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KENYA NATIONAL AUDIT OFFICE



REPORT

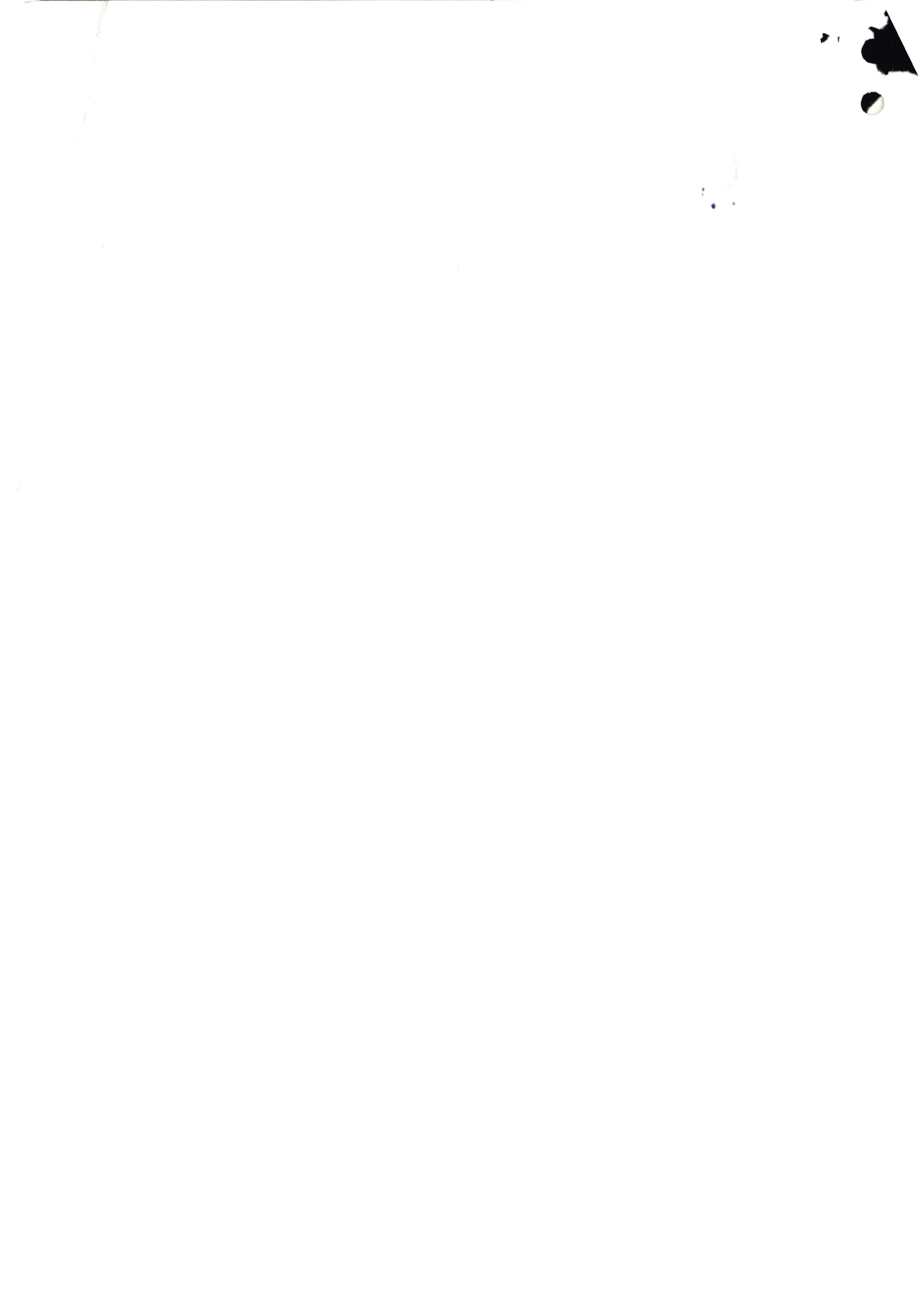
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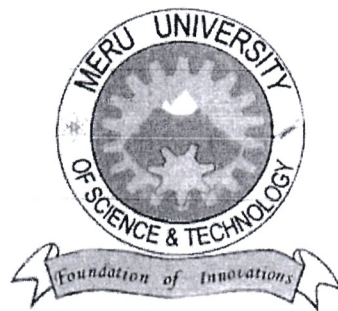
THE AUDITOR-GENERAL

KENYA NATIONAL AUDIT OFFICE
ON

THE FINANCIAL STATEMENTS OF
MERU UNIVERSITY OF SCIENCE AND
TECHNOLOGY

FOR THE YEAR ENDED
30 JUNE 2013





**MERU UNIVERSITY
OF
SCIENCE AND TECHNOLOGY**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
30 JUNE 2013**

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

GENERAL INFORMATION

Principal Officers of the University

- | | |
|--------------------------|-----------------------------------------------------------------|
| 1) Prof. J.K. Magambo | Vice Chancellor |
| 2) Prof. Isaac Inoti | Ag. Deputy Vice Chancellor (Administration, Finance & Planning) |
| 3) Prof. Gitonga Nkanata | Ag. Deputy Vice Chancellor (Academic Affairs) |
| 4) Dr. Richard Juma | Registrar (Academic Affairs) |
| 5) Mrs. Margaret Otolo | Registrar (Administration, Finance & Planning) |
| 6) Mr. Nephath Njeru | Ag. Finance Officer |

