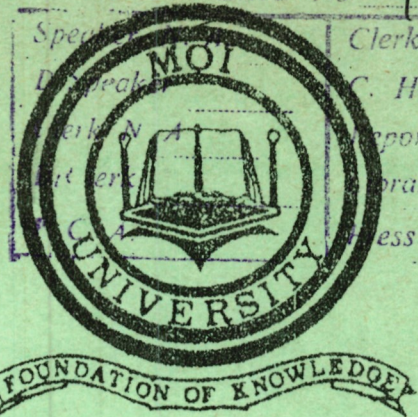


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MOI UNIVERSITY
FOUNDATION OF KNOWLEDGE

MOI UNIVERSITY

**BALANCE SHEET
and
ACCOUNTS
for
THE YEAR ENDED 30 JUNE, 1989**

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1989

KENYA NATIONAL ASSEMBLY
Accession: 10012869

Call No: 657-3 MDU



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MEMBERS OF THE UNIVERSITY

Honorary Graduate of the University

His Excellency the Hon. Daniel T. arap Moi, C.G.H., M.P. Hon. LL.D.(Nairobi)
D.Sc.,(New Brunswick), D.Sc. (Moi), D.Ed.(KU), D.Sc.(Egerton)

Chancellor of Moi University, and President of the Republic of Kenya and
Commander In-Chief of the Armed Forces.

Chancellor and Principal Officers of the University:

Chancellor:

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

Chairman of the University Council:

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

Vice Chairman:

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

Honorary Treasurer:

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

Vice Chancellor:

Prof. S. O. Keya, B.Sc., M.Sc., Ph.D.

Deputy Vice Chancellor:

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

Ag. Chief Administrative officer:

Dr. J.K. Sang, B.A. M.Sc., M.A. Ph.D

Chief Academic Officer

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

Ag. Finance Officer:

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

Bankers:

National Bank of Kenya Limited

Kenya Commercial Bank Limited.

Lawyers :

Nyairo & Co. Advocates

Auditors:

Auditor General (Corporations)

REPORT OF THE VICE CHANCELLOR FOR THE
YEAR ENDED 30TH JUNE, 1989

I am happy to report that the year ended 30th June, 1989 has been characterised by improvements and growth in both the students population and Capital Development. This has come about as a result of the continued support and sound administration policies from the Kenya Government and the University Council.

The students population rose from 975 to 2,118 an increase of 117.2%. This growth has adversely affected our effort in providing adequate services to the University Community. Despite the constraints reflected in the 1988/89 Printed Estimates, the academic and students services have been provided satisfactorily.

Our Capital Reserves improved from K£ 18,139,661 to K£ 29,445,616, a growth of 62.17%. As indicated in the Statement of Changes in Financial Position on page 8 the Capital and Revenue receipts were K£ 11,926,655 and K£ 5,301,136 respectively.

The deficit of K£ 955,758 reflected in the accounts has been largely due to the rapid growth in the University Services. While every effort has been made to carry out the operations within the approved estimates, the following factors have contributed to the deficit:-

(a) DEPRECIATION

The Accounts have been charged with K£ 257,879 as depreciation for the year. This does not involved movement of funds.

(b) CATERING AND RESIDENTIAL SERVICES

The daily residential allowance of Ksh.35.00 per student was still not sufficient to cover the costs in respect of Catering and residential services. The University subsidized these services resulting in a deficit of K£ 30,750.

(b) PRIMARY SCHOOL

In the running of the school, a deficit of K£ 17,489 was incurred. This has been brought about by the fact that the University has to subsidize the operational costs in order to maintain expected high standard in the school.

(d) FARM

In the financial year under review, a loss of K£ 132,302 was incurred. Most of the expenditure relates to preparation and planting of Farm Crops. The proceeds on wheat and maize for the year estimated at K£ 71,996 have not been included in these accounts.

(e) CAPITATION GRANTS

The sum of K£ 65,000 representing the balance of Capitation Grant due from the Ministry of Education was not disbursed to the University.

I wish to record my appreciation to the Council under the Chairmanship of Mr. J.T. arap Leting, Permanent Secretary in the Office of the President, Secretary to the Cabinet and Head of the Civil Service, for the continued support and guidance. I assure the members of the Council of my relentless co-operation and that of the entire University Community.

I would like to take this opportunity to thank all University Staff for the selfless service they have rendered to the University in the year under review. Indeed it was due to their dedication to work that enabled us to make such a progress. I wish to encourage the staff to keep the same spirit for the purpose of attaining continued growth of the University.

