

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

*Paper laid by  
hom on 18/10/18 (pm)*

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
MAASAI MARA UNIVERSITY**

**FOR THE YEAR  
ENDED 30 JUNE 2017**



# **MAASAI MARA UNIVERSITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**

**MAASAI MARA UNIVERSITY ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**TABLE OF CONTENTS**

	<b>Page</b>
I. KEY MAASAI MARA UNIVERSITY INFORMATION AND MANAGEMENT .....	2
II. MAASAI MARA UNIVERSITY COUNCIL MEMBERS .....	6
III. MANAGEMENT TEAM .....	11
IV. CHAIRMAN'S STATEMENT .....	14
V. REPORT OF THE VICE-CHANCELLOR/ CHIEF EXECUTIVE OFFICER .....	16
VI. CORPORATE GOVERNANCE STATEMENT .....	23
VII. MANAGEMENT DISCUSSION AND ANALYSIS .....	27
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT .....	29
IX. REPORT OF THE UNIVERSITY COUNCIL .....	32
X. STATEMENT OF COUNCIL'S RESPONSIBILITIES .....	33
XI. REPORT OF THE INDEPENDENT AUDITORS OF MAASAI MARA UNIVERSITY .....	34
XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2017 .....	35
XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>TH</sup> JUNE 2017 .....	36
XIV. STATEMENT OF CHANGES IN NET ASSETS .....	37
XV. STATEMENT OF CASH FLOWS AS AT 30 <sup>TH</sup> JUNE 2017 .....	38
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2017 .....	39
XVII. NOTES TO THE FINANCIAL STATEMENTS .....	41
XVIII. PROGRESS ON FOLLOW – UP OF AUDITORS RECOMMENDATIONS .....	60
XIX. APPENDIX 1: INTER-ENTITY TRANSFERS .....	62

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**I. KEY MAASAI MARA UNIVERSITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Maasai Mara University is a public body corporate established by Charter as per The Universities Act 2012; the Charter was issued on 11<sup>th</sup> February, 2013. At Cabinet level, Maasai Mara University is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the University.

**(b) Principal Activities**

**Vision of Maasai Mara University**

To be a World Class University committed to academic excellence for development.

**Mission Statement**

To provide Quality University Education through innovative teaching, research and consultancy services for development.

**Core Values:**

- a) Team work
- b) Professionalism
- c) Creativity and innovativeness
- d) Transparency and Accountability
- e) Excellency
- f) Equality and Social Justice

**Functions:**

Maasai Mara University objectives and functions are defined in Part III Sec 19 of the Universities Act 2012. Key of these functions are as follows: -

- a) Provide directly or in collaboration with other institutions of higher learning, facilities for technological, professional and scientific education;
- b) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- c) Promotion of learning in the student body and society generally;
- d) Promotion of cultural and social life of society;
- e) Support and contribution to the realization of national economic and social development;
- f) Promotion of the highest standards in and quality of, teaching and research;
- g) Education, training and retraining higher level professional, technical and management personnel;
- h) Dissemination of the outcomes of the research conducted by the University to the general community;
- i) Facilitation of life-long learning through provision of adult and continuing education;
- j) Fostering of a capacity for independent critical thinking among its students; and
- k) Promotion of gender balance and equality of opportunity among students and employees.
- l) Promotion of equalization for persons with disabilities, minorities and other marginalized groups;

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

- m) Play a leading role in development and expansion of opportunities for technological and vocational institutions;
- n) Conduct examinations for and grant such academic awards as may be provided for in the statutes and to syndicate examinations for awards at other institutions as may be approved by the Senate;
- o) Participate in commercial ventures and activities that promote the objectives of the institution.

In the discharge of its functions and the exercise of its powers under this Act, Maasai Mara University is guided by the national values and principles of governance set out under Article 10 of the Constitution.

**c) Key Management**

The University's day-to-day management is under the Vice Chancellor and Secretary, Maasai Mara University Council. The Council exercise oversight role of policy formulation. The other key management of the University comprises of the Deputy Vice Chancellor Academic Research and Student Affairs, Deputy Vice Chancellor Administration, Finance and Planning, Registrar Academic and Student Affairs, Registrar Administration, Finance Officer, Legal Officer, Librarian and Medical Officer.

**d) Fiduciary Management**

The key management personnel who held office during the year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

<b>Name of the Staff</b>	<b>Responsibility</b>
Prof. Mary K. Walingo	Vice-Chancellor/Chief Executive Officer
Prof. Simon Ole Seno	Deputy Vice-Chancellor (Admin., Finance & Planning)
Prof. Almadi Obere	Acting Deputy Vice-Chancellor (Academic, Research & Student Affairs)
Dr James Nampushi	Acting Registrar, Administration
Dr. Fredrick Otieno	Registrar, Academic Affairs
Mr. Olochike Spencer	Acting Finance Officer
Dr. Cleophas Serem	Medical Officer
Mr. Alfred Nyabochwa	Legal Officer
Mrs. Nancy Kimile	Acting University Librarian

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**e) Fiduciary Oversight Arrangements**

The fiduciary oversight arrangements of the University are by the Council who carry out the oversight duties through the Council Committees. These committees are: Finance, Strategy and Resources, which is charged with the responsibilities of budgetary planning, budget approval, approval of quarterly and annual financial reports, investment policy, resource mobilization and income generation policies. It also responsible for overall University planning including master and strategic plan ; Audit, Risk and Compliance committee is a statutory committee whose responsibilities include reviewing internal controls procedures and policies so as to ensure efficiency and effectiveness, submitting quarterly and annual reports on internal controls to the Council, ensuring proper books of accounts have been maintained, review of internal audit reports and their overall effectiveness, ensuring compliance with statutory guidelines, approval of annual audit work plans and reviewing risk management framework; Academic, Sealing and Honorary Degrees Committee which examines the format and content of the University's statutes, deliberates on all matters pertaining to research and academic activities, co-ordinating fund raising activities for research, advising on consultancies, technology transfers and intellectual property rights, receiving and reviewing academic board papers, recommending to the Council for award of honorary degrees and recommending to the Council on number of certificates to be sealed. This committee also receives and recommends to the Council academic policies; Human Resource Committee is charged with reviewing and recommending to the Council staff establishment and organization structure, developing and reviewing Human Resource Policies, reviewing and recommending to the Council schemes of service for all staff, reviewing and recommending terms and conditions of service, reviewing and recommending Collective Bargaining Agreements in consultation with Finance, Strategy and Resources committee, recommending staff promotions and handling disciplinary matters.