Registered Office and Principal Place of Business

Meru University of Science and Technology

P.O Box 972 – 60200

MERU

Physical Address: 16 kilometres from Meru Town, along Meru-Maua Road

Banker

National Bank of Kenya – Meru Branch

P.O Box 1774 – 60200, **MERU**

Kenya Commercial Bank Ltd- Meru Branch

P.O Box – 178 – 60200, **MERU**

Auditor

Auditor General

Kenya National Audit Office

P.O Box 30084 – 00100, NAIROBI

Legal Advisor

Kiautha Arithi & Co. Advocates

P.O. Box 2418 - 60200, MERU

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

CORE BUSINESS OF THE UNIVERSITY

The core business of the University is provided for in the University Charter of 1 March 2013. The functions and objects of the University include:

- a) provide directly or in collaboration with other institutions of higher learning, facilities for university education incorporating technological, professional, scientific and agricultural education which integrates teaching, research, service and effective application of knowledge and skills;
- b) participate in technological and scientific innovation as well as in the discovery, enhancement, transmission and preservation of knowledge and to stimulate the intellectual participation of students and members of the University in the economic, technological and socio-cultural development of Kenya;
- c) provide and advance university education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the Senate shall from time to time determine and in so doing, contribute to labour market needs;
- d) play a leading role in the development and expansion of opportunities for higher education and research in agriculture, forestry, mining, energy, water and environmental sciences on arid and semi-arid lands;
- e) contribute to industrial and technological development through innovations and technology transfer;
- f) develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovation, research, consultancy and extension services with emphasis on dry land agriculture and farming systems and their impact and application within and outside Kenya;
- g) participate in commercial ventures and other activities to the benefit of the institution, the community and stakeholders;
- h) conduct examinations for such academic awards as may be provided in the statutes pertaining to the University;
- i) examine and make proposals for new facilities, school, institutes, departments, resource and research centres, degree courses and subjects of study;
- j) contribute to agricultural, industrial and technological development of Kenya in collaboration with industry and other institutions through transfer of appropriate technology;
- k) develop and provide educational, cultural, professional, technical and vocational services to the community and in particular foster corporate social responsibility and the practical art;
- l) provide programmes, products and services in ways that reflect proper ethics founded in the principles of equity and social justice;
- m) facilitate student mobility between different programmes at different technical training institutions, universities and industry;
- n) foster the general welfare and development of all staff and students.

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

VICE CHANCELLOR'S REPORT

I have the pleasure to present the annual report for Meru University of Science and Technology (MUST) for the year ended 30 June 2013

Financial Performance

During the year, the University reported gross income of Kshs 690,968,857. Out of this, Kshs. 452,905,213 was capitation grant from the Government while Kshs. 238,063,645 was generated internally as Appropriation in Aid. The University also received Kshs.162, 799,214 from the Government for development expenditure.

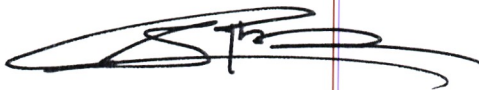
Growth

The University student population continued to increase during the year. The number of academic programs also increased. The University introduced masters program during the year. Consequently, the University now offers university education at certificate, diploma, graduate, and masters' levels. The plans to introduce doctorate programmes are underway.

There is therefore an urgent need to increase both the personnel and the physical facilities to match with the increase in student and staff population. The University requires more Laboratories, workshops, Lecture halls, hostels, offices, access road, water and sewerage system, sports complex, a hospital and a kitchen. We rely on the Government and other stakeholders for support.

Appreciation

On behalf of the management team, I would like to thank the Council for their good counsel; timely guidance and decision making that enabled us succeed in our mission. I also wish to express my appreciation to the entire staff for their dedication and hard work and the Government and all other stakeholders for their support.



PROF. J. K. MAGAMBO
VICE CHANCELLOR

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

THE UNIVERSITY COUNCIL MEMBERS

- | | |
|---------------------------------------------------|-----------------------------------------------|
| 1) Prof. Justin Irina, MBS | Chairman |
| 2) Ms. Edith Ofwona Adera | Member |
| 3) Prof. Galcano Mulaku | Member |
| 4) Bishop (Dr.) Lawi Imathiu | Member |
| 5) Ms. Caroline Kiragu | Member (with effect from 13 March 2013) |
| 6) Mr. Ken Odhiambo, Rep. PS Ministry of Finance | Member (with effect from 14 January 2013) |
| 7) Ms. Ronnie Mugoiri, Rep. PS Education | Member (with effect from 1 January 2013) |
| 8) Ms. Vayoda Koross-Sirma | Member (with effect from 26 October 2013) |
| 9) Prof. Japhet K. Magambo | Member and Vice Chancellor |
| 10) Mr. Phares Rutere | Member (1 July 2012-12 March 2013) |
| 11) Mr. Humphrey Tsuma, Rep. PS MOHEST | Member (1 July 2012-31 December 2013) |
| 12) Mr. Nahashon Thiongo, Rep. PS Min. of Finance | Member (1 July 2012- 13 January 2013) |
| 13) Prof. Hezekiah Gichunge | Hon. Treasurer (1 July 2012-18 October 2012) |
| 14) Dr. Margaret Karembu | Vice Chairlady (1 July 2012-7 September 2012) |
| 15) Prof. Mabel Imbuga | Member, VC,JKUAT(1July 2012-12 March 2013) |
| 16) Mr. Desderio Nyaga Nyamu | Member (1 July 2012-12 February 2013) |
| 17) Mr. Muthomi Thiankolu | Member (26 October 2012-12 March 2013) |