Lastly, I must express my appreciation to the Government of Kenya and members of the University Council, for the moral and material assistance they have extended to the Management and University during the year under review. I look forward to similar support in the coming year.



PROF. S. O. KEYA
VICE CHANCELLOR

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1989

I have examined the attached Balance Sheet as at 30 June 1989, Income and Expenditure Account and the Statement of Changes in the financial position for the year then ended in accordance with the provisions of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept by the University and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with the provisions of the Moi University Act, 1984.

Except for the following reservations, in my opinion, the accounts, when read together with the notes thereon, present a true and fair view of the state of affairs of the University as at 30 June 1989 and of its deficit and source and application of funds for the year then ended.

1. FIXED ASSETS

The University did not maintain a proper and up to date register of fixed assets consequent upon which I was not satisfied that the fixed assets, accumulated depreciation and depreciation expense are fairly stated in these accounts.

2. PROCUREMENT OF FURNITURE

During the year under review, the University awarded a contract for the supply of 980 (2000 x 740 mm) demountable beds, banco type, with galvanized mesh wire, ladders and book shelves in veneer together with 980 (2000 x 780 mm) slumberland mattresses with dove pillows to a furniture dealer without inviting competitive tenders. The beds which were delivered direct to the rooms without being recorded in the ledgers were, on inspection, found not to have conformed to the specifications given in the order in that they did not have galvanized mesh wire, no book shelves in veneer attached and the ladders were not fixed. Furthermore, the boards at both ends of the beds came off during delivery thus making it difficult to position the mattresses and the pillows. Available information indicates that the retail price of similar beds at the time would have cost between Kshs.1,000.00 and Kshs.1,200.00 a bed while the University procured them at Kshs.1,551.00 each. Had the University obtained the beds at the maximum price of Kshs.1,200.00, it would have saved Kshs.343,980.00.


Arising from the unsatisfactory manner in which the supplier of these items was identified, the irregular way in which the same dealer delivered the items and the fact that the beds so delivered did not agree with the specifications, I am not satisfied that the University obtained the value for the total of Kshs.2,888,120.00 paid for the items.

3. CONSTRUCTION WORKS

During the year ended 30 June 1989, the University awarded construction contracts amounting to Kf15,748,688 without calling for open tenders as required by financial regulations in force. These contracts were subsequently varied by Kf3,767,964 as follows:-

<u>Project</u>	<u>Original Contract Cost (Kf)</u>	<u>Revised Contract Cost as at 30.6.89</u>	<u>Variation (Kf)</u>
Administration and Senate Bld.	4,762,768	6,362,768	1,600,000
Phase I Tuition Block	4,978,210	5,480,807	502,597
Faculty of Technology Workshop and Laboratories	829,234	955,982	126,748
Hostel, Kitchen and Dining Hall	5,178,476	6,717,095	1,538,619
	<u>15,748,688</u> =====	<u>19,516,652</u> =====	<u>3,767,964</u> =====

It would appear that the construction projects at the University were conceived and implemented in a hurry without following the open tender procedures. It is, therefore, doubtful whether the University obtained full value for money spent on the above projects.

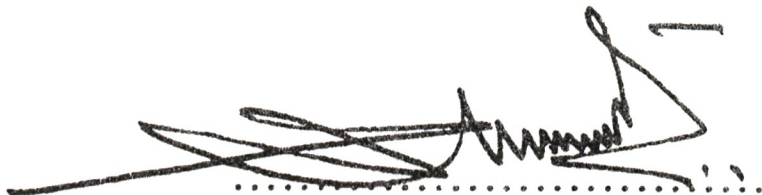

~~A. J. OJO~~
AUDITOR-GENERAL (CORPORATIONS)

27th June, 1990

MOI UNIVERSITY
BALANCE SHEET AT AT 30TH JUNE, 1989

				1988/89	1987/88
	NOTE	K£	K£	K£	K£
Fixed Assets	9	-	-	27,437,587	22,775,733
<u>CURRENT ASSETS:</u>					
Stocks	10	189,733	-		136,977
Debtors	11	1,018,668			145,467
Bank Balance	-	1,863,100			129,227
			3,071,501		411,671
<u>CURRENT LIABILITIES:</u>					
Creditors	12	570,949	-	-	4,962,163
Loan	3	27,590	-	-	85,580
Bank Overdraft	18 ¹⁷	464,933			-
			1,063,472		5,047,743
				2,008,029	(4,636,072)
				29,445,616	18,139,661
				29,445,616	18,139,661
<u>FINANCED BY:</u>					
Reserves	13	-	-	29,445,616	18,139,661
				29,445,616	18,139,661

