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**DRAFT REPORT AND ACCOUNTS**

FOR THE YEAR ENDED 30th June, 1993

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M O I U N I V E R S I T YMAIN BALANCE SHEET AND ACCOUNTSFOR THE YEAR ENDED 30TH JUNE 1993

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## OFFICERS OF THE UNIVERSITY

### Honorary Graduate of the University

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

### Chancellor

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

### Chairman of the University Council

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

### Vice-Chairman

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

### Honorary Treasurer

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

### Vice-Chancellor

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

### Deputy Vice-Chancellor

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

### Principal, Chepkoilel Campus

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

### Chief Administrative Officer

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

### Chief Academic Officer

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

### Finance Officer

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

### Bankers

National Bank of Kenya Limited  
Kenya Commercial Bank Limited

### Lawyers

Nyairo & Co. Advocates

### Auditors

Auditor General Corporations

REPORT OF THE VICE CHANCELLOR

FOR THE YEAR ENDED 30TH JUNE 1993

I am pleased to present the Annual Financial Report for the year ended 30th June, 1993. The year under review has been a difficult one due to inflationary trends in the country. We had to cope with high costs in transport, foodstuff, and teaching materials.

We experienced a steady growth in both staff and students population. The students population grew by 2.4% from 6415 in 1991/92 to 6571 in 1992/93, while the academic and administrative staff grew by 4.2% from 2380 in 1991/92 to 2480 in 1992/93. Expenditure on students rose by 51.35%, from KShs. 60.574 million in 1991/92 to Kshs. 91,682 million in 1992/93.

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

I note with satisfaction the growth in capital reserves, that rose from KShs. 1002 million in 1991/92 to KShs. 1012 million in 1992/93. Revenue and capital receipts in the year increased to KShs. 377.650 million from Kshs. 350.826 million in 1991/92. This contributed to the improvement of capital reserves.

A deficit of KShs. 61.538 million was recorded, which was mainly caused by the following factors:-

	ACTUAL KSHS.M.	BUDGET/ INCOME KSHS.M.	OVER EXPENDITURE KSHS.M.
1) Interest on Overdraft	11.924	-	11.924
ii) Depreciation	19.086	-	19.086
iii) M. U. Catering & Accomodation Services	91,681	86,812	4.869
iv) Transport Operation Expenses	8.307	4,113	4.194
v) Staff Medical Scheme	18,666	6,312	12.354
vi) Staff Development-Academic	11,932	0.549	11.383
	<u>161,596</u>	<u>97,786</u>	<u>63,810</u>

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

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

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



PROF. J. IRINA  
VICE CHANCELLOR

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF  
MOI UNIVERSITY FOR THE YEAR ENDED 30 JUNE 1993

I have examined the accounts of Moi University for the year ended 30 June 1993 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations which were considered necessary for the purpose of the audit. Proper books of account have been maintained by the University and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with the Moi University Act, 1984.

Subject to the following observations, in my opinion, the accounts, when read together with the notes thereon, present a true and fair view of the financial state of affairs of the University as at 30 June 1993 and of its deficit and statement of changes in the financial position for the year then ended.

1. FINANCIAL POSITION

During the year under review, the University incurred a deficit of Kshs.61,538,000.00. The Balance Sheet also reflects a negative working capital of Kshs.361,155,000.00. As previously reported, the University has continued to experience cash flow problems. The accounts have, therefore, been prepared on the assumption that the University will continue to get financial support from the Government, its creditors and its bankers.

2. CHEPKOILEL CAMPUS

An examination of the accounts relating to revenue collections revealed that an accountable documents register which shows the receipt books received and issued had been stolen. It was, therefore, not possible to ascertain whether all revenue collected had been accounted for. It was, however, understood that some records relating to the stolen register which indicated a cash loss of Kshs.2,600,000.00 had been recovered and that the suspects of the fraud had been charged with the offence in a court of law. It is further noted that a certain firm was paid amounts totalling Kshs.108,720.00 through two cheques dated 21 October 1992 against pro-forma invoices for supply of books to the Campus library. The books had not, however, been delivered by August 1994.