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

CHAIRMAN'S REPORT

Introduction

I am pleased to present the financial reports of Meru University of Science and Technology. The university was awarded a charter to become a full fledged university by His Excellency, former President Mwai Kibaki on 1 March 2013. The University had been a constituent college of Jomo Kenyatta university of Agriculture and Technology since 18 July 2008.

The University mission is to provide quality university education, training and research in science, technology and innovation in order to produce globally competitive graduates. The activities undertaken during the year were aimed at enhancing the access to quality and relevant university education in science and technology. In order to achieve this attention was given to sound financial and human resource, positive corporate management, sustainable physical infrastructural development and positive corporate image and identity.

Challenges and Achievements

The University faced a number of the challenges during the year. The major challenge was inadequate infrastructure. The hostels were not enough to accommodate all the students, the lecture rooms, laboratories and workshops were also not adequate. Other areas of concern were water and sewerage system, and the access road from Meru-Maua Road into the university. To tackle the above issues the university put up a hostel, a tuition block, a library and an administration block. The University is encouraging investors to put up hostels around the University to accommodate the ever growing number of students. Another major challenge was the squatters who are occupying part of the university land thereby hindering development.

Corporate Governance Statement

The Council and Management are bound by the highest standards of integrity in carrying out their responsibilities and in the relationship of the University with stakeholders. The Council has overall responsibility for the management of the University. Decisions on operational matters are delegated to senior management and the Council receives presentations from the officers on specific issues. The Chairman of the Council meets separately with the Vice Chancellor regularly and other informal meetings and discussions take place between Council members as appropriate. The Council has four (4) scheduled meetings per annum. Meetings may be convened at other times as and when necessary.

Appreciation

I attribute the success of this year to the support we have received from all our stakeholders. As the Chairman of the Council, I am indebted to my fellow Council members for their valuable insights and support. I also wish to acknowledge the Management team and staff for their valuable support and dedication in making the year a success. Finally, and on behalf of the Council I would like to thank the Government and other donors for their support. May I take this opportunity to thank you all. I am confident that with your continued support, we will steer our institution through another successful year.



PROF JUSTIN IRINA
CHAIRMAN

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

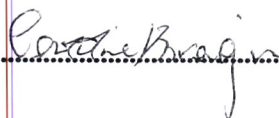
STATEMENT OF THE COUNCIL'S RESPONSIBILITIES

The Council is required to prepare the financial statements for each financial year, which give a true and fair view of the state of affairs of the University as at the end of the financial year and the operating results for that year. They are also required to ensure that the University keeps 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 University Council accept the responsibility for the annual 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 Companies Act Cap 486. The Council is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University and of its surplus or loss. The Council further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least twelve (12) months from the date of this statement.

SIGNED:

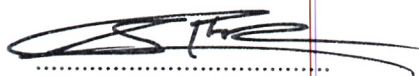
Council Member.....

Vice Chancellor.....

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

ASSETS	NOTE	2012/2013	2011/2012
NON CURRENT ASSETS			
Property, Plant and Equipment	2	1,171,766,961	736,241,157
SUB-TOTAL		<u>1,171,766,961</u>	<u>736,241,157</u>
CURRENT ASSETS			
Inventory	3	2,692,911	1,982,880
Trade and Other Receivables	4	44,515,270	7,009,552
Cash and Bank Balances	5	318,965,489	444,530,865
SUB-TOTAL		<u>366,173,670</u>	<u>453,523,297</u>
 TOTAL ASSETS		 <u><u>1,537,940,631</u></u>	 <u><u>1,189,764,455</u></u>
 FUNDS, GRANTS AND LIABILITIES			
FUNDS AND GRANTS			
Capital Fund	6	1,304,048,023	808,220,877
Reserve Fund	7	40,401,898	275,534,515
SUB-TOTAL		<u>1,344,449,921</u>	<u>1,083,755,392</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	193,490,710	106,009,062
SUB-TOTAL		<u>193,490,710</u>	<u>106,009,062</u>
 TOTAL FUNDS, GRANTS AND LIABILITIES		 <u><u>1,537,940,631</u></u>	 <u><u>1,189,764,454</u></u>



Prof J K Magambo
Vice Chancellor
Date: 02 June 2014



Prof. Justin Irina
Chairman of Council
Date: 02 June 2014

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Meru University of Science and Technology set out on pages 9 to 21, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions 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 the 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 statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for submission of the financial statements to the Auditor-General in accordance with the provisions 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 these audit and report in accordance with the provisions of Section 15(2) 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 requirements 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 on the effectiveness of the University's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 a basis for my qualified audit opinion.

