



FOUNDATION OF KNOWLEDGE

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MOI UNIVERSITY

**Annual Report & Financial
Statements for The
Year Ended 30 June 2011**





MOI UNIVERSITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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UNIVERSITY INFORMATION

PRINCIPAL ACTIVITIES

The principal activity of the University is the provision of university education through teaching, research and outreach.

PRINCIPAL CAMPUSES AND CONSTITUENT COLLEGES

Main Campus
P.O Box 3900-30100
ELDORET
TEL: 053-43620
FAX: 254053-043047

Karatina University College
P.O Box 1957-10101
KARATINA

Odera Akango Satellite Campus
YALA

Chepkoilel University College
P.O Box 1125-30100
ELDORET

Town Campus
P.O Box 4606-30100
ELDORET

Southern Nyanza Satellite Campus
P.O Box 184-40404
RONGO

Eldoret West Campus
P.O Box 8210-30100
ELDORET
TEL: 31077/82

Coast Satellite Campus
P.O Box
MOMBASA

Nairobi Satellite Campus
Bazaar Plaza
P.O Box 63056-00200
NAIROBI
TEL: 020 - 2224954, 221206

Kericho Satellite Campus
P. O Box
KERICHO

Kitale Satellite Campus
P.O Box 175
KITALE

Narok University College
P.O Box 861
NAROK

Kabianga University College
P.O Box
KABIANGA



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UNIVERSITY INFORMATION (continued)

UNIVERSITY BANKERS

National Bank of Kenya Limited
Kenya Commercial Bank Limited
Standard Chartered Bank Limited
Co-operative Bank of Kenya Limited
Barclays Bank of Kenya Limited
Equity Bank

UNIVERSITY AUDITORS

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



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UNIVERSITY VISION AND MISSION STATEMENT

Moi University was established in 1984 as an institution of science and technology with a component of arts based programmes.

The current University vision and mission statements take into consideration the rapid changes in the external and internal environment since the inception of the University in 1984.

VISION

To be the University of choice in nurturing innovation and talent in science, technology and development.

MISSION

To preserve, create and disseminate knowledge and conserve and develop scientific, technological and cultural heritage through quality and relevant teaching and research; to create a conducive work and learning environment; and to work with government and private sector for the betterment of society.

CORE VALUES

At Moi University, we believe in:

- Promotion and defence of intellectual and academic freedom, scholarship and relentless search for the truth
- Fostering teamwork, collaboration, creativity and innovation, effective communication, tolerance, perseverance and a culture of peace
- Embracing excellence, openness, consultation and consensus building, efficiency and effectiveness
- Practicing professionalism, meritocracy, exemplary leadership, equality, integrity and social justice
- Maintaining a sense of self-respect, discipline, responsibility, institutional loyalty and national patriotism
- Continuous improvement of services in order to remain competitive



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OFFICERS OF THE UNIVERSITY

Chancellor

B.A Ogot, EBS
Dip.Ed. (E.A), M.A (St. Andrew), Ph.D. (London)
Hon. D.Lit. (Moi), Hon. D.Litt (Kenyatta), FKNAS

Chairperson of Council

E. Mwai, CBS
Dip. Public Accounts & Audit (UK)
B.A (Hons) (London)

Vice Chairperson of Council

James K. Murgor
MBChB, M.Med (Nairobi)

Honorary Treasurer

Dulacha Galgallo Barako
B.Com, MBA (Nairobi), Ph.D. (University of Western
Australia)

Vice Chancellor

Richard K. Mibey, FWIF, EBS
B.A (Warren Wilson College), M.Sc (Appalachian State
University), M.Sc (Oklahoma State University), D.Ed.
(Oklahoma State University), Ph.D. (Nairobi)

**Deputy Vice Chancellor
(Research and Extension)**

B.E.L Wishitemi
B.Ed., M.Sc. (Nairobi), Ph.D. (Kenyatta)

**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)



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OFFICERS OF THE UNIVERSITY (continued)