3. PAYMENT OF HOUSE ALLOWANCE TO WOMEN EMPLOYEES (ACADEMIC GRADES) BY THE UNIVERSITY

The Office of the President on 11 March 1993 issued a circular in which it explained how married women officers in the State Corporations would be eligible for payment of house allowance with effect from 1 December 1992. According to paragraph 2 of that circular, a female married officer will not be eligible for payment of house allowance if her husband is in occupation of a state corporation quarter. In spite of this exception, it was observed that the University continued to pay nine (9) married women (academic grades) house allowance of Kshs.9,000.00 per month with effect from 1 December 1992 while their husbands who are University employees are in occupation of University quarters. The total amount paid to the nine married women

employees (academic grades) from December 1992 to June 1993 amounted to Kshs.567,000.00 and between July 1993 up to the time of the auditing in March 1994 Kshs.729,000.00.

4. PURCHASE OF BOOKS FROM ABROAD

In paragraph 5 of my report for the previous year, reference was made to the payment of Kshs.6,944,760.00 to the Ministry of Foreign Affairs in February 1992 for books to be imported from three firms in India. It had not been possible to confirm what books had been received. A review of the position in March 1994 revealed that only books worth Kshs.1,196,525.00 had been delivered. Although the University has in July 1995 explained that the balance of the books worth Kshs.5,748,235.00 were delivered, it has not been possible to vouch these deliveries because these books were not taken on charge in the records of the University Bookshop.



W.K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

2 October 1995

MOI UNIVERSITYBALANCE SHEET AS AT 30TH JUNE, 1993

			1992/93	1991/92
	<u>NOTES</u>	<u>KSHS'000'</u>	<u>KSHS'000'</u>	<u>KSHS'000'</u>
Fixed Assets	10		<u>1,373,299</u>	<u>1,339,942</u>
<u>CURRENT ASSETS</u>				
Stock	11	16,045		11,954
Debtors	12	42,244		22,345
Bank Balances	20	<u>23,714</u>		<u>13,279</u>
			82,003	47,578
<u>CURRENT LIABILITIES</u>				
Creditors	13	387,697		322,499
Bank Overdraft	19	55,461		62,561
Loan		-		-
			443,158	385,060
			<u>(361,155)</u>	<u>(337,482)</u>
			<u>1,012,144</u>	<u>1,002,460</u>
<u>FINANCED BY:</u>				
Reserves	14		<u>1,012,144</u>	<u>1,002,460</u>



J. IRINA, B.Sc., M.Sc., Ph.D

VICE CHANCELLOR



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

CHIEF ADMINISTRATIVE OFFICER



H. S. KIPKEMBOI, C.P.A. (K)

AG. FINANCE OFFICER



MOI UNIVERSITYINCOME AND EXPENDITURE ACCOUNT FOR THE YEARENDED 30TH JUNE, 1993

	<u>NOTES</u>	1992/93 <u>KSHS'000'</u>	1991/92 <u>KSHS'000'</u>
Income	15	377,650	350,826
Expenditure	18	<u>439,188</u>	<u>361,159</u>
Deficit		<u>(61,538)</u>	<u>(10,333)</u>

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

NOTES TO THE ACCOUNTS - STATEMENT OF CHANGES IN  
FINANCIAL POSITION FOR THE YEAR ENDED 30TH JUNE, 1993

<u>SOURCE OF FUNDS</u>	<u>KSHS'000</u>	<u>1992/93</u> <u>KSHS'000'</u>	<u>1991/92</u> <u>KSHS'000'</u>
Excess of Income Over Expenditure (Deficit)		(61,538)	(10,333)
<u>Add</u>			
Adjustments for Items not Involving Movement of Funds:			
- Depreciation	19,086		17,742
- Prior Year Adjustments	77		2,198
- Adjustments to Fixed Assets	-		(171,388)
- Gain on Revaluation of Livestock	-		(188)
- Sale of Fixed Assets	<u>455</u>		<u>-</u>
Funds Generated from Operation		<u>19,618</u>	<u>151,636</u>
		(41,920)	(161,969)
<u>OTHER SOURCES</u>			
Donations	38		-
Capital Grants	70,651		41,082
Capital Donations	-		174,457
Adjustment to Reserves	-		(13,113)
Sale of Livestock	<u>-</u>		<u>230</u>
		<u>70,689</u>	<u>202,656</u>
Funds Available for Application		28,769	40,687
<u>APPLICATION OF FUNDS</u>			
Purchase of Fixed Assets	(52,441)		(185,157)
Loan Repayment	-		(544)
		<u>(52,441)</u>	<u>(185,701)</u>
		<u>23,672</u>	<u>(145,014)</u>
<u>CHANGES IN WORKING CAPITAL</u>			
Increase/Decrease in Stock	4,090		5,415
Increase/Decrease in Debtors	19,899		(7,992)
Increase/Decrease in Creditors	<u>(65,198)</u>	(41,207)	<u>(115,463)</u> <u>(118,040)</u>
<u>MOVEMENT IN NET LIQUID FUNDS</u>			
Increase/Decrease in Bank Overdraft	7,100		(2,063)
Increase in Cash	10,435		<u>(24,911)</u>
		<u>17,535</u>	<u>(26,974)</u>
		<u>(23,672)</u>	<u>(145,014)</u>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE, 1993