**f) University Headquarters**

Maasai Mara University,  
P. O. Box 861 – 20500,  
Narok County,  
Narok, Kenya

**g) University Contacts**

Tel: (254) 050-23213  
Fax: 020-2066041  
E-mail: [vc@mmarau.ac.ke](mailto:vc@mmarau.ac.ke)  
Website: [www.mmarau.ac.ke](http://www.mmarau.ac.ke)

**h) University Bankers**

1. National Bank of Kenya,  
Narok Branch,  
P. O. Box 238,  
**NAROK**

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

2. Equity Bank Ltd.  
Narok Branch  
P. O. Box 1023-20500,  
**NAROK**
  
3. Kenya Commercial Bank,  
Narok Branch,  
P. O. Box 406-20500,  
**NAROK**
  
4. Barclays Bank of Kenya,  
Narok Branch  
P. O. Box 1073-20500,  
**NAROK**
  
5. Chase Bank Kenya Limited  
Narok Branch,  
P.O Box  
**NAROK**
  
6. Jamii Bora Bank  
P.O Box 22741-00400  
**NAIROBI**
  
7. Co-operative Bank of Kenya,  
Narok Branch  
P. O. Box 632-20500,  
**NAROK**

**i) Independent Auditors**




Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084GOP 00100  
Nairobi, Kenya

**j) Principal Legal Adviser**




The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 City Square 00200  
Nairobi, Kenya

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**II. MAASAI MARA UNIVERSITY COUNCIL MEMBERS**

Board Member's passport-size photo and name, and role	Date of birth, Key qualifications and work experience
 <p style="text-align: center;">Dr. Samuel Ochola Chairman of the Council</p>	<p>DOB: 31st July, 1941 PhD Economics</p>
 <p style="text-align: center;">Ms. Emma Mwangeli Council Member</p>	<p>DOB: 12th June 1970 BSc in Business Administration-USIU M.A in Communications-Daystar Senior Programme Advisor-Beyond Violence Head, Enterprise Services-Bank of Africa Head, Donor Sector-Cooperative Bank of Kenya. Payments Manager-Kenya Commercial Bank. Board Member and Vice Chairperson at Kenya Institute for Public Policy Research and Analysis (KIPPRA). Member Advisory Board at Planning Interior Design (PIL)</p>
 <p style="text-align: center;">Ms Damary Ayuku - Angulu Council Member</p>	<p>DOB: 28th. December 1968 MBA - Law and Strategic Management.</p>

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

 <p style="text-align: center;">Maj. (Rtd) John Karanja Council Member</p>	<p>DOB: 24th. September, 1961</p> <p>LLB Law-UON Certified Public Secretary</p> <p>Master of Law (LLM) Specialization: Security &amp; Law</p> <p>Senior Partner- Kamunya &amp; Company Advocates Major/Senior Legal officer-KDF</p>
 <p style="text-align: center;">Mr. Sammy Roore Oleku Council Member</p>	<p>DOB: 1970</p> <p>BBM, HRM-Moi University. MBA, MSC. Climate Change Adoption -UON MBA Strategic Management &amp; Climate change expert. -Moi University CEO-POWER Project Coordinator-World Vision.</p>
 <p style="text-align: center;">Mr. Paul Ngetich Council Member</p>	<p>DOB: 20<sup>th</sup> October 1950</p> <p>B.E.D (Sc) Master in Education Management Rtd Chief Principal Deputy Registrar-Moi Teachers College Senior Lecturer-Kagumo Teachers College,Tambach</p>

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**



Mrs Mary Wanyonyi  
Council Member and alternate to PS  
National Treasury

- Member Public Sector Accounting Standards Board Secretariat
- Acting Assistant Deputy Accountant General The National Treasury



Mr. Charles Obiero  
Council Member and alternate to PS  
Ministry of Education

- DOB: 12<sup>th</sup> December 1964
- B Ed. Hons (Kenyatta University)
- International Honors Group Diploma (Management) – Cambridge
- PGDPM (IMTRI), DIP. PM (ICS, London)
- M Ed. (Administration)
- Member HRM Kenya.
- Senior Assistant Director of Education



Prof. Mary K. Walingo  
Vice-Chancellor and Secretary to  
Council

- DOB: 1st. January, 1963
- B. Ed. Home Economics
- M. Sc Applied Human Nutrition Major
- Master of Business Administration.
- Ph. D Food & Nutrition Major
- Deputy Vice-Chancellor Maseno University
- Principal, Murang'a University College

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

These Council members were appointed on 10<sup>th</sup> March 2017 except for the Vice-Chancellor and Secretary to the Council. The term of the previous Council members expired on 17<sup>th</sup> February 2017. These Council members are:

- |                            |  |
|----------------------------|--|
| 1. Prof. John Joseph Okumu | Chairman                                       |
| 2. Mr. Parmain Ole Narikae | Member   |
| 3. Dr. Emmy J. Chesire     | Member   |
| 4. Eng. Daniel W. Njora    | Member   |
| 5. Dr. Tabby Mungai        | Member (Representing PS Ministry of Education) |