Chief Administrative Officer

J.K. Sang, OGW

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

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

M.J Mutwol

B.Sc. (B.A) (Missouri), MBA (Moi), C.P.A (K),
C.I.P.S, M.I.L.T



MOI UNIVERSITY
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MEMBERS OF THE UNIVERSITY COUNCIL

Chairperson	E. Mwai, CBS Dip. Public Accounts and Audit (UK), B.A (Hons) (London)
Vice Chairperson	James K. Murgor MBChB, M.Med (Nairobi)
Honorary Treasurer	Barako Dulacho Galgallo B.Com, MBA (Nairobi), Ph.D (University of Western Australia)
Vice Chancellor	Richard K. Mibey, FWIF, EBS B.A Biology (Warren Wilson College), M.Sc (Appalachian State University), M.Sc Plant Pathology (Oklahoma State University), D.Ed. Agricultural Education and Extension (Oklahoma State University), Ph.D. Mycology (Nairobi)
Deputy Vice Chancellor (Research & Extension)	B.E.L Wishitemi B.Ed, M.Sc. (Nairobi), Ph.D. (Kenyatta)
Deputy Vice Chancellor (Planning & Development)	S. Gudu B.Sc., M.Sc (Nairobi), Ph.D (Guelph)
Permanent Secretary, Ministry of Higher Education, Science & Technology	C. Kiamba, CBS, MBS B.A. Land Economics (Nairobi), M.Sc (Reading), MBA, Finance & International Business (Columbia), Ph.D (Cambridge)
Permanent Secretary, Ministry of Finance	J.K Kinyua, EBS B.A. Econ. (Nairobi), M.A. (Nairobi), Member AERC
Permanent Secretary, Directorate of Personnel Management	Titus Ndambuki, HSC B.Sc., B.Phil. (Nairobi), M.A (Williams, U.S.A)
Members:	Florence K. Nyamu B.Ed. (Sc.) (Nairobi), M.Ed., D.Ed. (Harvard)



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MEMBERS OF THE UNIVERSITY COUNCIL (continued)

Members:

Justus K. Ndoto

B.A (Drake University, Des Moines, Iowa)

Rev. Bishop S.Yego

Dip. Theology (Scott), B. Theology (Ontario)
M.A. (ICI- Texas)

Rhoda Atieno Ahonobadha

B.Sc., M.Sc. (Nairobi)

Felicity Nkirote

B.A (Kenyatta)

Samson Cheramboss

DSM., EDS., MBS

Clement B. Ogomo

B.Ed. (Nairobi), M.A (Sheffield, U.K)

Mohammed Ali Farah

Int. Pub. Health Eng. (Hatfield Poly), B.Tech HND (Hertfordshire- U.K)

Senate Representatives:

Ezekiel Kiprop

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

Caroline Kibosia

B.Ds., M.PH., M.Ds (Nairobi)

P.K Chepkuto

Dip. Ed.(Nairobi), B.Ed. (Stirling), M.Sc.Appl.Ling (Edinburgh)
Ph.D (JNU)

M. Korir

B.Ed. (Kenyatta), M.Sc (Reading), Ph.D (Kenyatta)



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MEMBERS OF THE UNIVERSITY COUNCIL (continued)

**Non- Senate Staff
Representatives**

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

C.J Odhiambo
B.Ed., M.A (Kenyatta), Ph.D (Stellenbosch)

**Non- Academic Staff
Representative**

Samson K. Limo
B.Ed. (Moi)

Students' Representatives: Chairman MUSO (Main Campus)



MOI UNIVERSITY
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REPORT OF THE CHAIRMAN

I am pleased to present this report for the year ended 30 June 2011. The focus of the University Council has been to ensure that the necessary infrastructure to facilitate learning is provided and to ensure quality training.

The University is currently constructing hangar and support facilities for our aircraft in addition to on going projects like the construction of the six storey building that will house the Schools of Public Health, Dentistry, Pharmacy and Nursing.

To advance research, the University continues to hold the Annual International Conference, as well as symposia, public and inaugural lectures. Our staff also engage in collaborative research with other institutions to solve real problems in society. For example, during the year, our proposal to improve food security in East Africa using multiple stress tolerant sorghum was approved by the McKnight Foundation to the tune of US \$224,000.

The University Council is pleased with the efforts of the University management and the bold strides that the University has undertaken to enhance the variety and quality of degree programmes offered by the University. This has seen an increase in the number of students graduating which reached 5,777 in 2010, the highest number in the history of the University.

I am happy to note that as a result of the quality of our programmes, our graduands are making a great impact in the various institutions that absorb them.

The University is still pursuing the acquisition of a suitable building in Nairobi to accommodate the over 3,000 students currently enrolled at the campus. In this regard, I appeal to the Government to assist us in this matter.

I thank all our partners, donors, collaborating institutions and students for their continued support and dedication and urge that we strive to achieve greater heights of excellence in the coming years.

A handwritten signature in black ink, appearing to read 'E. Mwai/CBS', written over a dotted line.

E. MWAI/CBS
CHAIRPERSON – MOI UNIVERSITY COUNCIL



MOI UNIVERSITY

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REPORT OF THE VICE- CHANCELLOR

I am pleased to present the report for the year ended 30 June 2011. This year witnessed major developments in the University that saw Chepkoilel and Karatina University Colleges being upgraded to be constituent colleges of Moi University.

The University now has five constituent colleges name: Narok, Kabianga, Karatina, Chepkoilel and Rongo.

