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

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MOI UNIVERSITY PENSION SCHEME

BALANCE SHEET AND ACCOUNTS FOR THE
YEAR ENDED 30TH JUNE, 1994

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BOARD OF TRUSTEES

AS AT 30TH JUNE, 1994

Mr. E.K. Arap Bii, B.A., (Hons) Econ. & Gov't, (Nairobi).
Honorary Treasurer to Council and
Chairman to the Board of Trustees.

Prof. S.O. Keya, B.Sc., M.Sc., Ph.D. (Cornell)
BSC.(EA), MSC(Cornell) Ph.D.(Cornell) FKNAS.

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

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

Mr. H.S. Kipkemboi, C.P.A. (K).

Prof. J.J. Okumu, B.A. (Grinnell College), M.A. (UCLA) Ph.D.(UCLA).

Mr. L.K. Cheptoo,

Mr. J. Mbai Azihemba, Cert.in Computer Programming,
Diploma in (Computer) AIDPM (U.K).

Mr. L.A. Okudo,

Mr. Isaac M. Kithyo, B.ED.(New Brunswick), M.ED. (British Columbia).

Mr. Dismas O. Nandwa, B.A. (Bldg.Econ.) Hons, M.A.A.K. (QsS),
Reg. Q.S.

Secretary

Mr. M.T. Chepkwony, C.P.A. (K).

Bankers:

National Bank of Kenya

Auditors:

Auditor General (Corporations).

MOI UNIVERSITY PENSION SCHEME
REPORT OF THE CHAIRMAN, BOARD OF TRUSTEES
FOR THE YEAR ENDED 30TH JUNE, 1994

It is with great pleasure that we present our 3rd Annual Report and Accounts for the year ended 30th June, 1994. The main highlights during the year are as follows:

MEMBERSHIP

During the year the Scheme's membership rose from 695 to 772 at the end of the year. Only one member retired, 3 died and 15 resigned.

FINANCIAL PERFORMANCE

During the year the Board of Trustees continued to pursue an aggressive investment policy with the objective of maximizing staff benefits in the long run.

The year 1993/94 was faced with serious economic challenges namely rising inflation, prices and interest rates and to worsen it all the depreciation of the Kenya shilling which almost halved its value.

The Board of Trustees faced the challenges with bravery and its activities resulted with a net investment income of Kshs.11.4 million as compared to Kshs.3 million for the year 1992/93. This resulted in an overall growth of about 75%. This could have even been much better had it not been that University was faced with liquidity problems resulting in arrears to the tune of Kshs.11.2 million in terms of members' contributions.

However, our investments with various stable financial institutions rose from Kshs.25 million to Kshs.46.5 million.

REGISTRATION OF THE SCHEME

We wish to thank the Commissioner of Income Tax for finally exempting our Scheme from paying the tax retrospectively. This has really boosted the net investment income and this will go a long way to the benefit of the members.

INSURANCE

At the commencement of the Scheme, there was no fund insurance cover. During the year, it became necessary to insure the fund to ensure its continuity in case of any eventuality. The Scheme provides very generous benefits in case of death and it was in this way that the Board decided to protect the funds by taking up insurance cover with one of the stable insurance companies M/S Jubilee Insurance Company Limited.

INVESTMENT POLICY

The Board of Trustees adopted an investment policy which requires the Scheme to invest members' fund in short term and long term policies.

However, during the year, the Board found it necessary not to invest in long term investment but to concentrate on the short term policy and this was again considered prudent to narrow it to Fixed Deposits and Treasury Bills.

In future, the Scheme is expected to diversify its investments as and found necessary.

ACTUARIAL VALUATION

As at 30th June, 1994, Actuarial Valuation of the Scheme was in process and the valuation report is expected in the very near future.

BOARD OF TRUSTEES

There were also changes in the membership of the Board of Trustees. Mr. J.B. Kangwana, the former Treasurer of the University Council, and also Chairman of the Board retired from Public Service.

Professor Matthew K. Maleche, the former Deputy Vice Chancellor also retired.

Professor Justin Irina, was then appointed the Deputy Vice Chancellor in place of Professor Matthew Maleche and became a member of the Board of Trustees.

May I thank, the Government and the University Council for appointing me as the Treasurer of the University Council and subsequently as the Chairman of Moi University Pension Scheme Board of Trustees.

CONCLUSION

Finally, on behalf of the Board of Trustees, I wish to extend my sincere gratitude to the University Council for the support it has given me personally and the Scheme.

I shall not forget to thank the entire staff of the Scheme for their invaluable contribution to the success of the Scheme.



MR. E.K. ARAP BII
C H A I R M A N
BOARD OF TRUSTEES.

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

I have examined the accounts of Moi University Pension Scheme for the year ended 30 June, 1994. I have obtained all the information and explanations which were considered necessary for the purpose of the audit. Proper books of account which have been prepared under the historical cost convention are in agreement therewith and comply with the terms of the Trust Deed and Rules.