ACCOUNTING POLICIES

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

a) Grants and Fees

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

b) Depreciation

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

Motor Vehicles/Motor cycles	25%
Plant and Equipment	12%
Furniture & Fittings	12%
Bicycles	30%

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

c) Stocks

Stocks are valued at the lower of the cost and net realisable value. Books and teaching materials are written off in the year of acquisition.

2. Specific Purpose Revenue Grants

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

### 3. Pension Scheme

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

4. a) A five acre land and equipment donated by Mr W. Saina for the purpose of Research Project has not been included in the accounts pending valuation and receipt of Title Deed.
- b) A two hundred acre piece of land at Gwasi donated by Chief Daniel Brayya and family for purposes of research has not been included in the accounts pending valuation and receipt of Title Deed.
- c) A 35 hectare piece of land at Sabaki near Malindi in Kilifi District donated by the Kilifi District Development Council to the school of Environmental Studies for the purpose of research has not been included in the accounts pending valuation and receipt of Title Deed.
- d) A hundred hectare piece of land at Homa Hill forest in Homa Bay District donated by the Ministry of Forestry and Natural Resources, has not been included in the accounts.
- (e) The accounts do not include land at Chepkoilel Campus estimated at 1057 acres

### 5. Contigent Liabilities

As at 30th June, 1991 the University guaranteed facilities for Car, Housing and Furniture Loans to staff with National Bank of Kenya amounting Kshs. 5,984,323.65. The contigent liability is amounting to Kshs22 Million.

### 6. Legal Form

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

### 7. Currency

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

8. Equipment worth Kshs33 Million taken over from former Moi Teachers' College have not been included in the accounts since the value of individual items have not yet been ascertained.

- 9) Although the nessecary registers and binders have been procured for the purpose of maintaining a detailed fixed assets register, administrative matters such as the officiál naming of buildings, the marking of existing permanent assets and lack of handing-over certificates for most of our buildings have hindered its take - off in this financiál year.

## NOTES TO THE ACCOUNTS

## SCHEDULE OF FIXED ASSETS AS AT JUNE, 1993

COST/VALUATION	LAND KSHS'000'	BUILDINGS KSHS'000'	PLANT & EQUIPMENT KSHS'000'	FURNITURE & FITTINGS KSHS'000'	MOTORVEHICLES KSHS'000'	MOTOCYCLES AND BICYCLES	TOTAL KSHS'000'
1st July 1992	20,000	1,249,415	71,872	38,463	33,295	269	1,413,314
Additions	-	52,363	951	875	-	-	54,189
Adjustments	-	(2,183)	360	-	-	-	(1,823)
	20,000	1,299,595	73,183	39,338	33,295	269	1,465,680
<u>DEPRECIATION</u>							
1st July 1992	-	-	35,953	15,648	21,703	68	73,372
Charges for the Year	-	-	8,910	4,730	5,395	51	19,086
Adjustments	-	-	135	-	(212)	-	(77)
	-	-	44,998	20,378	26,886	119	92,381
<u>NET BOOK VALUE</u>							
30th June 1993	20,000	1,299,595	28,185	18,960	6,409	150	1,373,299
30th June 1992	20,000	1,249,415	35,919	22,815	11,592	201	1,339,942

A three thousand acre land donated by East African Training Company (EATEC) has now been included in the accounts at a conservative value/free hold of KShs. 20,000,000/= being the value used for payment of legal fees.

MOI UNIVERSITYNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 199311. STOCK

	1992/93	1991/92
	<u>KSHS'000'</u>	<u>KSHS'000'</u>
Catering	929	405
Clinic Drugs	159	140
Hostels Stock	1,423	249
Petrol Station	216	320
Central Stores	984	750
Bookshop	5,488	5,686
Guest House	-	69
Estates	1,812	237
Cattle	1,588	2,236
General Stores (Farm)	1,567	685
Sheep	-	-
Chicken	13	139
Library	32	67
Teaching Department	12	-
Crops	1,822	971
	<u>          </u>	<u>          </u>
	<u>16,045</u>	<u>11,954</u>

