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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
MOI UNIVERSITY PENSIONS SCHEME FOR THE YEAR ENDED 30 JUNE 1995

KENYA NATIONAL ASSEMBLY
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BOARD OF TRUSTEES

AS AT 30TH JUNE, 1995

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

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

Prof. D.K. Some, B.Sc., (Hons) Agric. Eng.(Newcastle-Upon Tyne),
M.Sc. (Cranfield), Ph.D. (Newcastle-Upon Tyne).

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, (Nairobi). M.A.A.K(QsS).
Reg. Q.S.

Secretary

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

Bankers:

National Bank of Kenya

Auditors:

Auditor General (Corporations).

REPORT OF THE CHAIRMAN, BOARD OF TRUSTEES

FOR THE YEAR ENDED 30TH JUNE, 1995

It is with great pleasure again to present our 4th Annual Report and Accounts for the year ended 30th June, 1995. The main highlights during the year are as follows:-

MEMBERSHIP

During the year, the Scheme's membership rose from 772 to 803 at the end of the year. During the year, 4 members died, 30 resigned from the Scheme and 77 joined the Scheme. At the moment there are two retirees and one dependant.

FINANCIAL PERFORMANCE

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

The fund at the end of the year stood at Kshs.99,161,203.95 compared with Kshs.66,975,411.20 of the previous year. This is a significant growth of 50%.

During this period, there was a positive growth in the entire economy. The shilling appreciated significantly against the hard currencies and the interest rates dropped from 30% to 15%. The fall in interest rates affected our income. However, as the shilling was stronger, then our earnings were also stronger in terms of value.

The net income for the year was Kshs.13,007,830.15. As reported in the last financial year, this could have even been better had it not been that the University was still faced with liquidity problems resulting again in arrears of Kshs.8,541,573.00 in terms of members' contributions.

The arrears in terms of contributions has actually costed the fund a substantial loss in terms of unearned income.

However, our investments with various stable financial institutions rose from Kshs.46.5 million to Kshs.79.2 million.

INVESTMENT POLICY

There was no serious changes as to our investment policy. The Board continued to invest the members' funds in the short term policy. This was because the current period was viewed as a transitional one, and as such, it was necessary to continue with the same policy.

However, the Board of Trustees acquired 100,000 shares of the National Bank of Kenya at a price of Kshs.1 million. It is worth noting that the current market price of the shares is Kshs.2.2 million.

ACTUARIAL VALUATION

As reported last year, the Actuarial Valuation of the Scheme was finalized. The Valuation showed that the Scheme was underfunded to the tune of Kshs.17.6 million, hence a need to revise the employer's contribution rate to 17.5%.

BOARD OF TRUSTEES

There were also a few changes in the membership of the Board of Trustees. Prof. S.O. Keya, completed his term as Vice-Chancellor and therefore ceased to be a member of the Board. Prof. Justin Irina, the then Deputy Vice Chancellor, was appointed Vice Chancellor and continued to be a member of the Board. Prof. David Kimutai Some, was appointed Deputy Vice-Chancellor and as such joined the Board of Trustees.

DONATION

During the year, the Scheme received a donation of a Computer from Kenya Finance Bank Ltd. We wish to thank them very much for the donation which will go along way in data keeping of the Scheme.

CONCLUSION

Finally, on behalf of the Board of Trustees, I wish to extend my sincere gratitude to the University Council, and the University Management for the support they gave me personally and the Scheme as a whole. I wish to assure them that with their support the Scheme will meet its objectives.

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

A handwritten signature in black ink, appearing to be 'E.K. Arap Bii', with a large, stylized initial 'B' above the name.

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 PENSIONS SCHEME FOR THE YEAR ENDED
30 JUNE 1995

I have examined the accounts of Moi University Pensions Scheme for the year ended 30 June 1995. 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 1995 and of its surplus and the statement of changes in the financial position for the year then ended.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

13 June 1996

MOI UNIVERSITY PENSIONS SCHEME

BALANCE SHEET FOR THE
YEAR ENDED 30TH JUNE, 1995

<u>MEMBERS FUNDS</u>	<u>NOTE</u>	<u>1994/95</u> <u>KSHS.</u>	<u>1993/94</u> <u>KSHS.</u>
Members Contributions	11	68,771,553.70	50,458,884.55
Reserve Funds	10	<u>29,626,880.20</u>	<u>15,834,744.05</u>
		98,398,433.90	66,293,628.60
<u>CURRENT LIABILITES</u>			
Payables	12	<u>762,770.05</u>	<u>681,782.60</u>
		<u>99,161,203.95</u>	<u>66,975,411.20</u>
<u>REPRESENTED BY</u>			
<u>INVESTMENTS & DEPOSITS</u>			
Kenya National Assurance Co. Ltd.	9	6,195,338.45	5,562,293.85
Fixed Deposits	8	79,222,039.45	46,524,208.70
National Bank of Kenya Shares	13	1,000,000.00	-
<u>CURRENT ASSETS</u>			
Receivables	7	10,808,576.90	13,690,131.00
Bank		<u>1,935,249.15</u>	<u>1,198,777.65</u>
		<u>99,161,203.95</u>	<u>66,975,411.20</u>