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**


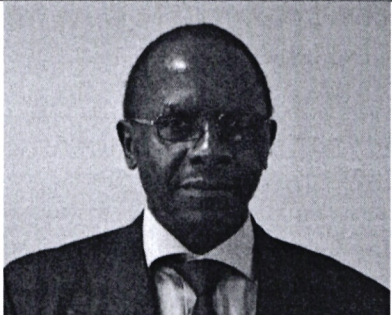

**Council Committees**

Name of Committee	Members and their roles	
Finance, Strategy and Resources	1. Ms. Emma Mwangeli 2. Mr. Sammy Oleku 3. Ms. Damary Ayuku - Angulu 4. Mr. Charles Obiero 5. Prof. Mary K. Walingo	Chairperson Member Member Member Secretary
Academic, Sealing and Honorary Degrees Committee (Technical Committee)	1. Mr. Paul Ngetich 2. Ms. Damary Ayuku – Angulu 3. Ms. Emma Mwangeli 4. Mr. Charles Obiero 5. Mrs. Mary Wanyonyi 6. Prof. Mary K. Walingo	Chairman Member Member Member Member Secretary
Audit, Risk and Compliance Committee	1. Maj. (Rtd) John K. Karanja 2. Mr. Sammy R. Oleku 3. Mr. Paul Ngetich 4. Mrs Mary Wanyonyi 5. Head of Internal Audit	Chairman Member Member Member Secretary
Human Resource Committee	1. Ms. Damary Ayuku – Angulu 2. Maj. (Rtd) John K. Karanja 3. Mr. Sammy R. Oleku 4. Mr. Charles Obiero 5. Mrs Mary Wanyonyi 6. Prof. Mary K. Walingo	Chairperson Member Member Member Member Secretary

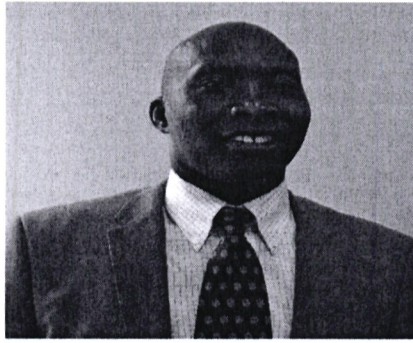
There were Adhoc Council committees that were called upon during the year to address disciplinary matters.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**III. MANAGEMENT TEAM**

Key manager's passport-size photograph, name and key professional/academic qualifications	Responsibility
 <p style="text-align: center;">Prof. Mary K. Walingo Bed (KU), MBA(Maseno), MSc (UoN), PhD(ANGRAU, India), MKNAS, EBS</p>	<p style="text-align: center;">Vice-Chancellor/Chief Executive Officer</p>
 <p style="text-align: center;">Prof. Simon Ole Seno BSc, MSc(New Mexico), PhD(Arizona)</p>	<p style="text-align: center;">Deputy Vice-Chancellor (Admin., Finance &amp; Planning)</p>
 <p style="text-align: center;">Prof. Almadi Obere BEd, MA(UoN), PhD(CPP-DAR/UoN)</p>	<p style="text-align: center;">Acting Deputy Vice-Chancellor (Academic, Research &amp; Student Affairs)</p>

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017



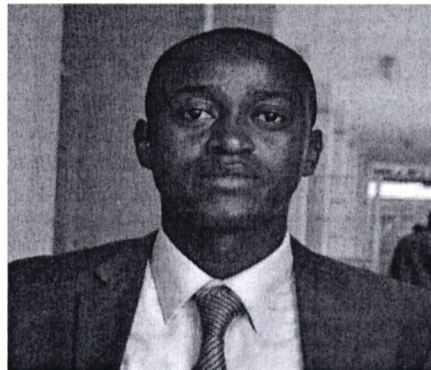
Dr James Nampushi  
BTM(Moi), MSc, PhD(Clemson)

Acting Registrar, Administration



Dr. Fredrick Otieno  
BSc (KU), MSc ( UoN), PhD(JKUAT)




Registrar, Academic Affairs



Mr. Ololchike Spencer  
BA, MBA (UoN), ICPAK No. 11893, FKIM

Acting Finance Officer

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

 <p style="text-align: center;">Dr. Cleophas Serem MD (Vitebsk, USSR)</p>	<p style="text-align: right;">Medical Officer</p>
 <p style="text-align: center;">Mr. Alfred Nyabochwa LLB(UoN), HPGD( KSL)</p>	<p style="text-align: right;">Legal Officer</p>
 <p style="text-align: center;">Mrs. Nancy Kimile Cert, Dip, BSc, MPhi. (Moi)</p>	<p style="text-align: right;">Acting University Librarian</p>

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**IV. CHAIRMAN'S STATEMENT**

I am delighted to present the Annual Report and Financial Statements of Maasai Mara University (herein after referred to as the "University") for the period ending 30<sup>th</sup> June, 2017.

**KEY ACTIVITIES**

During the year under review the University continued to discharge her mandate of provision of quality University Education through innovative teaching, research and consultancy services for development. The following were key activities during the year:

The term of the previous Council members expired on 17<sup>th</sup> February 2017 and the current Council members were appointed on 10<sup>th</sup> March 2017.

The University Council through the University Administration commissioned a Master Plan in order to compliment the University's Strategic Plan and chart a comprehensive planning effort to strategize the physical growth of the University and to determine the future needs for new physical facilities as the student's demand increase.

During the year, the University continued to place emphasise on infrastructural development in fulfilment of the University's strategic plan 2014/2019 in line with Vision 2030. Notably the Women's Hostel and Lecture complex were completed and capitalized while completion of the tuition block stands at 37% completion.

The University maintains its focus on growth of academic programs and student population. To this end, the total student enrolment during the year stood at 11,370 across all programmes. Out of these Science and Technology related courses stood at 3,584. The University developed the following new programs and submitted them to Commission on University Education for Accreditation: Bachelor of Nursing, Bachelor of Science in Animal Health and Production and Bachelors of Parks and Recreation Management.

To continually place itself on research path, two of the University's research/conference proposals were successful to be funded. This is in advancement of the mission of the University as a research institution.