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



J. K. SANG, B.A., M.Sc., M.A., Ph.D.
AG. CHIEF ADMINISTRATIVE OFFICER



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



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

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR 30TH JUNE, 1989

	NOTE	1988/89 K£	1987/88 K£
Income	14	5,301,136	2,841,334
Expenditure	16	6,256,894	3,819,352
		<hr/>	<hr/>
		955,758	978,018
		=====	=====

M O I U N I V E R S I T Y
STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE
YEAR ENDED 30TH JUNE, 1989

	£	<u>1988/89</u>	<u>1987/88</u>
	£	£	£
<u>SOURCE OF FUNDS</u>			
Excess of Income over Expenditure (Deficit)		(955,758)	(978,018)
<u>ADD</u> Adjustment for items not involving movement of funds:			
Depreciation	257,879		410,430
Loss on sale of livestock	23		-
Gain on disposal of fixed Assets	-		(1,974)
Gain on revaluation of Livestock	(13,475)		-
		244,427	408,456
		(711,331)	(569,562)
<u>FUNDS GENERATED FROM OPERATIONS</u>			
<u>OTHER SOURCES :</u>			
Capital Grant Donations	11,991,361		7,339,259
Increase in Capital Reserves	270,369		107,598
Sale of Livestock/Fixed Assets	1,968		7,250
		12,263,698	7,454,107
		11,552,367	6,884,545
<u>FUNDS AVAILABLE FOR APPLICATION</u>			
<u>APPLICATION OF FUNDS</u>			
Purchase of Fixed Assets	4,919,737		(10,467,261)
Decrease in Capital Reserves	-		(364,967)
Loan Repayment	37,447	4,957,184	10,832,228
		6,595,183	3,947,683
		=====	=====
<u>CHANGES IN WORKING CAPITAL</u>			
(Increases)(Decreases) in stock	41,274		90,934
(Increase)(Decrease)in debtors	873,201		21,875
(Increase)(Decrease) in Creditors	4,391,214		3,941,454
(Increase)(Decrease) in Loan	20,544		-
		5,326,233	(3,828,645)
		5,362,253	
<u>MOVEMENT IN NET LIQUID FUNDS</u>			
Increase/Decrease in Bank Overdraft	464,923		(66,469)
Loan acquisition	-		(65,036)
Increase/Decrease in Cash	1,733,873		12,467
		1,268,950	(119,038)
		6,007,160	(3,947,683)
		=====	=====
		6,595,183	

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1989

ACCOUNTING POLICIES

(1) The Accounts are prepared in accordance with the historical cost convention. The following are the principle policies adopted by the University. The consolidation is on merger basis.

(a) Grants and Fees

Income from grants and fees represents amounts receivable relative to the current Financial Year. Other income represents amounts received or receivable for 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.

The Annual Rates for this purpose are:-

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

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

(c) Stocks

Stocks are valued at the lower of the cost and net realisable value. Books and teaching materials are written off in the year of acquisition. Livestock bred on the farm is valued by management at rates approximating to the net realisable value. No value is attributed to the Stock of Wattle growing on the farm. The Stocks value for Livestock bred on the Farm ranges between Kf.75 and Kf.100.

(2) Specific Purpose Revenue Grants

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

(3) Loan

The Loan which was taken over by the farm was from the Agricultural Finance Corporation. The Loan amounting to K£ 20,544 has now been written off. However, the University still has a loan balance of K£ 27,590 which was acquired from Kenya Commercial Bank.

(4) Pension Schemes

The University is operating a Senior Superannuation Fund Scheme and a Retirement Benefits Scheme for the Middle level.

As at 30th June, 1989 the liabilities under both the fund and the scheme were not fully funded to the tune of K£ 39,599.

- (5) A five acre land and equipment donated by Hon. W. Saina for the purpose of Research Project has not been included in the accounts pending valuations and receipts of Title Deed.

(6) Contigent Liabilities

As at 30th June, 1989 the University guaranteed facilities for car Loans to staff by National Bank of Kenya Limited amounting to K£ 85,243.

(7) Legal Form

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

(8) Currency

These accounts are expressed in Kenya Currency. One Kenya Pound represents twenty Kenya Shillings.

