Kshs (000)	Chepkoilel Campus Kshs (000)	Total Kshs (000)
Sales - Maize	160	260	420
- Wheat	5,938	4,813	10,751
- Livestock	982	1,740	2,722
- Others	694	967	1,661
	<u>7,774</u>	<u>7,780</u>	<u>15,554</u>
Less: Cost of sales			
Opening stocks	4,269	6,230	10,499
Maize expenses	538	1,509	2,047
Wheat expenses	6,632	734	7,366
Beans expenses	-	160	160
Livestock expenses	831	1,919	2,750
Other expenses	1,131	598	1,729
Personnel expenses	1,643	282	1,925
Closing stocks	<u>(6,475)</u>	<u>(4,975)</u>	<u>(11,450)</u>
	<u>8,569</u>	<u>6,457</u>	<u>15,026</u>
Surplus for the year	<u>(795)</u>	<u>1,323</u>	<u>528</u>

MOI UNIVERSITY
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2004

2004
 Kshs (000)

2003
 Kshs (000)

26. PRIVATELY SPONSORED STUDENTS
 PROGRAMME ACCOUNT

Tuition and other charges	<u>283,250</u>	<u>234,007</u>
Less: Expenses		
Service providers	98,198	91,902
Contribution to recurrent expenditure	17,769	18,252
Teaching materials	1,793	3,351
Water, electricity and telephones	1,035	2,362
Fuel, maintenance and subsistence	2,213	5,823
Bank charges	774	1,030
Stationery	1,325	654
Advertisements	1,362	3,273
Rent	4,577	5,552
Depreciation	3,081	1,233
Security services	3,571	2,791
Seminars	-	2,844
Library books	3,965	5,668
Others	<u>3</u>	<u>-</u>
	<u>139,666</u>	<u>144,735</u>
Surplus for the year	143,584	89,272
Less:		
Capital Development	28,717	18,093
Faculty Development	28,717	18,093
Staff Development	12,205	7,754
Endowment Fund	12,205	7,754
Research Fund	21,538	12,924
Reserve Fund	21,538	12,924
General Reserve	18,664	11,730
General Fund (Faculties)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2004

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.

ii) 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.

iii) 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.

28. MOI UNIVERSITY HOLDINGS LIMITED

Moi University Holdings Limited is wholly owned by Moi University. Consolidated financial statements have not been prepared because of the variation of the financial year ends for the two entities. The financial statements of the company are, therefore, prepared separately.

29. COMPARATIVES

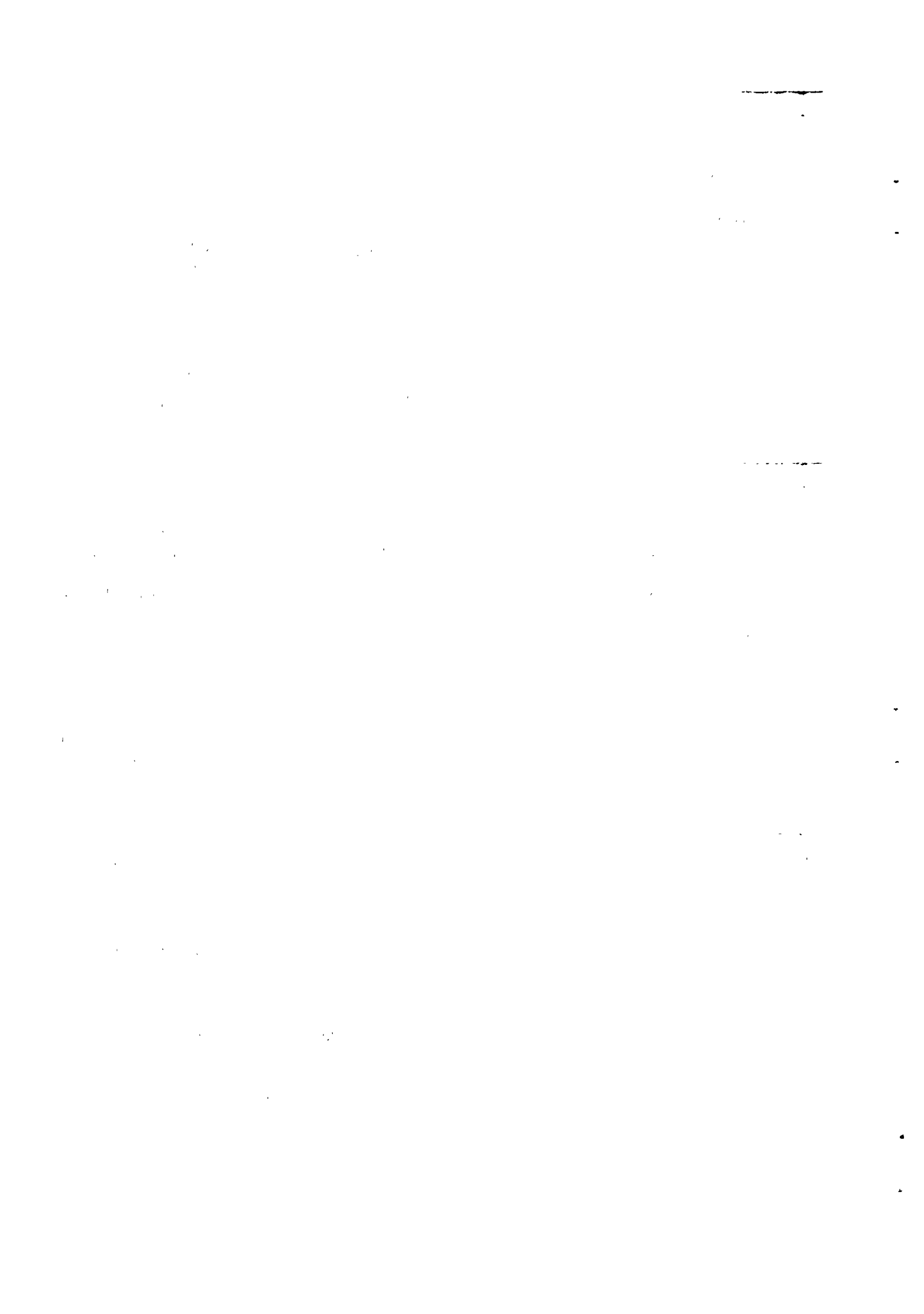
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