The University currently has 13 Schools:

- Aerospace Sciences
- Arts and Social Sciences
- Dentistry
- Business and Economics
- Education
- Engineering
- Human Resource Development
- Information Sciences
- Law
- Medicine
- Public Health
- Biological and Physical Sciences
- Nursing

Our vision is to be the University of Choice in nurturing innovation, science, technology and development. To achieve this vision, we are in innovative activities like reviving Rivatex textile factory, making us the only university running a factory for teaching and production in the region.

The University also offers training in aerospace sciences, supported by fully owned and operated aircraft.

I am glad to report that the University has been granted approval by Kenya Civil Aviation Authority (KCAA) to train pilots at the level of Private and Commercial Pilot Licence as well as for Instrument Rating.

The University is also using one of its aircraft to take our staff to Nairobi Campus to teach thereby reducing the time taken to travel.

The University continues to be actively involved in forging linkages and partnerships with other institutions of higher learning and research both regionally and internationally.

Through the VLIR-UOS Projects, the University is undertaking many projects, among them the Demographic Surveillance System on health intervention which has been rated one of the best VLIR projects.



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REPORT OF THE VICE- CHANCELLOR (continued)

Moi University and Moi Teaching and Referral Hospital also have an agreement upon which the framework for sharing facilities for medical education and research between the two institutions is based. Apart from these partnerships, the University has also recently engaged in collaborative agreements with Indiana University Purdue University Indianapolis (IUPUI) and Suez Canal, Ismailia University on academic disciplines, students and staff exchange and research and extension activities.

Financial Performance Highlights

During the year, there was an increase in the revenue base of the University resulting in an increase in the overall income levels.

However, in spite of the gains made, the level of funding received by the University is still inadequate considering the number of students admitted at the University and the escalating costs occasioned by general price increases and the rise in the cost of teaching materials necessary to provide quality programmes. There has also been an increase in operations and maintenance expenses because the funding level has not kept pace with the increase in student numbers.

I appeal to the Government to increase the amount allocated to the University in the recurrent and capital budgets to enable us meet the costs and improve the learning infrastructure necessary for providing quality education

Appreciation

I extend my gratitude to the Government and our development partners and collaborators for the support and advice that they have extended to the University to enable us realize our objectives

I also thank the University Council for the commitment in mobilizing resources and the guidance they have provided to the University that has led to the remarkable achievements and growth of the University.

A handwritten signature in black ink, appearing to read 'R. Mibey'.

.....
PROF. RICHARD K. MIBEY, FWIF, EBS
VICE-CHANCELLOR



MOI UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council Members are required to cause to be prepared financial statements for each financial year, which give a true and fair view of the financial affairs of the University as at the end of the financial year, and of its surplus or deficit for that year. The Council Members are required to ensure that the University maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the University. They are also responsible for safeguarding the assets of the University.

The Council Members accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Exchequer and Audit Act. The Council Members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the University as at 30 June 2011 and of its surplus for the year then ended. The Council Members further accept responsibility for the maintenance of accounting records that may be relied on in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Council Members to indicate that the University will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Council by:



VICE-CHANCELLOR

10-09-2012

DATE



CHAIRMAN OF COUNCIL

10-09-2012

DATE



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statement of Moi University set out on pages 17 to 35, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in reserves and statements of cash flows of the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provision of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to be best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor - General in accordance with the provision 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 provisions of Section 15 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 on Auditing. Those standards require compliance with ethical requirement 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 amount and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessments of the risks of material misstatement of the financial statement, whether due to fraud or error.

In making those risks assessments, the auditor considers internal control relevant to the client's 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 of the effectiveness of the University's internal control. An audit also includes evaluating appropriateness of accounting policies used and the reasonableness of accounting estimate made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Work - In - Progress

As previously reported, the work-in-progress balance of Kshs.857,303,000 as at 30 June 2011 excludes pending bills totalling Kshs.322,095,118 relating to various stalled projects which for various reasons stalled before completion, subject to the pending bills closing committee appointed by Ministry of Finance. In consequence, it has not been possible to ascertain accuracy of the carrying value of work-in-progress as at 30 June 2011.

2. Government of Kenya Loan - Ksh.250 Million

The Government granted the University a loan of Kshs. 250 Million in the year 2008 at an interest 2.5% per annum. The University requested for and was granted to start the loan repayment with effect from 31 December 2009. The purpose of the loan was to enable the University purchase a Tea Institute situated at Karatina in Nyeri County as part of its expansion programme and this was subsequently realized by starting Karatina Campus which is currently a constituent college.

The University had however not made any repayment of principal as at 30 June 2011. No proper explanations have been provided for contravening the terms of the loan.