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

9. NOTES TO THE ACCOUNTS

FIXED ASSETS SCHEDULE FOR THE YEAR ENDED 30TH JUNE, 1989

	BUILDING	PLANT AND EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	FARM WORKS	TOOLS	TOTAL
	£	£	£	£	£	£	£
1st July, 1988	21,323,858	1,721,836	292,228	450,313	2,742	-	23,790,977
Additions	4,009,071	192,063	534,930	174,749	2,288	6,636	4,919,737
Disposals	-	-	-	-	-	-	-
	25,332,929	1,913,899	827,158	625,062	5,030	6,636	28,710,714
Depreciation 1st July, 1989	272,718	370,772	84,188	287,401	164	-	1,015,243
Charge for the Year	(272,718)	288,997	103,393	138,107	100	-	257,879
Adjustments	-	-	5	-	-	-	5
	-	659,769	187,586	425,508	264	-	1,273,127
Net Book Value 30th June, 1989	25,332,929	1,254,130	639,572	199,554	4,766	6,636	27,437,587
30th June, 1988	21,051,140	1,351,063	208,040	162,912	2,578	-	22,775,733

(i) A three thousand acre freehold land donated by East African Tanning Extract Company has not been included in the accounts. The Title Deed has already been received by the University, but the Land Valuation has not been effected.

(ii) The additional cost of K£4,009,071 charged to buildings represents work already in progress on the on-going projects.

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

10: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1989

<u>STOCK</u>	<u>1988/89</u>	<u>1987/88</u>
	£	£
Catering Stock	37,322	9,938
Clinic drugs	10,151	6,194
Hostel Stock	5,193	4,604
Petrol Station	6,196	-
Stationery Stock-General Stores	18,779	15,907
Book Shop Stock	53,444	15,919
Guest House Stock	108	252
Estates	8,444	25,826
Cattle	37,895	24,420
Sheep	-	1,548
General Stores	12,201	31,927
Goats	-	442
	<u>189,733</u>	<u>136,977</u>
	=====	=====

11:

DEBTORS

Staff and Student's Advances	2,597	16,682
Revenue Grants for Specific purpose	4,061	26,889
Dean Committee Research Grants	3,316	708
Farm Debtors	1,175	17,426
MUSAS Debtors	41,967	-
Ministry of Education-Capitation Grant	310,541	-
Sundry Debtors	55,191	83,762
Prepayments for Equipment	599,820	-
	<u>1,018,668</u>	<u>145,467</u>
	=====	=====

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

12. NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1989

CREDITORS	<u>1988/89</u>	<u>1987/88</u>
	£	£
- Students Organisations	791	2,936
- Statutory Deductions	58,418	71,625
- Revenue Grants for Specific Purposes	184,504	105,514
- Deans Committee - Research Grants	22,411	20,924
- Other Creditors	304,825	4,274,172
	<hr/>	<hr/>
	570,949	4,962,163
	=====	=====

13. CAPITAL RESERVES

Balance Brought Forward	18,139,661	12,035,774
<u>ADD:</u> Adjustments during the year	279,519	(364,952)
Capital Receipts	11,926,655	7,339,259
Donations Received	55,539	107,598
	<hr/>	<hr/>
	30,401,374	19,117,678
 <u>LESS:</u> Decifit for the year:-		
Moi University	(792,706)	(893,808)
Moi University Catering and Residential Services	(30,750)	-
Farm	(132,302)	4 (82,210)
	<hr/>	<hr/>
	29,445,616	18,139,661
	=====	=====

14: SCHEDULE OF INCOME:

	<u>1988/89</u>	<u>1987/88</u>
	£	£
Capital Grant:-		
- Moi University	3,664,570	2,656,856
- MUSAS	598,246	-
Students Residential Allowances	795,460	-
Tuition Fees	6,825	13,784
Field Courses	43,904	-
House Rent	-	6,894
Farm	50,243	78,292
Miscellaneous	141,888	85,508
	<u>5,301,136</u>	<u>2,841,334</u>
	=====	=====

15: PRIMARY SCHOOL:

	<u>1988/89</u>	<u>1987/88</u>
	£	£
School Fees	12,533	14,921
Recurrent Costs	(30,022)	(29,834)
	<u>(17,489)</u>	<u>(14,913)</u>
	=====	=====

16	<u>EXPENDITURE</u>	<u>1988/89</u>	<u>1987/88</u>
		£	£
-	Central Expenses	2,049,866	1,962,187
-	Departmental Expenses	2,571,973	1,537,789
-	University Farm	182,545	162,502
-	MUSAS	1,435,021	-
-	Deficit on Primary School	17,489	14,913
		<hr/>	<hr/>
		6,256,894	3,819,352
		=====	=====

17	<u>BANK OVERDRAFT</u>		
-	Moi University	20,559 205,559	220,523
-	MUSAS	99,823	-
-	Farm	159,551	66,469
		<hr/>	<hr/>
		464,933	286,992
		=====	=====