Basis for Qualified Opinion

Property, Plant and Equipment

As reported in the previous year, the University's property, plant and equipment balance of Kshs.1,171,766,961 as at 30 June 2013, includes Land Reference (LR) No.27425 measuring 540 acres situated at Nchiru area in Tigania West District. Information available indicate that 122 acres had been occupied by squatters and although the case had been taken to court, it had not been determined as at 30 June, 2013. Further, documents made available for audit indicated that the Ministry of Lands had valued a parcel of land RL No. Meru Municipality Block 1/126 at a price of Kshs.40 million in September 2011 on request of the Principal, Meru University College of Technology. However, the land was sold to the University in May 2012 at a price of Kshs.20 million which is half the valuation price. Although the Tender Committee in a meeting held on 23 May 2012 had advised the University management to confirm whether the parcel of land was not in the Ndungu Report, before proceeding with the transaction, no documentary evidence was made available for audit confirmation that the recommendation of the Tender Committee was implemented.

In the circumstances, it was not possible to confirm the accuracy, existence and ownership of propriety, plant and equipment balance of Kshs.1,171,766,961 as at 30 June 2013.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements presently fairly, in all material respects, the financial position of the University as at 30 June 2013, and of its financial performance and of its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Meru University of Science and Technology Order of 2008.

Emphasis of Matter

I draw attention to the following financial irregularities noted in procurement of goods and works during the year:-

Financial Irregularities

i) Construction of Road Network.

The University undertook implementation of a Road Network project with a budgetary allocation of Kshs.70,000,000 during the year. However, the roads network expenditure exceeded the budgetary allocation of Kshs.70,000,000 by Kshs.22,610,263. Further, the University management made payment of professional fees totalling Kshs.16,21,927 to individual consultants from Jomo Kenyatta University College of Agriculture and Technology. However, no bids were invited for the professional services as required by the Public Procurement and Disposal Act 2005, and also no approval for additional expenditure over and above the approved budget was produced for audit confirmation. In the circumstances, the expenditure was not a proper charge to public funds.

ii) Irregular Variation of Hostel Block Construction Project


The University management varied the cost of constructing a hostel block from Kshs.56,563,105 to Kshs.71,153,692 during the year. Although the University management explained the cause of the variation of Kshs.14,590,587 for structural adjustments of the building, no evidence was provided to show that the additional cost for structural adjustments of the building was approved by the tender committee.

iii) Procurement of Furniture and Fittings

Procurement records maintained by the University indicated that the University prequalified suppliers for furniture and fittings for the year 2012/2013. However, furniture worth Kshs.13,686,997 was procured from suppliers who had not been included in the list of prequalified suppliers for the year. Although the University management had explained the circumstances that led to the procurement of furniture from the non-prequalified suppliers, it was not clear why it failed to specify in the advertisement, the type of office furniture required.

In the circumstances, propriety of expenditure of Kshs.13,686,997 incurred on purchase of office furniture during the year could not be confirmed.

However, my opinion is not qualified in respect of these matters.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

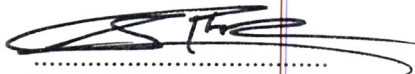
Nairobi

1 September 2014

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

ASSETS	NOTE	2012/2013	2011/2012
NON CURRENT ASSETS			
Property, Plant and Equipment	2	1,171,766,961	736,241,157
SUB-TOTAL		<u>1,171,766,961</u>	<u>736,241,157</u>
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Inventory	3	2,692,911	1,982,880
Trade and Other Receivables	4	44,515,270	7,009,552
Cash and Bank Balances	5	318,965,489	444,530,865
SUB-TOTAL		<u>366,173,670</u>	<u>453,523,297</u>
 TOTAL ASSETS		 <u>1,537,940,631</u>	 <u>1,189,764,455</u>
 FUNDS, GRANTS AND LIABILITIES			
FUNDS AND GRANTS			
Capital Fund	6	1,304,048,023	808,220,877
Reserve Fund	7	40,401,898	275,534,515
SUB-TOTAL		<u>1,344,449,921</u>	<u>1,083,755,392</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	193,490,710	106,009,062
SUB-TOTAL		<u>193,490,710</u>	<u>106,009,062</u>
 TOTAL FUNDS, GRANTS AND LIABILITIES		 <u>1,537,940,631</u>	 <u>1,189,764,454</u>



Prof J K Magambo
 Vice Chancellor
 Date: 02 June 2014



Prof. Justin Irina
 Chairman of Council
 Date: 02 June 2014

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

INCOME	NOTE	<u>2012/2013</u>	<u>2011/2012</u>
		KSHS	KSHS
Government Grants	9	452,905,213	294,505,213
Tuition and other Fees	10	204,166,540	152,369,146
Other Income	11	33,897,105	30,940,846.00
		<u>690,968,857</u>	<u>477,815,205</u>
LESS: EXPENDITURE			
Personnel Emoluments	12	392,843,217	274,509,063
Council Expenses	13	5,395,804	6,329,992
Academic Costs	14	16,294,258	11,505,666
Administrative Costs	15	9,350,001	10,589,186
Student Welfare	16	23,017,268	21,816,179
Central Services	17	143,542,632	109,172,706
Maintenance Costs	18	6,894,050	10,494,304
		<u>597,337,230</u>	<u>444,417,096</u>
Surplus for the Year		<u>93,631,627</u>	<u>33,398,109</u>