MOI UNIVERSITYNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1993

12. <u>DEBTORS</u>	1992/93 <u>KSHS'000'</u>	1991/92 <u>KSHS'000'</u>
Staff & Students Advances	-	34
Revenue Grants for Specific Purposes	1,743	16
Deans Committee Research Grants	28	20
Farm Debtors	-	-
Sundry Debtors	27,301	11,087
Students Organization	116	17
Statutory Deductions	-	-
Post Graduate Programme	315	19
Tuition Fees	12,741	11,152
	<u>42,244</u>	<u>22,345</u>
	<u><u>42,244</u></u>	<u><u>22,345</u></u>
13. <u>CREDITORS</u>		
Students Organization	-	37
Statutory Deductions	40,098	9,931
Revenue Grants for Specific Purposes	11,717	8,085
Deans Committee Research Grant	1,267	1,049
Other Creditors	325,074	297,075
Post Graduate Programme	9,541	6,322
Unpaid Wages	-	-
	<u>387,697</u>	<u>322,499</u>
	<u><u>387,697</u></u>	<u><u>322,499</u></u>



M O I U N I V E R S I T YNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1993

14. <u>CAPITAL RESERVES</u>	1992/93 <u>KSHS'000'</u>	1991/92 <u>KSHS'000'</u>
Balance Brought Forward	1,002,460	808,712
 <u>ADD</u>		
Adjustments During the Year	-	(13,656)
Capital Receipts	70,652	41,082
Donations Received	38	172,005
Prior Year Adjustments	77	2,198
Adjustment for Chepkoilel Reserves	-	2,452
Sale of Fixed Assets	455	-
	<u>1,073,682</u>	<u>1,012,793</u>
 <u>LESS</u>		
Deficit for the Year:		
Moi University	(59,308)	(9,586)
Farm - Main	(2,069)	(268)
Farm - Chepkoilel	(161)	(479)
	<u>1,012,144</u>	<u>1,002,460</u>

MOI UNIVERSITYNOTES TO THE ACCOUNTS SCHEDULE OF INCOMEFOR THE YEAR ENDED 30TH JUNE 1993

15. <u>INCOME</u>	1992/93 <u>KSHS '000'</u>	1991/92 <u>KSHS '000'</u>
Moi University	266,562	248,904
MUSACS Accommodation Allowance	12,422	20,796
Students Residential Allowance	-	620
Tuition Fees	64,284	47,487
MUSAS Income	9,652	4,642
Farm - Main Campus	1,580	2,743
Farm - Chepkoilel Campus	2,688	3,182
Deficit - Moi University Club	(1,288)	-
Book Allowance	21,750	22,452
	<u>377,650</u>	<u>350,826</u>

M O I U N I V E R S I T YNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1993

16.	PRIMARY SCHOOL	1992/93	1991/92
		<u>KSHS '000'</u>	<u>KSHS '000'</u>
	School Fees (Income)	-	-
	Recurrent Expenses	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
17.	<u>MOI UNIVERSITY CLUB</u>		
	Income	882	-
	Expenses	(2,170)	-
		<u>(1,288)</u>	<u>-</u>
18.	<u>EXPENDITURE</u>		
	Central Expenses	192,278	178,142
	Departmental Expenses	212,124	166,787
	University Farms	6,498	6,672
	Moi University Students Accommodation & Cat. Services	-	-
	Other Expenses	<u>28,288</u>	<u>9,558</u>
		<u>439,188</u>	<u>361,159</u>
19.	<u>BANK OVERDRAFT</u>		
	Moi University	53,805	60,159
	Moi University Farm	<u>1,656</u>	<u>2,402</u>
		<u>55,461</u>	<u>62,561</u>

M O I U N I V E R S I T YNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1993

20. <u>BANK BALANCES AS AT 30TH JUNE, 1993</u>	<u>1992/93</u> <u>KSHS'000'</u>	<u>1991/92</u> <u>KSHS'000'</u>
Capital Development Account	6,959	-
Research Account	2,331	767
School of Environmental Studies		
- Current Account	132	261
- Savings Account	276	600
Farm Account	605	1,299
Muso Account	713	427
Fixed Deposit	3,396	2,600
Moi/UVA - S.E.S. Project	4,262	1,559
Bookshop - N. B. K.	2,568	5,415
Moi University Secondary School	5	5
Chepkoilel Revenue	346	346
Academic Courses - B. B. K.	25	-
Research A/C K. C. B.	1,051	-
Malaria Project N. B. K.	223	-
S. E. S.	822	-
	<u>23,714</u>	<u>13,279</u>