3. Winding up of Moi University Holdings Limited (MUHL)

According to the University's 77th Council meeting of 15 February 2010, the Moi University Holdings Limited, a wholly owned subsidiary of the University, which evidently had ceased operations, was recommended for winding up. However, the procedure for winding up a company were not followed. The resolution of the shareholders was not obtained and a receiver/liquidator has not been appointed to prepare the statement of affairs of the company and finally liquidate it. The University has therefore continued to be in breach of the law.



4. Council Allowances

Included in the expenditure of Kshs. 46,349,000 on council and senate expenses disclosed in note 19 to financial statements is a figure of Kshs. 5,718,240 paid as sitting allowance to members of staff who were in attendance during council/committee meetings contrary to Section 10(1) of State Corporations Act, which requires that such allowance be paid to the Chairman and council members(except the chief executive) only .The university was therefore in breach of the Law.

5. Government Grant

The Government grants received in the year under review from Ministry of Higher Education Science and Technology comprises of recurrent grants of Kshs.2,843,826,000 and development grants of Kshs.249,762,000, all totalling Kshs.3,093,588,000. However, according to the records held at the Ministry, the amount is reflected at Kshs.3, 098,826,000, thereby giving rise to an unexplained difference of Kshs.5,238,000.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements presents fairly, in all material respects the financial position of the University as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Moi University Act, Cap.210A of the Laws of Kenya.

Edward R.O. Ouko
AUDITOR-GENERAL

Nairobi

22 October 2012



MOI UNIVERSITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		2011	2010
ASSETS	NOTE	Kshs (000)	Kshs (000)
NON- CURRENT ASSETS			
Property, Plant and Equipment	1(c) & 2	4,579,093	4,418,054
Investments	3	1,000	1,000
Biological assets	1 (i) & 5	4,990	13,434
		<u>4,585,083</u>	<u>4,432,488</u>
CURRENT ASSETS			
Inventories	1 (d) & 4	72,274	52,493
Biological assets	1 (i) & 5	13,643	8,557
Related company balances	6	478,719	477,016
Trade and other receivables	7	497,351	407,616
Government securities	8	16,100	16,100
Cash and bank balances	9	319,498	307,528
		<u>1,397,585</u>	<u>1,269,310</u>
TOTAL ASSETS		<u>5,982,668</u>	<u>5,701,798</u>
CAPITAL RESERVES AND LIABILITIES			
Capital Reserves		4,515,202	4,425,440
Revenue Reserves		145,930	70,619
		<u>4,661,132</u>	<u>4,496,059</u>
NON-CURRENT LIABILITIES			
G.O.K Loan	13	224,169	224,169
		<u>224,169</u>	<u>224,169</u>
CURRENT LIABILITIES			
Trade and other payables	10	945,850	737,716
Debit bank balances	11	102,593	198,519
Other liabilities and provisions	12	23,093	19,504
G.O.K Loan	13	25,831	25,831
		<u>1,097,367</u>	<u>981,570</u>
TOTAL CAPITAL RESERVES AND LIABILITIES		<u>5,982,668</u>	<u>5,701,798</u>

The financial statements were approved on 30th September 2011 and signed on behalf of the University Council by:..... Council Chairman

E. Mwai, CBS

Dip. Public Accounts & Audit (UK), B.A (Hons) (London)

..... Vice Chancellor

Richard K. Mibey B.A (Warren), M.Sc Biology (Appalachian), M.Sc Plant Pathology (Oklahoma)

D.Ed Agricultural Education and Extension (Oklahoma), PhD. (Nairobi)



MOI UNIVERSITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
INCOME	NOTE	Kshs (000)	Kshs (000)
Capitation grants	1(b) & 14	2,843,826	2,389,326
Tuition and related charges	1(b) & 15	2,810,936	2,277,432
Farm income	1(b) & 16(a)	60,170	41,314
Other services rendered	1(b) & 16(b)	163,896	129,507
Sundry income	1(b) & 17	337,311	83,125
		<u>6,216,139</u>	<u>4,920,704</u>
EXPENDITURE			
Academic departments	18	3,331,150	2,668,613
Administration and central services	19	1,862,973	1,544,175
Academic services	20	143,937	117,022
General educational services	21	60,240	46,439
Maintenance of premises	22	365,353	201,861
Staff and Students welfare	23	198,676	167,520
Farm expenses	24	35,858	23,905
Miscellaneous expenses	25	139,849	97,855
		<u>6,138,036</u>	<u>4,867,390</u>
SURPLUS FOR THE YEAR		<u>78,103</u>	<u>53,314</u>