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2013

	<u>2012/2013</u>	<u>2011/2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
	Kshs	Kshs
Surplus for the year	93,631,627	33,295,409
Adjustment for :		
Loss (Gain) on Disposal of Non-Current Asset	1,499,400	(41,480)
Depreciation Charge 2	49,491,415	33,686,208
Operating surplus before working capital changes	144,622,442	66,940,136
Decrease(increase) in Debtors	(37,505,718)	(2,765,579)
Decrease(increase) in Stocks	(710,031)	409,506
Increase(Decrease) in Creditors	87,481,648	(51,965,709)
	49,265,899	(54,321,782)
Net Cash Generated from Operating Activities	193,888,341	12,618,354
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used in Investing Activities 1	(486,516,619)	(112,429,573)
Disposal of Non-current Asset 19	(1,785,000)	236,000
Net Cash Generated/Used in Investing Activities	(488,301,619)	(112,193,573)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants allocated to Finance Capital Fund	168,847,901	213,409,875
Net Increase (Decrease) in cash and cash equivalents	(125,565,377)	113,834,656
Cash and cash equivalents at beginning of year	444,530,865	330,696,209
Cash and cash equivalents at end of year	318,965,489	444,530,865
SUMMARY OF CASH AND BANK BALANCES		
Cash on hand and balance in banks 5	318,965,489	444,530,865
Short term deposits	-	-
TOTAL	318,965,489	444,530,865

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 30 JUNE 2013

Details	Capital Fund	Revenue Reserve	Total
Balance as at 1 July 2010	435,687,411	173,942,948	609,630,359
Development Grants	144,003,115	68,799,758	212,802,873
Disposal of Biological Assets	(37,000)	-	(37,000)
Balance as at 30 June 2011	579,653,526	242,742,706	822,396,232
			-
Balance as at 1 July 2011	579,653,526	242,136,406	821,789,932
Development Grants	228,567,351	-	228,567,351
Surplus	-	33,398,109	33,398,109
Balance as at 30 June 2012	808,220,877	275,534,515	1,083,755,392
Balance as at 1 July 2012	808,220,877	275,534,515	1,083,755,392
Development Grants	168,847,902	-	168,847,902
Surplus	-	93,631,627	93,631,627
	977,068,779	369,166,142	1,346,234,921
Less: Disposals	(1,785,000)	-	(1,785,000)
	975,283,779	369,166,142	1,344,449,921
Transfers	328,764,245	(328,764,245)	-
Balance as at 30 June 2013	1,304,048,024	40,401,897	1,344,449,921

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013

1.0 ACCOUNTING POLICIES

The financial report has been prepared in accordance with International Financial Reporting Standards (IFRS). The principle accounting policies are set out below:

1.1 Basis of Preparation

The financial statements are prepared on the historical cost basis of accounting as modified to include the revaluation of certain assets. The financial statements are prepared in the functional currency, Kenya Shillings (Kshs.) rounded to the nearest shilling.

1.2 Accrual Basis

The Financial statements have been prepared on the accrual basis of accounting.

1.3 Property, Plant and Equipment

All categories of property, plant and equipment are recorded at cost or valuation. Freehold land is not depreciated. It is deemed to have an indefinite life. Depreciation on the other assets is be calculated using the straight line method to write down their cost or re-valued amounts to their residual values over the estimated useful lives as follows:

Buildings	25 years	(4%)
Plant and Machinery, Equipment	10 years	(10%)
Furniture and Fittings	10 years	(10%)
Motor Vehicles	5 years	(20%)
Computers	3 years	(30%)

The assets' residue values and useful life will be reviewed and adjusted if appropriate at each balance sheet date.

Property and Equipment are valued at cost or valuation. The policy of the University is that full year depreciation is charged on assets bought during the year but no depreciation is charged on assets disposed of during the year.

1.4 Inventory

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the Average Cost Method.

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2013

2. (i) Property, Plant and Equipment

	LAND	BUILDINGS	WORK IN PROGRESS	FURNITURE & FITTINGS	COMPUTERS	MOTOR VEHICLES	MACHINERY & EQUIPMENT	TOTAL
RATE	0%	4%	0%	10%	30%	20%	10%	Kshs
Bal b/f 1.7.2012	88,000,000	348,969,650	261,080,191	36,216,920	16,964,514	41,084,819	27,994,115	820,310,209
Additions	20,292,000	5,043,128	386,769,882	31,658,626	7,694,500	19,994,442	15,064,041	486,516,619
	108,292,000	354,012,778	647,850,073	67,875,546	24,659,014	61,079,261	43,058,156	1,306,826,828
Transfers		117,384,429	117,384,429					-
Less: Disposals	-	1,785,000	-	-	-	-	-	1,785,000
Cost/Valuation 30.6.2013	108,292,000	469,612,207	530,465,644	67,875,546	24,659,014	61,079,261	43,058,156	1,305,041,828