**CHALLENGES**

The University is facing a number of challenges mainly relating to funding. Some of these include: in adequate funding by the Government. This affects the activities to be undertaken by the University including implementation of development projects; stagnating enrolment especially for self-sponsored students. This led to closure of a number of campus like Kisii, Nairobi, Kilgoris and Narok town campus; inability of students to pay fees on time. This affects the overall funding arrangement of the University coupled by delay in releasing funds by HELB.

**THE WAY FORWARD**

Due to the increased number of needy students the University will strengthen the Endowment kitty and increase her collaboration and linkage programmes. In order to enhance financial sustainability, the University needs to diversify resource mobilization strategies and increase funding research proposals. The regional and global visibility of the University is important in attracting more

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

development partners, to this end the University will increase her publications in referred journals and participate in regional and global conferences. Lastly, to enhance her enrolment, the University will continue to mount market driven programmes and attract and retain top scholars in the academic programmes.



Dr. Samuel Ochola

**CHAIRMAN**

**MAASAI MARA UNIVERSITY COUNCIL**

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**V. REPORT OF THE VICE-CHANCELLOR/ CHIEF EXECUTIVE OFFICER**

It is my pleasure to present the Annual Report and Financial Statements of Maasai Mara University (hereafter referred to as the “University”) for the financial year ended 30<sup>th</sup> June, 2017. During the year, the University acting within its mandate, successfully executed its planned programmes, projects and new initiatives with a view of delivering quality University education through innovative teaching, research and consultancy services for development.

**KEY ACTIVITIES**

The key activities of the University during the year involved academic services, library services, research, collaboration and linkages, Sustainable Development Goals and administrative services. The term of the previous Council members expired on 17<sup>th</sup> February 2017 and the current Council members were appointed on 10<sup>th</sup> March 2017.

**a) Academic Services**

The gross enrolment stood at 11,370 students across all programmes. Out of these, Science and Technology related courses enrolment was 3,584 students. Whereas the University intends to grow her enrolment, the recent admission criteria set by the Ministry of Education has affected this quest especially for Privately Sponsored Students.

Fifty undergraduate academic programmes were submitted to Commission for University Education for Accreditation and 25 post graduate programmes were reviewed and approved by Senate. The University completed development of the following new programmes and submitted them to Commission on University Education for Accreditation.: Bachelors of Nursing, Bachelor of Science in Animal Health and Production and Bachelors of Parks and Recreation Management

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017



*The Vice Chancellors Address during 2016 students' orientation in September 2016*

**b) Library services**

The University purchased 400 computers at a subsidized price from Computer Aid International resulting to estimated saving of approximately Kshs 10 million. These computers are used in the Computer laboratory in the Library. It also received a consignment of 21,381 books arising from a successful grants and donations from Canada. The books have been valued at cost of Kenya Shillings 104 million. During the year the University trained a cumulative of 2,226 library users on Information Literacy.

**c) Research activities**

The Botanical Garden is critical for research of tree species. To this end, the University identified and documented tree species for the Garden and planted tree species in the Garden. During the year, a research conference was held and also the University held a medical camp that affected Narok County and neighbouring Counties. Two research proposals were successfully defended: Monitoring Emissions of PAHs from Domestic Renewable and Non-renewable Fuel Combustion in Urban and Rural Kenya Funded by National Research Fund-Kenya with a resultant funding of Kenya Shillings Three Million and Nanoencapsulation of current malaria therapy for enhanced disease control – Funded by Wellcome Trust, UK. Resultant funding of Kenya Shillings Two Million. Fifty-five publications in refereed journals were realized.

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**d) Collaboration and Linkages**

The University signed MoUs with collaboration institutions:

- i. East Africa Partnership Limited (EAPL) to donate equipment for the School of Nursing Sciences.
- ii. The University of Limerick in Ireland
- iii. Kenya School of Government and
- iv. Kenya Forest Institute (KFRI) - to provide seedlings for the Botanical Garden.

**e) Sustainable Development Goals**

The following Sustainable Development Goals were implemented by the University during the year:

- i. Awarded bursaries to 246 students 80 of which were from ASAL areas to promote inclusive and equitable quality education.
- ii. Sponsored two members of academic staff to attend international conferences
- iii. Visited 8 schools to create awareness SDGs and sensitize on importance of Libraries in quality education (SDG: Goal 4)
- iv. Continued to collect sex disaggregated data and trained members of the University Community on gender mainstreaming issues.
- v. Took action to combat climate change by acquisition of 1000 trees from Ewaso Ng'iro South Development Authority for planting in the University Compound.
- vi. Carried out awareness action on SDGs for members of the University Community to ensure integration in University Policies
- vii. The Directorate of Quality Assurance and Performance Contract submitted quarterly reports on all indicators to the Ministry of Devolution and Planning.

**f) Administrative and staff issues**

University had trained 76 top and middle level management staff. This achievement was possible through implementation of a cost cutting mechanism, where instead of sending officers for training outside the University, the University invited the Kenya School of Government to carry out the training within the University reducing the cost by more than 50% and therefore training more.

Staff were sensitized on the following six policies.

- Gender Mainstreaming Policy
- Disability Mainstreaming Policy
- Security Policy
- Anti-Corruption Policy
- HIV and AIDs Policy
- National Cohesion and National Values

The University completed construction of Women's Hostel and Lecture complex and capitalized the same. These projects costed Kshs 379,352,261 and Kshs 438,477,054 respectively. The University was on course with regard to construction of Lecturer/Tuition Block which was 37% complete during the year.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017



*The University Tuition block under construction*

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

The University main gate is being constructed alongside the tuition block as a composite project.



*Ongoing construction of the University main gate*

Regarding compliance with requirement of minimum 40% of all procurement budget dedicated to locally produced Goods and Services (Buy Kenya Build Kenya), the Kenyan goods and services purchased by the University during the year was Kshs.64, 680,264 against a 40% target of Kshs.63, 767,884.