MOI UNIVERSITY
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 JUNE 2011

	Capital Reserves	Revenue Reserves	Total
	Kshs (000)	Kshs (000)	Kshs (000)
As at 1 July 2009	4,295,351	47,270	4,342,621
Transfers from reserves	-	(29,965)	(29,965)
Surplus for the year	-	53,314	53,314
Capital development grants	535,089		535,089
Capital devt grants paid to Rivatex and Kabianga	(405,000)		(405,000)
As at 30 June 2010	4,425,440	70,619	4,496,059
As at 1 July 2010	4,425,440	70,619	4,496,059
Donations (Land and buildings)	40,000		40,000
Bank account taken over by Kabianga Univ College	-	(2,792)	(2,792)
Surplus for the year	-	78,103	78,103
Capital development grants	249,762	-	249,762
Capital devt grants paid to Rivatex	(200,000)	-	(200,000)
As at 30 June 2011	4,515,202	145,930	4,661,132

The capital development grants received during the year included Kshs 200 million for Rivatex E.A Ltd.



MOI UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 Kshs (000)	2010 Kshs (000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		78,103	53,314
Adjustments for :-			
Depreciation		169,613	127,934
Interest income		(54,449)	(3,566)
Operating surplus before working capital changes		<u>193,267</u>	<u>177,682</u>
Changes in working capital			
Decrease in inventories		(19,781)	12,410
Decrease in biological assets		3,358	(8,313)
Increase in related companies balances		(1,703)	(47,652)
Increase in trade and other payables		208,134	4,360
Decrease in other liabilities and provisions		3,589	(6,183)
Decrease in trade and other receivables		(89,735)	112,461
Net changes in working capital		<u>103,862</u>	<u>67,083</u>
Total cash generated from operations		<u>297,129</u>	<u>244,765</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(330,652)	(502,714)
Interest received		54,449	3,566
Net cash flows from investing activities		<u>(276,203)</u>	<u>(499,148)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital receipts from GOK		49,762	130,089
Donations		40,000	-
Transfers		(2,792)	(29,965)
Net cash flows from financing activities		<u>86,970</u>	<u>100,124</u>
Net increase/(decrease) in cash and cash equivalents		107,896	(154,259)
Cash and cash equivalents at the beginning of the year		125,109	279,368
Cash and cash equivalents at the end of the year	28	<u>233,005</u>	<u>125,109</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation and form of presentation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS).

The measurement basis used is the historical cost basis of accounting modified by the revaluation of certain assets. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand, which is also the functional currency.

(b) Revenue recognition

Income from students is recognized as it accrues unless collectibility is in doubt.

Interest income is accrued on a time proportion basis.

Exchequer grants and other grants from the government are recognised as income in the period in which they relate.

(c) Fixed assets and depreciation

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

▪ Buildings	2%
▪ Furniture, plant and equipment	12.5%
▪ Motor vehicles	25%
▪ Computers	33.3%

Freehold land is not depreciated as it is deemed to have an infinite life. Leasehold land is amortised over the unexpired period of the lease.

(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.



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

(e) Retirement benefit costs

The University operates a contributory pension scheme for eligible employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the university and the employees.

The University also contributes to a statutory contribution pension scheme, the National Social Security Fund (N.S.S.F.). Contributions are determined by local statute and are currently limited to Kshs. 200 per employee per month.

The university's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

(f) Bad and doubtful debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

(g) 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.

(h) Research and development

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

(i) Agricultural assets

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

(j) Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and bank balances and short-term investments.



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

(k) Foreign Currencies

Transactions in currencies other than the Kenya Shilling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates at the rates prevailing on the balance sheet date. Gains and losses arising on translation are included in the surplus or deficit for the period.

(l) Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated doubtful debts.

(m) Payables

Payables are stated at their nominal value.

(n) Government recurrent grants

Government grants are recognised 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 recognised as income in the period to which they relate and presented as a credit in the Income and Expenditure Account separately.

(o) Government capital grants

Government capital development grants are credited to the capital reserves and the related capital costs to the fixed assets that they finance are debited .



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2011

2. PROPERTY, PLANT AND EQUIPMENT

	Land Kshs (000)	Buildings Kshs (000)	W.I.P Kshs (000)	Furniture, Plant and Equipment Kshs (000)	Computers, Copiers and Printers Kshs (000)	Motor Vehicles and Aeroplanes Kshs (000)	Total Kshs
COST/VALUATION							
At 1 July 2010	440,429	3,550,313	847,991	375,416	301,206	280,502	5,795,857
Disposals/transfers	-	117,600	(117,600)	-	-	(301)	(301)
Additions	16,000	124,000	126,912	19,760	21,095	22,885	330,652
At 30 June 2011	456,429	3,791,913	857,303	395,176	322,301	303,086	6,126,208
DEPRECIATION							
At 1 July 2010	7,066	662,472	-	301,771	202,149	204,345	1,377,803
Disposals	-	-	-	-	-	(301)	(301)
Charge for the year	-	69,002	-	17,175	49,651	29,272	165,100
Amortization for the year	4,513	-	-	-	-	-	4,513
At 30 June 2011	11,579	731,474	-	318,946	251,800	233,316	1,547,115
NET BOOK VALUE							
At 30 June 2011	444,850	3,060,439	857,303	76,230	70,501	69,770	4,579,093
At 30 June 2010	433,363	2,887,841	847,991	73,645	99,057	76,157	4,418,054