In my opinion, the accounts when read together with the notes thereon, present a true and fair view of the financial position of the Scheme as at 30 June 1994, and of its surplus and the statement of changes in the financial position for the year then ended.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

6 March 1995

MOI UNIVERSITY PENSION SCHEME
INCOME AND EXPENDITURE FOR THE YEAR ENDED
30TH JUNE, 1994

	1993/94	1992/93
<u>INCOME</u>	<u>KSHS:</u>	<u>KSHS:</u>
Income from Investment	11,804,765.65	3,051,904.80
Other Income	872,982.05	11,251.80
	<hr/> 12,677,747.70	<hr/> 3,063,156.00
 <u>EXPENDITURE</u>		
Insurances	784,306.00	
Bank Charges	213,580.30	13,628.30
Lump Sum Payments	224,159.70	
Interest on Refunds	19,858.35	
Pension Payments	19,272.00	
	<hr/> 11,416,571.35	<hr/> 3,049,528.30
 NET INVESTMENT INCOME		

MOI UNIVERSITY PENSION SCHEME
STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE
YEAR ENDED 30TH JUNE, 1994

	<u>1993/94</u> <u>Kshs</u>	<u>1992/93</u> <u>Kshs</u>
<u>SOURCE OF FUNDS</u>		
Surplus for the year	11,416,571.35	3,049,528.30
<u>OTHER SOURCES</u>		
Members Contributions	<u>15,012,411.40</u>	<u>13,166,580.40</u>
	26,428,982.75	16,216,108.70
<u>APPLICATION OF FUNDS</u>		
Fixed Deposits	<u>21,376,245.35</u>	<u>12,210,482.30</u>
Increase in Funds	<u>5,052,737.40</u>	<u>4,005,626.40</u>
<u>CHANGES IN WORKING CAPITAL</u>		
Receivables (Increase)	4,558,919.75	3,792,821.25
Payables (Increase)	(637,083.35)	220,124.00
Movement in Net Liquid Funds	<u>1,130,901.00</u>	<u>(7,318.85)</u>
Increase/Decrease in Cash	<u>5,052,737.40</u>	<u>4,005,626.40</u>

MOI UNIVERSITY PENSION SCHEME

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NOTES TO THE ACCOUNTS FOR THE

YEAR ENDED 30TH JUNE, 1994

1. PRINCIPAL ACCOUNTING POLICIES

The accounts are prepared in accordance with the historical cost convention. The following is a summary of the more important policies used:-

(i) INCOME

Income from investments represents amounts receivable and received during the year.

(ii) MEMBERS FUND:

This represents the transfer values from Kenya National Assurance Company at the commencement of the Scheme plus the cumulative total of employer's and staff contributions for the employees in membership as at 30th June, 1994. The portion with Kenya National Assurance had not been transferred to the Scheme as at 30th June, 1993, but an agreement was reached to have the funds on a Deposit Administration Scheme at a rate of 16%.

2. MANAGEMENT OF THE SCHEME

Moi University Pensions Scheme is under the Management of Board of Trustees and is self-funded.

3. MEMBERSHIP AND CONTRIBUTION

Employees on Senior and Middle Level serving on permanent terms are eligible to be members. The Scheme is contributory where the employer contributes 15% of the basic salary of an employee and the employee contributes 5% of the same.

4. ADMINISTRATION EXPENSES

All administration overheads are fully borne by the University except for the insurance of the fund.

5. WITH-HOLDING TAX

The Scheme has been exempted from paying with-holding tax.

6. ACTUARIAL VALUATION

As at 30th June, 1994, Actuarial Valuation of the Scheme was at an advanced stage of being completed.

6. <u>ACCRUED INCOME</u>	1993/94 <u>Kshs</u>	1992/93 <u>Kshs</u>
National Industrial Credit Ltd	69,342.80	111,965.30
Kenya Finance Corporation Ltd	374,790.00	148,743.75
Housing Finance Co. of Kenya Ltd	548,321.40	167,848.35
National Bank of Kenya Ltd	67,671.25	107,236.85
Central Bank of Kenya Ltd	26,438.75	26,285.05
Kenya Commercial Finance Co.	282,753.10	32,987.55
	<u>1,369,317.30</u>	<u>595,066.85</u>

This represents accrued interest
receivable from investments as at
30.6.94

RECEIVABLES

Moi University	11,291,761.00
Kenya National Assurance	<u>1,029,052.70</u>

This represents amounts due to the scheme in form of members' contributions	<u>13,690,131.00</u>	<u>7,928,781.15</u>
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<u>FIXED DEPOSITS</u>	1993/94	1992/93
	<u>KSHS:</u>	<u>KSHS:</u>
National Industrial Credit Ltd	1,728,834.00	5,020,583.00
Kenya Finance Corporation Ltd	12,069,690.50	5,195,355.15
Housing Finance Co. of Kenya Ltd	18,170,499.15	6,805,790.65
National Bank of Kenya Ltd	500,000.00	4,316,733.05
Central Bank of Kenya	467,487.50	1,231,583.65
Kenya Commercial Finance Co. Ltd	13,587,697.55	2,577,917.80
	<u>46,524,208.70</u>	<u>25,147,963.30</u>
	=====	=====
 8. <u>KENYA NATIONAL ASSURANCE CO. LTD</u>		
Balance B/F	6,169,657.15	
<u>Add: Interest Receivable</u>	863,621.15	
<u>Less: Refunds</u> 441,931.75		
Transfer to Debtors <u>1,029,052.70</u>	<u>1,470,984.45</u>	
Balance Carried Forward as at 30.6.94	<u>5,562,293.85</u>	
	=====	
 9. <u>RESERVE FUNDS</u>		
Balance Brought Forward	4,418,172.70	
Surplus of Income over Expenditure	11,416,571.35	
Balance Carried Forward as at 30.6.94	<u>15,834,744.05</u>	
	=====	
 10. <u>MEMBERS CONTRIBUTIONS</u>		
Members Contribution Brought Forward	35,446,473.15	
Contributions During the Year	16,219,728.75	
	<u>51,666,201.90</u>	
	=====	
 <u>Less: Payables</u> 648,396.60		
Refunds <u>558,920.75</u>	<u>1,207,317.35</u>	
	<u>50,458,884.55</u>	
	=====	
 11. <u>PAYABLES</u>	<u>1993/94</u>	<u>1992/93</u>
Resignees	309,817.60	24,699.25
Deceased	371,965.00	20,000.00
	<u>681,782.60</u>	44,699.25
	=====	=====