The University implemented the following recommendations of a Customer Satisfaction Survey of 2014/15:

- Completed the automation of admission registration process to enhance efficiency;
- Completed the automation process of examination results to enable students access their results via the portal;
- Installed 30 more computers in the Library to enhance access of e-resources
- Developed a report on implementation of the recommendations.

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**FINANCIAL PERFORMANCE**

**a) Revenue**

The total revenue realized by the University during the year was **Kshs 1,155,188,705** against budgeted **Kshs 1,114,884,231** – 4% above budget. This compares to **Kshs 1,113,943,887** in 2015/2016. The increase in revenue was mainly caused by donation of library books valued at **Kshs 104,990,698**. The Government capitation still remains the main source of the University's funding standing at 57.3% of total revenue.

**b) Expenditure**

The total expenditure of the University was **Kshs 1,137,035,961** against budgeted **Kshs 1,114,884,231** – 2% above budget. This compares to **Kshs 1,120,991,987** in 2015/2016 financial year. Employee costs remain the highest expenditure item at **Kshs 731,041,787** – 64% of total expenses. This was partly contributed by payment of Collective Bargaining Agreement arrears for University Academic Staff Union members and implementation of the University Chapter Collective Bargaining Agreement.

**c) Results**

The financial results during the year was a surplus of **Kshs 18,152,744**. This was mainly attributed to the treatment of the entire library books donation as part of income and depreciating the same over a four-year period and purchase of 400 computers from Computer Aid International at a subsidized price leading to an estimated saving of **Kshs 10,000,000**.

**CHALLENGES**

The University is facing a number of challenges mainly relating from funding. The student's admission criteria during the year affected enrolment in Privately Sponsored Students Program. Whereas the Government funding contributes the highest portion of University non-exchange revenue, this funding remained flat during the two years yet the total expenses slightly increased. This funding is inadequate to sustain the key University operations including implementation of development projects. The stagnating enrolment especially for self-sponsored students mainly attributed to the student's admission criteria led to closure of a number of campus like Kisii, Nairobi, Kilgoris and Narok town campus. A number of students are not able pay fees in time. This affects the overall funding arrangement of the University coupled by delay in releasing funds by HELB.

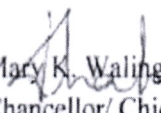
**THE WAY FORWARD**

Due to the increased number of needy students the University will strengthen the Endowment fund and increase her collaboration and linkage programmes. In order to enhance financial sustainability, the University needs to diversify resource mobilization strategies and increase funding research proposals. The regional and global visibility of the University is important in attracting more development partners, to this end the University will increase her publications in referred journals and participate in regional and global conferences. Lastly, to enhance her enrolment, the University will continue to mount market driven programmes and attract and retain top scholars in the academic programmes.

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**VOTE OF THANKS**

May I thank the Government of Kenya for both recurrent and development capitations to the University. These disbursements assisted the University in meeting her daily operations including payment of staff salaries and continual construction of the Tuition block. Secondly, the University Council for their dedication and guidance on policy matters. Thirdly, University Management Board for their commitment in policy implementation. Fourth, the entire Maasai Mara University staff and students for their support and co-operation. Lastly, I thank the local community for providing conducive environment suitable for advancement of learning. The Kenyan tax payers are indebted for prompt payment of their tax obligations to enable the Government run her activities.

  
Prof. Mary K. Walingo PhD (ANGRAU, India), MKNAS, EBS  
Vice-Chancellor/ Chief Executive Officer & Secretary  
**MAASAI MARA UNIVERSITY COUNCIL**

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**VI. CORPORATE GOVERNANCE STATEMENT**

The Council is responsible for appropriate strategic advice and direction to the University and accountable to the Government, Stakeholders and the Kenyan Public at large through the Ministry of Education. The University statutes, policies and strategies in place aim at achieving the goals of the University as stated in the Vision and Mission statements. In addition, the University is committed to comply with the law and demonstrate high standards of best practice in corporate governance and ethics.

**Members of the Council**

The Members of the Council comprise of appointees of the Principal Secretary of the Ministry for the time being responsible for Education; the Principal Secretary of the Ministry for the time being responsible for National Treasury and other council members. The Vice Chancellor is the Secretary of the Council.

The University Council as guided by the State Corporations Act and the Universities Act meets at least four times a year with special meetings held on a need basis. The Vice Chancellor and Secretary of the University Council and University management are delegated by the Council to run the day to day affairs of the University.

**Finance, Strategy and Resources Committee**

The committee is charged with the responsibilities of budgetary planning, budget approval, approval of quarterly and annual financial reports, investment policy, resource mobilization and income generation policies. It also responsible for overall University planning including master and strategic plan. It arranges for construction of new buildings once the finances have been made available and receives reports on performance contracts. It advises Council on income generation activities and makes proposals to the Council on ways of raising funds for the University both internally and externally. The members are:

- |                              |             |
|------------------------------|-------------|
| 1. Ms. Emma Mwangeli         | Chairperson |
| 2. Mr. Sammy Oleku           | Member      |
| 3. Ms. Damary Ayuku - Angulu | Member      |
| 4. Mr. Charles Obiero        | Member      |
| 5. Prof. Mary K. Walingo     | Secretary   |

**Audit, Risk and Compliance Committee:**

The is a statutory committee whose responsibilities include reviewing internal controls procedures and policies so as to ensure efficiency and effectiveness, submitting quarterly and annual reports on internal controls to the Council, ensuring proper books of accounts have been maintained, review of internal audit reports and their overall effectiveness, ensuring compliance with statutory guidelines, approval of annual audit work plans and reviewing risk management framework, ensuring effective co-ordination between management, the internal audit function and external auditors, ensuring statutory guidelines for Universities and State Corporations are fully complied with, reviewing management reports from external auditors concerning deviations and weaknesses in accounting and operational controls. The membership of this committee comprises of:

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

- |                               |           |
|-------------------------------|-----------|
| 1. Maj. (Rtd) John K. Karanja | Chairman  |
| 2. Mr. Sammy R. Oleku         | Member    |
| 3. Mr. Paul Ngetich           | Member    |
| 4. Mrs Mary Wanyonyi          | Member    |
| 5. Head of Internal Audit     | Secretary |

**Academic, Sealing and Honorary Degrees Committee (Technical Committee)**

This committee examines the format and content of the University's statutes, deliberates on all matters pertaining to research and academic activities, co-ordinates fund raising activities for research, advises on consultancies, technology transfers and intellectual property rights, receives and reviews academic board papers, recommends to the Council for award of honorary degrees and recommends to the Council on number of certificates to be sealed. This committee also receives and recommends to the Council academic policies. It co-ordinates all fund raising activities for research. The members are:

- |                              |           |
|------------------------------|-----------|
| 1. Mr. Paul Ngetich          | Chairman  |
| 2. Ms. Damary Ayuku – Angulu | Member    |
| 3. Ms. Emma Mwongeli         | Member    |
| 4. Mr. Charles Obiero        | Member    |
| 5. Mrs. Mary Wanyonyi        | Member    |
| 6. Prof. Mary K. Walingo     | Secretary |

**Human Resource Committee**

This committee is charged with reviewing and recommending to the Council staff establishment and organization structure, developing and reviewing Human Resource Policies, reviewing and recommending to the Council schemes of service for all staff, reviewing and recommending terms and conditions of service, reviewing and recommending Collective Bargaining Agreements in consultation with Finance, Strategy and Resources committee, recommending staff promotions and handling disciplinary matters. The members are:

- |                               |             |
|-------------------------------|-------------|
| 1. Ms. Damary Ayuku – Angulu  | Chairperson |
| 2. Maj. (Rtd) John K. Karanja | Member      |
| 3. Mr. Sammy R. Oleku         | Member      |
| 4. Mr. Charles Obiero         | Member      |
| 5. Mrs Mary Wanyonyi          | Member      |
| 6. Prof. Mary K. Walingo      | Secretary   |

**Council Expenses**

The remuneration and expenses of the Chairperson and Members of the Council are guided by the State Corporations Act Cap. 446 and the provisions of the Universities Act 2012.

**Induction and Training of Council Members**

The Council members were trained on Mwongozo code and properly inducted.

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**Council Meetings**

During the year there were thirteen full council meetings including special meetings. The Council Committee meetings were as follows:

<b>Name of Committee</b>	<b>Members and their roles</b>	<b>Number of Meetings</b>
Finance, Strategy and Resources Committee	1. Ms. Emma Mwongeli Chairperson 2. Mr. Sammy Oleku Member 3. Ms. Damary Ayuku - Angulu Member 4. Mr. Charles Obiero Member 5. Prof. Mary K. Walingo Secretary	8
Academic, Sealing and Honorary Degrees Committee (Technical Committee)	1.Mr. Paul Ngetich Chairman 2. Ms. Damary Ayuku – Angulu Member 3. Ms. Emma Mwongeli Member 4.Mr. Charles Obiero Member 5.Mrs. Mary Wanyonyi Member 6.Prof. Mary K. Walingo Secretary	6
Audit, Risk and Compliance Committee	1.Maj. (Rtd) John K. Karanja Chairman 2.Mr. Sammy R. Oleku Member 3.Mr. Paul Ngetich Member 4.Mrs Mary Wanyonyi Member 5. Head of Internal Audit Secretary	7
Human Resource Committee	1.Ms. Damary Ayuku – Angulu Chairperson 2.Maj. (Rtd) John K. Karanja Member 3.Mr. Sammy R. Oleku Member 4. Mr. Charles Obiero Member 5.Mrs Mary Wanyonyi Member 6.Prof. Mary K. Walingo Secretary	6

**The role of Senate in Governance**

The Senate forms part of the overall governance framework of the University. Its mandate is derived from the Universities Act (2012) 35 (1) and the University Charter. The Senate is responsible to Council and the Management Board for all academic matters of the University.

The Senate exercised the following powers and duties during the year: -

- a) Satisfied itself regarding the content and academic standard of courses offered at the University;
- b) Made regulations to Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;
- c) Proposed regulations to Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

d) Classified students for graduation by vetting their results and ensuring due process was followed.

**The role of Management Board and the Vice-Chancellor in Governance**

As the Chief Executive Officer of the University, the Vice-Chancellor is both the chief academic officer and the chief administrator of the University. Indeed, she chairs both the Management Board and Senate for purposes of smooth governance of the University. The functions of the Vice Chancellor are set out in the Universities Act (2012), the Public Procurement and Asset Disposal Act (2015), the Public Financial Management Act (2012), and the Charter and Statutes of the University.

The Vice-Chancellor provides progress reports to Council on policy implementations. She is the Secretary to Council. Council has delegated widespread powers and responsibilities to the Vice Chancellor.

The Management Board assists the Vice-Chancellor on both academic and administrative issues of the University by reviewing policies related to employment and management of staff, financial management, student management, branding and communication were passed during the year.

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**VII. MANAGEMENT DISCUSSION AND ANALYSIS**

**a) The University's operational and financial performance:**

The operational and financial performance of the University is set out on page 35 to page 40.

**b) University's compliance with statutory requirements:**

The University's financial statements have been prepared in accordance with Section 83 of the PFM Act. The financial statements are in consonance with the Public Sector Accounting Standards Board of Kenya (PSASB-K) approved templates for annual reporting by National Government Entities of 30<sup>th</sup>. June 2017. The annual report contain financial and non-financial information as stipulated under Section 83 2 (a) and (b) in the form and format that complies with the standards prescribed and published by the PSASB-K.

**Total Exposure**

The University's going concern is not in doubt; and the University does not have ongoing or potential court cases that may expose it to potential contingent liabilities. The University is in full compliance with all its statutory obligations and requirements. Further, the financial statements have been prepared on a going concern basis and management does not have significant concerns about the entity's ability to continue as a going concern as required by IPSAS 1.