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Trustees

Secretary

MOI UNIVERSITY PENSIONS SCHEME
INCOME AND EXPENDITURE FOR THE YEAR ENDED
30TH JUNE, 1995

	1994/95	1993/94
<u>INCOME</u>		
	<u>KSHS:</u>	<u>KSHS:</u>
Income from Investment	13,123,882.90	11,804,765.65
Other Income	-	872,982.05
	<hr/>	<hr/>
	13,123,882.90	12,677,747.70
 <u>EXPENDITURE</u>		
Insurance	-	784,306.00
Bank Charges	8,760.50	213,580.30
Lump Sum Payments	55,568.30	224,159.70
Interest on Refunds	35,205.95	19,858.35
Pension Payments	16,518.00	19,272.00
	<hr/>	<hr/>
NET INVESTMENT INCOME	<u>13,007,830.15</u>	<u>11,416,571.35</u>

MOI UNIVERSITY PENSIONS SCHEMESTATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE
YEAR ENDED 30TH JUNE, 1995

	1994/95	1993/94
<u>SOURCE OF FUNDS</u>	<u>KSHS:</u>	<u>KSHS:</u>
Surplus for the year	13,007,830.15	11,416,571.35
Prior Year Adjustment	784,306.00	-
 <u>OTHER SOURCES</u>		
Members Contributions	18,312,669.15	15,012,411.40
	<u>32,104,805.30</u>	<u>26,428,982.75</u>
 <u>APPLICATION OF FUNDS</u>		
Purchase of NBK Ltd. Shares	1,000,000.00	-
Fixed Deposits	32,697,830.75	21,376,245.35
Decrease/Increase in funds	<u>(1,593,025.45)</u>	<u>5,052,737.40</u>
 <u>CHANGES IN WORKING CAPITAL</u>		
Receivables (Decrease/Increase)	(2,248,509.50)	4,558,919.75
Payables (Decrease)	(80,987.45)	(637,083.35)
Movement in Net Liquid Funds	<u>736,471.50</u>	<u>1,130,901.00</u>
Decrease/Increase in Cash	<u>(1,593,025.45)</u>	<u>5,052,737.40</u>

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 30TH JUNE, 1995

1. PRINCIPAL ACCOUNTING POLICIES

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

(i) INCOME

Income from investments represents amounts receiveable 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 employee in membership as at 30th June, 1995. The portion with Kenya National Assurance had not been transferred to the Scheme as at 30th June, 1995, but continued to attract interest at 16% p.a. on a Deposit Administration Scheme with them.

2. MANAGEMENT OF THE SCHEME

Moi University Pensions Scheme is a defined benefit Scheme, self funded and managed by a Board of Trustees.

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.

5. WITH-HOLDING TAX

The Scheme is exempted from paying with-holding tax.

6. ACTUARIAL VALUATION

The Actuarial Valuation of the Scheme was completed. A deficit of Kshs.17.6 million was established which is required to be funded over a period of 5 years.

	1994/95	1993/94
	<u>KSHS:</u>	<u>KSHS:</u>
7. <u>ACCRUED INCOME</u>		
National Industrial Credit Ltd.	48,934.60	69,342.80
Kenya Finance Bank Ltd.	181,510.55	374,790.00
Housing Finance Co. of Kenya Ltd.	399,746.40	548,321.40
National Bank of Kenya Ltd.	327,657.60	67,671.25
Central Bank of Kenya Ltd.	-	26,438.75
Kenya Commercial Finance Co.	419,186.85	282,753.10
	<u>1,377,036.00</u>	<u>1,369,317.30</u>

This represents accrued interest
 receiveable from investments as at
 30.6.95

RECEIVABLES

Moi University	8,541,573.00	
Kenya National Assurance	889,967.00	
	<u>10,808,576.00</u>	<u>13,690,131.00</u>
	=====	=====

	1994/95	1993/94
	<u>KSHS:</u>	<u>KSHS:</u>
8. <u>FIXED DEPOSITS</u>		
National Industrial Credit Ltd.	2,091,469.00	1,728,834.00
Kenya Finance Bank Ltd.	17,161,845.25	12,069,690.50
Housing Finance Co. of Kenya Ltd.	22,729,040.45	18,170,499.15
National Bank of Kenya Ltd.	18,485,530.25	500,000.00
Central Bank of Kenya	-	467,487.50
Kenya Commercial Finance Co. Ltd.	<u>18,754,154.50</u>	<u>13,587,697.55</u>
	<u>79,222,039.45</u>	<u>46,524,208.70</u>
9. <u>KENYA NATIONAL ASSURANCE CO. Ltd.</u>		
Balance B/F	5,562,293.85	
<u>Add:</u> Interest Receivable	889,967.00	
<u>Less:</u> Refunds 256,922.40		
Transfer to Debtors -	-	
Balance Carried	<u>6,195,338.45</u>	
Forward as at 30.6.95	=====	
10. <u>RESERVE FUNDS</u>		
Balance Brought Forward	15,834,744.05	
Prior Year Adjustment	784,306.00	
Surplus of Income over Expenditure	<u>13,007,830.15</u>	
	29,626,880.20	
Balance Carried Forward as at 30.6.95	=====	
11. <u>MEMBERS CONTRIBUTIONS</u>		
Members Contribution Brought Forward	50,458,884.55	
Contributions During the year	<u>19,020,263.30</u>	
	69,479,147.85	
Less: Payables 159,630.35		
Refunds 547,963.80	<u>707,594.15</u>	
	68,771,553.70	
12. <u>PAYABLES</u>	=====	
Resignees	403,304.45	309,817.60
Deceased	<u>359,465.60</u>	<u>371,965.00</u>
	762,770.05	681,782.60
	=====	=====
13. <u>NATIONAL BANK SHARES</u>		

The par value of the shares is Kshs. 5/= while the market value as at 30th June, 1995, was Kshs.22/=.

The total value of the 100,000 shares is Kshs.2,200,000.00.