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2011

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in buildings are the following buildings whose valuation is as shown below:

▪ Operating Theatres	20,000,000
▪ Diagnostic Laboratories	21,772,000
▪ Boundary Wall for Anatomy Laboratories	<u>1,700,000</u>
	<u>43,472,000</u>

The buildings are located on land not owned by the University. The University is seeking to reach a formal understanding with Moi Teaching and Referral Hospital on the status of the land and buildings pending the final resolution of the matter through the government.



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Kshs (000)	2010 Kshs (000)
3. INVESTMENT		
Rivatex E.A Limited		
Share capital	<u>1,000</u>	<u>1,000</u>
4. INVENTORIES		
Main	64,318	39,309
Catering	317	439
Farms	2,730	5,861
Bookshop	4,909	6,884
	<u>72,274</u>	<u>52,493</u>
5. BIOLOGICAL ASSETS		
As at year-end, the University had the following biological assets.		
Livestock	<u>4,990</u>	<u>13,434</u>
	<u>4,990</u>	<u>13,434</u>
Current assets:		
Crops in field	<u>13,643</u>	<u>8,557</u>
	<u>13,643</u>	<u>8,557</u>
6. RELATED PARTY BALANCE		
Rivatex (E.A) Limited	476,353	474,613
Moi University Holdings Limited	<u>2,366</u>	<u>2,403</u>
	<u>478,719</u>	<u>477,016</u>

Rivatex (E.A) Limited and Moi University Holdings Limited are companies owned by Moi University. The related party balance for MUHL relates to bank balances for several operational units that were taken over by the company upon the assumption of management control of the units. The details are as follows:

Bank Account:

Civil and Structural Engineering account
M.U Computer Instrumentation Centre
M.U Press bank account

Date	Amount
August 2003	1,364,993
August 2003	313,721
August 2003	724,109
	<u>2,402,824</u>

The related party balance for Rivatex(E.A)Ltd relates to amounts paid on behalf of the company. Other transactions with the company were made at terms equivalent to those that prevail in arm's length transactions.



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

7. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:-

Student fees debtors

	2011	2010
	Kshs (000)	Kshs (000)
Student fees debtors	611,882	635,285
Other debtors	45,514	28,398
Farm debtors	221	4,125
Other PSSP debtors	800	800
	<u>658,417</u>	<u>668,608</u>
Provision for doubtful debts	(161,066)	(260,992)
	<u>497,351</u>	<u>407,616</u>

Other debtors

Farm debtors

Other PSSP debtors

Provision for doubtful debts

8. GOVERNMENT SECURITIES

Treasury bills

Treasury bills	16,100	16,100
	<u>16,100</u>	<u>16,100</u>

9. CASH AND BANK BALANCES

Kenya Commercial Bank

National Bank of Kenya

Standard Chartered Bank

Equity Bank

Housing Finance

Barclays Bank of Kenya

Co-operative Bank of Kenya

Kenya Commercial Bank	69,848	9,034
National Bank of Kenya	84,323	256,283
Standard Chartered Bank	21,827	23,897
Equity Bank	4,546	4,837
Housing Finance	103,693	-
Barclays Bank of Kenya	5,221	2,746
Co-operative Bank of Kenya	30,040	10,731
	<u>319,498</u>	<u>307,528</u>

10. TRADE AND OTHER PAYABLES

Amounts falling due within one year:-

Recurrent and capital creditors

Students' holding accounts

PSSP creditors

Recurrent and capital creditors	699,269	597,783
Students' holding accounts	88,862	65,004
PSSP creditors	157,719	74,929
	<u>945,850</u>	<u>737,716</u>



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

	2011 Kshs (000)	2010 Kshs (000)
11. BANK BALANCES		
Kenya Commercial Bank	96,556	102,869
National Bank of Kenya	6,037	95,650
	<u>102,593</u>	<u>198,519</u>
12. OTHER LIABILITIES AND PROVISIONS		
Provision for audit fees	6,700	6,480
Prepaid fees	16,393	13,024
	<u>23,093</u>	<u>19,504</u>
13. GOK LOAN		
Current:		
Amount payable within 12 months	25,831	25,831
Non-current:		
Amount payable after 12 months	224,169	224,169
	<u>250,000</u>	<u>250,000</u>
The GOK loan was advanced to the University to facilitate the acquisition of Karatina University College.		
14. CAPITATION GRANT		
July	558,005	170,983
August	198,711	518,512
September	198,711	170,983
October	198,711	165,420
November	198,711	176,546
December	198,711	176,546
January	198,711	176,546
February	198,711	176,546
March	198,711	176,546
April	198,711	110,699
May	198,711	168,765
June	298,711	201,234
	<u>2,843,826</u>	<u>2,389,326</u>