Provision for Depreciation

Provision for Deprec. (1.7.12)	-	33,644,604	-	7,957,483	11,011,122	24,536,541	6,919,302	84,069,052
Depreciation Expense	-	18,784,488	-	6,787,555	7,397,704	12,215,852	4,305,816	49,491,415
Less: Acc Dep Disposal	-	285,600	-	-	-	-	-	285,600
Provision for Deprec. (30.6.13)	-	52,143,492	-	14,745,038	18,408,826	36,752,393	11,225,118	133,274,867

Net Book Value

NBV As at 30.06.2012	88,000,000	315,325,046	261,080,191	28,259,437	5,953,392	16,548,278	21,074,813	736,241,157
NBV As at 30.06.2013	108,292,000	417,468,715	530,465,644	53,130,508	6,250,188	24,326,868	31,833,038	1,171,766,961

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(ii) Work-in-Progress

No	Details	Balance B/F	Additions	Balance C/F
1	Road Project	-	91,331,141	91,331,141
2	Sewerage Project	-	34,274,271	34,274,271
3	Engineering Workshops	-	15,027,714	15,027,714
4	Landscaping	-	3,213,356	3,213,356
5	Standard Hostel	-	100,000	100,000
6	Kitchen and D H Extension	5,456,537	6,127,029	11,583,566
7	Food Science Lab	7,644,785	9,289,061	16,933,846
8	Networking Project	9,156,640	17,485,289	26,641,929
9	Engineering Complex	22,100,683	123,458,697	145,559,380
10	Building Pavilion	-	1,480,243	1,480,243
11	Electrification Project	-	39,100	39,100
12	Water project	13,340,330	16,722,142	30,062,472
13	Electricity Distribution	5,480,335	-	5,480,335
14	Fence	7,447,771	-	7,447,771
15	Hospital	4,903,675	3,989,079	8,892,754
16	Library Block	39,744,895	17,262,748	57,007,643
17	Administration Block	28,722,462	7,358,702	36,081,164
18	Hostel Block	63,261,487	18,041,778	81,303,265
19	Sports Field	-	951,500	951,500
20	Tuition Block	53,820,591	20,618,032	74,438,623
TOTAL		261,080,191	386,769,882	647,850,073

LESS: Transfer

1	Hostel Block	81,303,265
2	Administration Block	36,081,164
Total Transfers		(117,384,429)
WIP CARRIED FORWARD		530,465,644

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NOTE	VOTE	DETAILS	<u>2012/2013</u> Kshs	<u>2011/2012</u> Kshs
3		Inventory		
	8307	Finance Store	816,585	704,276
	8308	Catering Store	596,985	1,131,289
	8316	Health Centre	1,279,341	147,315
		SUB TOTAL	2,692,911	1,982,880
4		Trade and other Receivables		
	8216	Sundry Debtors	35,142,541	309,077
	8208	Pledges	9,500	-
	8150	Prepayments	8,275,949	6,682,509
	8203	NHIF	-	40
	8210	Salary Advance	-	14,761
	8212	Imprest Recovery	31,250	-
	8230	Miscellaneous Deductions	-	-
	8302	MUCST Research Fund	-	-
	8405	KAPAP Grant Fund - Thambura	-	3,165
	8888	Imprest Control Account	1,056,030	-
			44,515,270	7,009,552
5		Cash and Bank Balances		
	8101	Cash in hand	88	68
	8102	BANK A/C (NBK) Main A/C no. 0102139008700	29,945,710	17,481,150
	8103	Bank A/C (NBK) KESSP A/C no.01021390025800	158,685	246,179,219
	8104	Bank A/C (NBK) Recurrent A/C no. 0102139852400	1,938,047	14,463,747
	8105	Bank A/C (NBK) Farm -A/C no.0124239008700	3,716,724	21,874,775
	8106	Bank A/C (NBK) Project A/C no.0102140013000	1,281,725	4,696,732
	8107	Bank A/C (KCB) Fees Collection 1117775917	140,382,224	74,158,661
	8108	Bank A/C (NBK) Sinking Fund -A/C no.0124840374000	52,402,600	20,834,599
	8109	Bank Equity-Fee collection account	44,887,969	17,509,788
	8110	Bank NBK Economic Stimulus Package Account)	15,113,176	21,038,167
	8111	Bank CO-OP Bank- Fee Collection A/c	25,310,004	6,248,207
	8112	Bank A/C (NBK) TOWA A/C	42,813	45,752
	8113	NBK-CAD Account	3,785,723	-
			318,965,489	444,530,865
6		Capital Fund		
	6248	Capital Fund B/F	808,220,877	579,653,526
		Capital Fund for the Year	162,799,214	221,687,044
			971,020,091	801,340,570
		Add: Economic Stimulus Project	6,048,687	6,880,307
			977,068,778	808,220,877
		Less: Disposal	(1,785,000)	-
			975,283,778	808,220,877
		Add: Transfers from Revenue Reserves	328,764,245	-
		Capital Reserves C/F	1,304,048,023	808,220,877