30. LEGAL STATUS

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

31. CURRENCY

These financial statements are presented in Kenya Shillings (Kshs) and the amounts are rounded up to the nearest one thousand shillings.

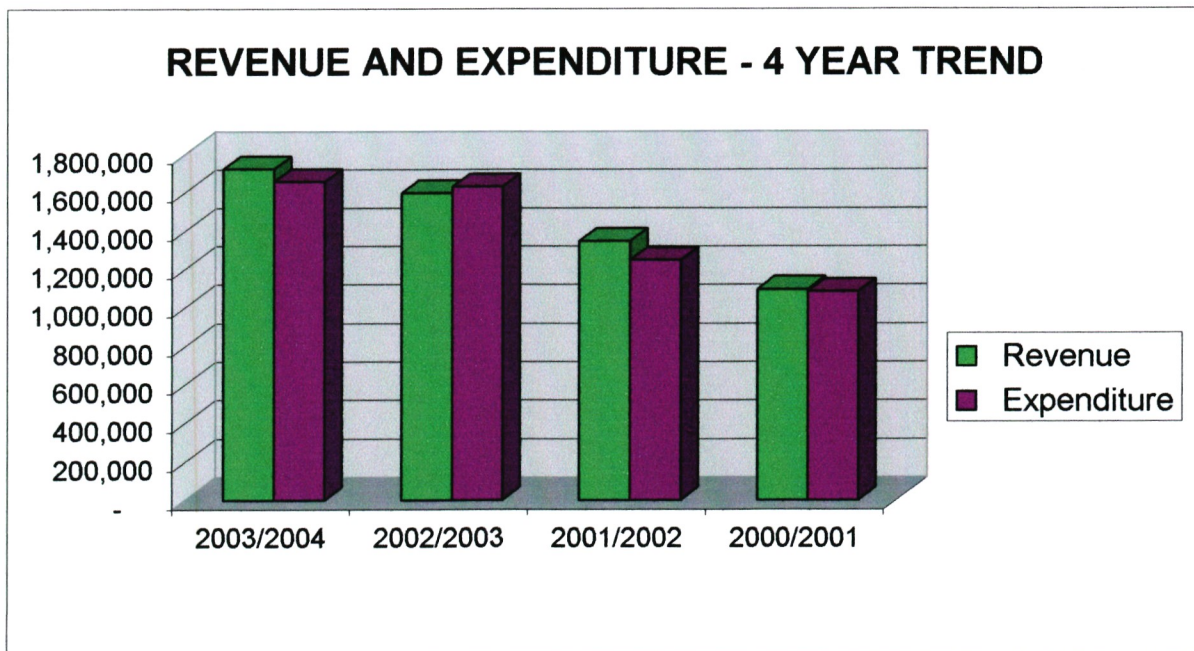


MOI UNIVERSITY
 ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004
 FOUR YEAR HIGHLIGHTS

i) GENERAL REVENUE STATISTICS

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

	2003/2004	2002/2003	2001/2002	2000/2001
	%	%	%	%
INCOME				
Government grants	64.22	69.26	79.95	80.80
Tuition and related income	30.14	24.10	10.88	12.10
Other services rendered	3.26	5.45	6.77	5.95
Other income	2.38	1.09	2.40	1.15
Total income (Kshs. '000)	1,722,105	1,596,830	1,343,621	1,094,472
EXPENDITURE				
Academic Departments	47.99	46.84	46.30	49.61
Administrative Departments	36.69	34.11	31.20	30.43
Academic Services	2.59	3.24	2.60	2.60
General Educational Services	1.52	2.42	1.60	1.22
Maintenance of Premises	3.38	5.72	7.20	4.49
Staff and Students' Welfare	5.11	5.04	8.10	9.83
Other Expenditure	2.72	2.63	3.00	1.82
Total Expenditure (Kshs. '000)	1,656,361	1,629,789	1,245,552	1,082,280
	2003/2004	2002/2003	2001/2002	2000/2001
Revenue	1,722,105	1,596,830	1,343,621	1,094,472
Expenditure	1,656,361	1,629,789	1,245,552	1,082,280



MOI UNIVERSITY
 ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2004
 FOUR YEAR HIGHLIGHTS

ii) CAPITAL DEVELOPMENT STATISTICS

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

	2003/2004	2002/2003	2001/2002	2000/2001
Fixed Assets (gross) in Kshs. '000	4,630,867	4,574,799	4,501,858	4,407,707
Capital Receipts from GOK in Kshs. '000	7,558	16,974	8,066	152,344