Note: The capitation grant for June 2011 includes Kshs 100 million received by Karatina and Chepkoilel University Colleges in June 2011(Kshs 50 million each).



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Kshs (000)	Kshs (000)
15. TUITION AND RELATED CHARGES		
Tuition fees	2,406,473	2,042,756
Registration fees	3,796	3,442
Students' ID charges	3,111	2,785
Examination fees	79,591	61,486
Medical fees	52,592	45,230
Activity fees	25,036	22,729
Application fees	11,881	11,803
Workshop/attachment fees	194,736	84,579
Amenity fees	31,804	-
Sundry income	1,916	2,622
	<u>2,810,936</u>	<u>2,277,432</u>
16. (a) OTHER INCOME - FARM SALES		
Sale of wheat and maize	55,349	19,343
Sale of milk	2,599	9,788
Sale of cattle	-	9,796
Other farm sales	2,222	2,387
	<u>60,170</u>	<u>41,314</u>
16. (b) OTHER SERVICES RENDERED		
Bookshop sales	30,576	35,005
Accommodation and catering services	116,340	83,249
Rental income	16,980	11,253
Commercial tree nursery	-	-
	<u>163,896</u>	<u>129,507</u>
17. SUNDRY INCOME		
Sale of tender documents	916	330
Water sales	475	333
Gain on disposal of motor vehicles	301	1,907
Graduation fees	10,496	5,406
Interest income	54,449	3,566
Decrease in provision for doubtful debts	99,926	-
Research grants	152,450	62,945
Fines	403	194
Miscellaneous	17,895	8,444
	<u>337,311</u>	<u>83,125</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2011

	2011 Kshs (000)	2010 Kshs (000)
18. ACADEMIC DEPARTMENTS EXPENSES		
Personal emoluments	1,952,439	1,488,475
House allowance	647,004	569,634
Responsibility allowance	99,396	86,871
Car allowance	67,093	55,498
Entertainment	15,678	14,012
Commuting allowance	62,131	56,007
Gratuity and retirement benefits	131,798	106,045
Teaching and office expenses	13,785	20,034
Travelling and accommodation	1,846	4,463
Telephone	4,893	3,515
Stationery	10,361	10,207
Purchase of uniforms	808	657
Vehicle running expenses	3,730	4,280
Staff development	5,395	6,268
University research programme	56,482	97,967
Field courses	68,406	23,707
Special grants research expenses	189,850	120,513
Books and journals	55	460
	<u>3,331,150</u>	<u>2,668,613</u>
19. ADMINISTRATION AND CENTRAL SERVICES EXPENSES		
Personal emoluments	725,895	668,066
House allowance	285,644	257,100
Responsibility allowance	8,924	7,356
Car allowance	35,327	26,099
Entertainment	4,168	3,413
Commuting allowance	58,324	57,886
Advertisements	23,324	24,213
Gratuity and retirement benefits	44,787	37,255
Office expenses	17,615	22,301
Travelling and accommodation	17,081	13,587
Telephone	30,700	16,548
Purchase of uniforms	4,872	3,800
Vehicle running expenses	25,971	14,330
Insurance	67,585	74,946
Official entertainment	402	978



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Kshs (000)	Kshs (000)
19. ADMINISTRATION AND CENTRAL SERVICES EXPENSES (continued)		
Council and senate expenses	46,349	28,263
Passage and baggage	2,607	1,747
Publishing and printing	1,156	1,263
Ceremonial and funeral expenses	2,470	1,574
Provision for audit fees	3,700	3,000
PSSP Coordinating office expenses	81,503	51,568
Bookshop expenditure	37,360	34,515
Books and journals	220	548
Miscellaneous, legal and others	148,723	54,357
ISO and ISO related expenses	6,522	-
Depreciation	169,613	127,934
Air services expenses	7,671	-
Provision for interest on GOK loan	3,125	10,207
Postal and telegram	1,335	1,321
	1,862,973	1,544,175
20. (a) ACADEMIC SERVICES EXPENSES		
Personal emoluments	43,729	41,899
House allowance	32,279	30,140
Responsibility allowance	1,216	953
Car allowance	2,774	1,936
Entertainment	230	365
Commuting allowance	6,545	6,096
Gratuity and retirement benefits	4,935	4,746
Office expenses	72	664
Travelling and accommodation	191	108
Telephone	137	120
Purchase of uniforms	6	-
Vehicle running expenses	56	184
Library books	29,991	13,374
Books and periodicals	439	289
	122,600	100,874
20. (b) DESK TOP PUBLISHING EXPENSES		
Personal emoluments	-	-
	-	-