**Reporting framework**

There is consistency in the presentation and classification of items in the financial statements which has been retained from the previous periods in conformity with IPSAS 1 on the presentation of financial statements. Additionally, each material class of similar items has been presented separately in the financial statements while dissimilar items have been aggregated only if they are immaterial on an individual basis [IPSAS 1 (13)].

**c) Key projects and investment decisions the University is planning/implementing**

The University has one ongoing project: The Tuition block whose details are as below:

Cost of the project:	Kshs 410,700,000
Commencement date:	17 <sup>th</sup> February 2016
Proposed date of completion:	16 <sup>th</sup> February 2018

**Project Name:** Tuition Block

**Project geographic location:** Narok County (Maasai Mara University)

**Project purpose:** Office space and lecturer rooms

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**Brief description of the project/Project summary:**

When completed the project will provide office space and additional lecturer rooms which will help in easing the inadequate office and learning space. The project is approximately 35.6% complete and will be completed in the first quarter of FY 2018/2019.

**Outline economic and social benefit:**

-This is a Vision 2030 flagship project that is in line with National Government strategic objectives and policies as anchored in the vision's social pillar on education.

-Employment opportunities during and after construction

-Construction has low level of imports so the stimulus spending stays within the national economy

**Outline source of financing:** Government of Kenya

**d) Major risks facing the University:**

There are no major risks facing the Institution despite the increase in trade and other payables during the last financial period; the going concern of the Institution is not in doubt. This is despite the decline in cash flow position in the last financial period and liquidity challenges occasioned by delayed and reduced exchequer grants experienced during the financial period. The University also faces risks of reduced privately sponsored student's population.

The weather condition in the County is also erratic and unpredictable which has led to high cost of basic commodities like water and food stuffs. During the period the University had to buy water from private water vendors due to its inadequacy.

**e) Material arrears in statutory/financial obligations:**

The following were outstanding obligations by end of the year:

- i) Staff pension remittance relating to 2011, 2012 and 2013 amounting to Ksh. 43,917,055 which is made up of the principal Kshs 17,657,710.80 and interest of Kshs 26,259,344.20. To note, Maasai Mara University is among Universities whose pension funds are yet to be disbursed from The National Treasury; however, there is in place plans to begin the first instalment payment to Moi Pension scheme of Ksh 4million during the first quarter of 2017/18 financial year.
- ii) Tuition block - Kshs 36,751,073
- iii) Part time lecturers – Kshs. 62,951,640
- iv) Suppliers of goods and services - Kshs 82,395,125.

**f) The University's financial probity and serious governance issues**

During the 2016/17 financial year there were no major financial improbities reported by internal audit/Audit Committee, external Auditors, or any other National Government Agencies providing oversight that came to the knowledge of management. Additionally, the University does not have

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

serious governance issues among the Council or its members of the Council and top management including conflict of interest.

**VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

Maasai Mara University was founded for public benefit, to promote education and knowledge, and to provide an institution open to all, irrespective of race, creed or political belief. It is a pioneering institution of higher learning in making university education available to the communities living in the South Rift Valley of Kenya.

The University's Corporate Social Responsibility (CSR) policy sets out the guiding principles by which the organization is run in order to fulfil its core mission. This policy brings together the ways in which the University ensures, at corporate level, that its activities are carried out ethically, sustainably and for the public benefit.

The CSR Policy is made up of three central pillars:

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

During the year the University was involved in the following Corporate Social Responsibility activities:

Held a Medical Camp that affected Narok County and Neighbouring Counties. This was a free medical camp that benefited the communities in these counties. The University also held a Christmas party for prisoners and donated beds to Leshuta Primary School in Loita, Narok County. It identified, documented and planted tree species for the Botanical Garden. This helps to conserve the Environment in addition to research activities.

The University set up a scholarship program aimed at assisting needy Maasai female students. This is a full scholarship that has so far benefited seven students.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017



*Bed donation by the University to Leshuta Primary School in Loita Narok County*

The University awarded bursaries to 246 students 80 of which were from ASAL areas to promote inclusive and equitable quality education. It sponsored two members of academic staff to attend international conferences while the University Library Visited 8 schools to create awareness SDGs and sensitize on importance of Libraries in quality education. In an effort to combat climate change, the University acquired 1000 trees from Ewaso Ng'iro South Development Authority for planting in the University Compound. In addition, it carried out awareness action on SDGs for members of the University Community to ensure integration in University Policies.

On work environment activities, the University created more than 10 office spaces for registry staff and for lecturers and provided 70 computers to staff.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017



*The University Botanical Garden*

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**IX. REPORT OF THE UNIVERSITY COUNCIL**

The Council submits this report together with the financial statements for the year ended June 30, 2017 which show the state of the University's affairs.

**Principal activities of the University**

The University is mandated to provide quality education through innovative teaching, research and consultancy services for development. It does this through inter alia:

- a) Advancement of knowledge through teaching, scholarly research and scientific investigation;
- b) Promotion of learning in the student body and society generally;
- c) Promotion of cultural and social life of society;
- d) Support and contribution to the realization of national economic and social development;
- e) Promotion of the highest standards in, and quality of, teaching and research;
- f) Education, training and retraining higher level professional, technical and management personnel;

**Results**

The results of the University the year ended June 30, 2017 are set out on page 35 to page 40.

**Council Members**

The Council Members who served during the year are shown on page 6 to page 8 in accordance with the Universities Act 2012 (18).

**Auditors**

The Auditor-General is responsible for the statutory audit of the University in accordance with the Public Audit Act 2015, which empowers the Auditor-General to audit University Financial Statements.

By Order of the Council.

  
Prof. Mary K. Wafingo PhD (ANGRAU, India), MKNAS, EBS  
Vice-Chancellor/ Chief Executive Officer & Secretary  
**MAASAI MARA UNIVERSITY COUNCIL**

Date 29/5/2018 .....