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NOTE	VOTE	DETAILS	<u>2012/2013</u> Kshs	<u>2011/2012</u> Kshs
i.		The University received from the Government Kshs. 27,863,030 for the construction of a food science laboratory as an Economic Stimulus package. In this financial year, the University spent Kshs. 6,048,687 hence the addition to Capital fund.		
ii.		During the year the University demolished old structures worth Kshs. 1,785,000 to pave way for new structures. These structures had been recognised as part of capital in July 2009 as per Note 19.		
iii.		During the Year, the University used Revenue Reserves to finance capital expenditure amounting to Kshs. 328,764,245.		
7	6247	Revenue Reserve		
		Revenue Reserve B/F	275,534,516	242,136,407
		Surplus for the Year	93,631,627	33,398,109
		Less: Transfers to Capital Reserves	369,166,143	275,534,516
		Revenue Reserves C/F	(328,764,245)	-
			40,401,898	275,534,516
8		Trade and other Payables		
	8206	Pension - Mandatory		
	8215	UASU	218	42,928
	8217	HELB-PAYROLL	4	-
	8220	NBK Loan	1	-
	8223	Cooperative Bank Loan	1	-
	8229	MUCST SACCO	9	-
	8230	Miscellaneous Deductions	1	-
	8304	Caution Money	40	-
	8305	MUCST Student Union	3,500	4,000
	8313	Sundry Creditors	320,863	102,134
	8401	Cystic Echnococcosis-Prof Magambo	135,211,272	55,746,464
	8402	Ms Edith Adera Bursary Fund	21,791	1,159,957
	8403	Prof J Magambo Bursary Fund	260,238	89,838
	8404	Research Project-Guyo	38,250	18,250
	8405	KAPAP Grant Fund- Thambura	5,000	100,000
	8406	Research Project- Siringi	280,600	-
	8407	TOWA project (Kshs. 700,000)	39,000	39,000
	8408	Dr Gachoka Kennedy-Research Project	42,801	33,152
	8409	Phylis Mwenda-Research Project	267,980	617,542
	8410	Dr. Eunice Marete- Research Project	1,190,000	1,590,000
	8411	Economic Stimulus P (Creditor)	936,505	1,336,505
	8412	TOWA Project (Kshs. 2 Million)	15,113,176	21,038,167
	8413	MUST Alumni Association	271,450	799,990
	8414	Research Project-Dr Zablon Njiru	293,075	-
	8415	Research Administration Fund	3,785,723	-
	9008	Provision for Audit Fee	657,021	-
	9102	HELB Control Account	870,000	750,000
	9103	Retention Money for Projects	44,000	4,000
			33,838,190	22,537,135
			193,490,710	106,009,062

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NOTE	VOTE	DETAILS	<u>2012/2013</u>	<u>2011/2012</u>
			Kshs	Kshs
9		GOVERNMENT GRANT		
	7001	Grants in Aid	<u>452,905,213</u>	<u>294,505,213</u>
10		TUITION AND OTHER FEES		
	7004	ID/Registration Fees	733,770	1,021,960
	7005	Accommodation Fees	8,095,000	6,548,431
	7003	Tuition Fees	186,885,766	129,302,402
	7006	Examination Fees	2,808,160	5,746,535
	7007	Medical Fees	1,437,009	2,498,055
	7011	Activity Fees	467,806	1,251,260
	7009	Computer fees	680,690	1,606,644
	7010	Library fees	476,210	1,292,181
	7026	Application Fee	1,062,154	883,818
	7012	Field trips/attachment	1,519,975	2,217,860
		TOTAL	<u>204,166,540</u>	<u>152,369,146</u>
11		OTHER INCOMES		
	7013	Library Fines	86,004	13,915
	7016	Transport Charges	859,941	861,380
	7018	Hire of Equipment	19,399	25,326
	7019	Students P.A.Y.E	9,004,937	7,591,040
	7020	Cafeteria Sales	3,867,598	3,301,142
	7021	Interest on Deposits	15,245,680	16,082,674
	7022	Miscellaneous Income	1,246,949	1,923,575
	7023	Fines & Surcharges	34,956	26,375
	7027	Farm Sales	2,359,205	1,037,404
	7028	MUCST Hospital Income	200	29,335
	7029	Car Wash	14,000	6,700
	7030	Workshop Income	11,200	500
	7032	Disposal of Obsolete Items	471,751	-
	7033	SAFS Income-Greenhouse	67,745	-
	7034	Graduation Fee	512,040	-
	7035	Hire of Gown-income	95,500	-
	8500	Profit on Disposal of Motor Vehicle	-	41,480
		TOTAL	<u>33,897,105</u>	<u>30,899,366</u>
12		PERSONNEL EMOLUMENTS		
	1	Staff Salary	115,550,640	83,752,046
	11	Casual Workers	9,906,084	7,129,460
	12	Part time Teaching	108,547,283	63,902,500
	13	Gratuity	-	106,995
	14	Pension Contributions	18,375,174	14,246,313
	2	House Allowance	76,984,735	62,693,465
	10	Other Personal Allowances	27,884,392	15,151,858
	20	Overtime	598,863	283,605
	21	Domestic Work Allowance	1,710,000	1,710,000