MOI UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Kshs (000)	Kshs (000)
20. (c) COMPUTER SERVICES EXPENSES		
Personal emoluments	10,081	7,224
House allowance	7,893	6,348
Responsibility allowance	5	38
Car allowance	562	192
Purchase of uniforms	19	-
Commuting allowance	1,185	1,227
Gratuity and retirement benefits	1,476	969
Office expenses	31	71
Travelling and accommodation	41	58
Telephone	44	-
Vehicle running expenses	-	21
	<u>21,337</u>	<u>16,148</u>
TOTAL	<u>143,937</u>	<u>117,022</u>
21. GENERAL EDUCATIONAL SERVICES EXPENSES		
Graduation expenses	16,976	9,703
Students admission and examination	15,359	14,197
External examiners expenses	11,933	8,470
Staff development - non academic	4,932	7,409
External travel and accommodation	7,373	2,418
Conferences and seminars	3,667	4,242
	<u>60,240</u>	<u>46,439</u>
22. MAINTENANCE OF PREMISES		
Rents and rates	44,784	20,020
Electricity, water and conservancy	298,310	159,405
Maintenance of buildings	22,259	22,436
	<u>365,353</u>	<u>201,861</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Kshs (000)	Kshs (000)
23. STAFF AND STUDENTS WELFARE		
University medical scheme	126,691	100,777
Recruitment expenses	83	393
Passage and leave	11,113	2,247
Hotel accommodation and hospitality	868	-
Students' accommodation and catering expenses	22,447	39,825
Students' welfare services	37,474	24,278
	<u>198,676</u>	<u>167,520</u>
24. FARM EXPENSES		
Opening stocks	27,852	20,199
Livestock expenses	8,558	7,398
Maize and wheat expenses	13,599	18,499
Closing stocks	(21,363)	(27,852)
Salaries and wages	7,034	4,959
Other expenses	178	702
	<u>35,858</u>	<u>23,905</u>
25. MISCELLANEOUS EXPENSES		
ASK show expenses	3,140	1,712
Maintenance of plant and equipment	21,766	34,019
Others	114,943	62,124
	<u>139,849</u>	<u>97,855</u>
26. BOOKSHOP REVENUE ACCOUNT		
Sales	30,576	35,005
Less: Cost of sales		
Opening stocks	6,884	8,688
Purchases	19,916	19,324
	26,800	28,012
Closing stocks	(4,909)	(6,884)
	<u>21,891</u>	<u>21,128</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Kshs (000)	Kshs (000)
26. BOOKSHOP REVENUE ACCOUNT (continued)		
Gross surplus for the year	8,685	13,877
Less: Expenses		
Salaries and wages	15,262	12,963
Others	207	424
(Deficit)/surplus for the year	<u>(6,784)</u>	<u>490</u>
27. UNIVERSITY FARMS REVENUE ACCOUNTS		
Farm sales	<u>60,170</u>	<u>41,314</u>
Less: Expenses		
Opening stocks	27,852	20,199
Farm expenses	<u>22,335</u>	<u>26,599</u>
	50,187	46,798
Personnel costs	7,034	4,959
Closing stocks	<u>(21,363)</u>	<u>(27,852)</u>
	35,858	23,905
Surplus for the year	<u>24,312</u>	<u>17,409</u>
28. CASH AND CASH EQUIVALENTS		
The cash and cash equivalents in the cash flow statements is composed of the following amounts:		
Short term deposits	16,100	16,100
Bank and cash balances	319,498	307,528
Bank overdraft	<u>(102,593)</u>	<u>(198,519)</u>
	<u>233,005</u>	<u>125,109</u>



MOI UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2011

29. 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) 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 are pending determination by the courts and it is not practicable to determine the timing and final amounts (if any).

Due to nature of the cases, detailed disclosure has not been made for each case as this may be prejudicial to the position of the University.

ii) Pending bills

The University has various pending bills arising out of the stalled Government- financed capital projects. The projects stalled in 1990/1991 due to inadequate financing.

The Government has appointed a Pending Bills Closing Committee to verify the stock of pending bills and advice the Government on their settlement.

No provision has therefore been made in these financial statements for these pending bills as the determination and eventual settlement of the pending bills will be done by the government.

30. COMPARATIVES

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

31. LEGAL STATUS

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