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NOTE	VOTE	DETAILS	<u>2012/2013</u> Kshs	<u>2011/2012</u> Kshs
	22	Out of Office Allowance	1,880,000	1,920,000
	19	Work Study	353,920	180,240
	8	Responsibility Allowance	1,626,790	1,077,000
	3	House to Office Allowance	15,005,154	6,961,308
	4	Use of Own Car Allowance	12,944,043	10,608,555
	5	Passage, Baggage	222,695	281,210
	6	Leave Allowance	1,253,444	4,493,396
	7	Leave Pay -in Lieu of Annual Leave	-	11,112
		TOTAL	392,843,217	274,509,063
13		UNIVERSITY COUNCIL EXPENSES	5,395,804	6,329,992
14		ACADEMIC COSTS		
	102	Travelling and Accommodation	2,414,558	1,928,600
	100	Field courses & Attachment	2,061,645	1,311,651
	16	Entertainment	708,246	498,812
	136	Teaching materials	4,661,782	4,841,103
	122	Stationery and stores	5,841,985	2,125,102
	108	Telephone	57,769	60,439
	109	Joint Admissions Board	19,437	-
	105	Computer expenses	-	245,030
	101	Examination expenses	528,836	494,929
		TOTAL	16,294,258	11,505,666
15		ADMINISTRATIVE COSTS		
	102	Travelling and accommodation	4,615,901	5,549,219
	108	Telephone	69,085	118,047
	16	Entertainment	1,728,949	2,486,630
	122	Purchase of stationery and stores	2,564,818	2,216,065
	105	Computer expenses	371,248	321,925
		TOTAL	9,350,001	10,691,886
16		STUDENT WELFARE		
	122	Stationery and stores	-	-
	162	Hostel Expenses	914,375	593,750
	156	Cooking Gas and fuel	1,000,087	1,058,156
	152	Student Activities	2,848,055	1,204,884
	158	Food and rations	17,606,222	18,666,296
	157	Crockery & Kitchen Equip	648,529	293,093
		TOTAL	23,017,268	21,816,179
17		CENTRAL SERVICES		
	103	External Travel	365,846	889,807
	104	Internet	4,509,771	2,978,068
	107	Electricity	7,658,510	6,310,695
	110	Postal and Telegram	20,050	73,845
	111	Advertising & Publicity	9,092,643	9,012,229
	114	Conferences, Seminars & Commit	1,960,128	1,554,753

MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

NOTE	VOTE	DETAILS	<u>2012/2013</u> Kshs	<u>2011/2012</u> Kshs
	116	Public Celebrations/Show Expenses	1,177,219	1,332,828
	117	Funeral Expenses	149,604	120,700
	118	Farm Production Expenses	1,114,172	1,583,460
	120	Publishing & Printing	16,890	2,040
	121	Uniform & Clothing	485,877	985,052
	123	Cleaning Materials	1,785,873	1,842,137
	124	Rent & Rates	15,090,897	14,578,021
	125	Contracted Professional Services	761,560	664,156
	126	Hire of Transport, Equip & Machinery	-	10,000
	127	Insurance	5,186,891	4,080,880
	129	Motor Vehicle Fuel	5,254,901	4,077,385
	130	Bank Charges	412,248	560,459
	132	Training Academic Staff	430,412	181,350
	133	Training NonTeaching Staff	821,139	388,375
	135	Library Expenses	8,587,315	6,251,892
	144	Legal Fee	440,000	379,800
	145	Audit fees	990,000	750,000
	153	Generator Fuel	521,392	428,890
	154	Electrical Materials	248,020	891,547
	155	Security Services	8,679,925	6,897,344
	160	Medical Supplies	2,323,418	1,163,595
	161	ISO Expenses	2,490,104	1,438,061
	173	Research	178,000	5,944
	177	Curriculum Development	99,700	-
	017/ 018	Medical Expenses	7,010,769	6,053,185
	146-149	Depreciation	49,491,415	33,686,208
	178	Graduation Expenses	3,973,583	-
	179	Chancellor's Expenses	400,000	-
	180	Gender and Disability	1,140	-
	6264	Topo Survey	313,820.00	-
	8501	Disposal of Building	1,499,400	-
		TOTAL	143,542,632	109,172,706
18		MAINTENANCE COSTS		
	137	Maintenance of plant/mach/equip	364,430	711,626
	138	Repair & Maintenance of Furniture	-	2,100
	142	Maintenance of Grounds	999,054	1,133,304
	139	Maintenance of Buildings	2,583,304	4,957,833
	140	Maintenance of Water/Sewerage	253,675	626,492
	141	Maintenance of Roads	90,000	1,212,750
	128	Motor Vehicle Repair & Maintenance	2,603,587	1,850,199
		TOTAL	6,894,050	10,494,304

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19. Disposal of Non-Current Assets

During the Financial Year, the following structures were demolished to pave way for the new road:

No.	Building	Value as at 1.7.2009	Accumulated Depreciation up to 30.6.2012	Net Value at time of demolishion
		Kshs	Kshs	Kshs
1	Old Dinning Hall	420,000	67,200	352,800
2	Female Hostel	800,000	128,000	672,000
3	Farm House	90,000	14,400	75,600
4	Food Store	145,000	23,200	121,800
5	Agriculture House	100,000	16,000	84,000
6	Main Gate	80,000	12,800	67,200
7	Gate 2	50,000	8,000	42,000
8	Pit Latrine	100,000	16,000	84,000
Total		1,785,000	285,600	1,499,400

The disposed structures had nil residual value.

20. Post Balance Sheet Events

The Council is not aware of material adjusting or non-adjusting post balance sheet events, which should be disclosed in this report.