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**X. STATEMENT OF COUNCIL'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and Section 14(3) of the State Corporations Act, require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for the year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2017. This responsibility includes:

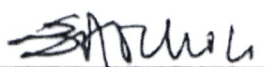
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the University;
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012, the State Corporations Act 2012 and the Universities Act 2012. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2017, and of the University's financial position as at that date. Council members further confirm the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the 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 the next twelve months from the date of this statement.

**Approval of the financial statements**

The University's financial statements were approved by the Council on 27/9/.....2017 and signed on its behalf by:



Dr. Samuel Ochola  
Council Chairman  
MAASAI MARA UNIVERSITY



Prof. Mary K Walingo PhD, MKNAS, EBS  
Vice-Chancellor /Council Secretary  
MAASAI MARA UNIVERSITY

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON MAASAI MARA UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Maasai Mara University set out on pages 35 to 62, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 35 of the Public Audit Act 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Maasai Mara University as at June 30, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the University Act No. 42 of 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Unreconciled Tuition Fees

The University reported tuition fees of Kshs.457,432,576 compared to Kshs.413,663,925 in 2015/2016. However, re-computation and analysis of the nominal roll revealed that tuition fees due from 14,336 students who were in session in the four semesters of the financial year 2016/2017 was Kshs.350,433,462. Further, the audit could not establish the total actual number of active students especially from Kisii and Nairobi campuses due to lack of proper students' enrollment statics.

Therefore, the accuracy and completeness of the reported tuition fees could not be ascertained.

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*Report of the Auditor-General on the Financial Statements of Maasai Mara University for the year ended 30 June 2017*

## 2. Receivables from Exchange Transactions

The net receivables from exchange transactions stood at Kshs.159,558,930 as at 30 June 2017 compared to Kshs.153,804,816 as at in 30 June 2016 representing an increase of Kshs.5,754,114. Included in receivables from exchange transactions is Kshs.155,039,026 in respect to student debtors. The management did not offer adequate explanations as to why the University allow students to sit for examinations without clearing the respective semester's fees.

## 3. Sustainability of Services

The current assets stood at Kshs.288,899,299 while the current liabilities was Kshs.315,711,035 leading to a negative working capital of Kshs.26,811,736. This situation indicates that a material uncertainty exists that may cast significant doubt on the University's ability to continue as a going concern. The financial statements do not adequately disclose this matter.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Maasai Mara University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Key Audit Matter

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For the matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report, including in relation to this matter. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements.

Key Audit Matter	How the Audit Addressed the Key Audit Matter
<b>Student Fee Debtors – Kshs. 155,039,026</b>	
Clause 5.1 of the fee payment policy states that fees shall be paid per semester. However, continuing students who pay full fees for one academic year upfront shall be eligible to a 2.5 % discount on tuition fee for the academic year. The	<ul style="list-style-type: none"><li>The audit procedures included the testing and evaluation of controls over the process, recording and ageing of outstanding student fees</li></ul>

Key Audit Matter	How the Audit Addressed the Key Audit Matter
<p>fee is payable in full before or at the start of the semester into the University bank accounts. The University does not accept fees payment in cash. International students excluding those from EAC countries shall be charged 20% above fee charged to resident students. It shall be an offence for a student to attend classes or sit for University examinations before clearance of semester fees.</p> <p>It is recognized that disqualification of a student may be influenced by factors such as government policy, which may be beyond the control of the University.</p> <p>As disclosed in note 3 (p) to these financial statements, judgement is applied in determining the appropriate parameters and assumptions used to calculate provision for doubtful debts. For example, the assumptions of students that will default, the expected future cash flows from the students and the timing of the cash flows.</p> <p>Due to the significance of the student fees debtors balances of Kshs.155,039,026, and the significant judgement involved in calculating impairment, particularly regarding the estimation of the expected future cash collections, this was considered a key audit matter.</p>	<p>debtors, and monitoring of the debts by the Student Finance Department.</p> <ul style="list-style-type: none"> <li>• The adequacy of the provision for doubtful debts, including the appropriateness of the methodology used and assumptions made to calculate the provision was evaluated.</li> <li>• Testing was performed, on a sample basis, on whether the University's assumptions on the expected future cash flows and timing of the cash flows were supported.</li> <li>• The audit also assessed whether the financial statements disclosures made, appropriately reflect the University's credit risk and impairment provision on the Student Fees Debtors.</li> </ul>

## Other Matter

### High Employee Costs

Employee costs was reported at Kshs.731,607,103 compared to Kshs.714,033,714 in 2015/2016, an increase by Kshs.17,573,389. However, the approved budgeted show that the institution was to spend Kshs.678,829,991 leading to an unexplained over expenditure of Kshs.52,777,112. Further, the total reported employee cost was 64% of the total expenditure and 60% of the total revenue. It is therefore apparent that the University's wage bill appears too high and unsustainable.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) 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.

In preparing the financial statements, management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management intends to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the University's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

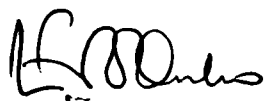
Maasai Mara University ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease as a going concern or to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Maasai Mara University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with management, I determine those matters that were of most significance in the audit of the financial statements and internal control of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**9 July 2018**

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**XII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE 2017**

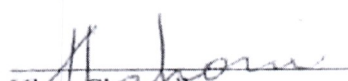
	Notes	Jun-17 Kshs	Jun-16 Kshs
<b>Revenue</b>			
<b>Revenue From Non-Exchange Transactions</b>			
Government Of Kenya Recurrent Grants	4	661,593,500	661,926,556
Donations	5	104,990,698	4,651,600
Research Grants	6	761,150	2,374,628
		<u>767,345,348</u>	<u>668,952,784</u>
<b>Revenue From Exchange Transactions</b>			
Catering Sales	7	6,024,502	12,809,551
Rental Revenue From Facilities & Equipment	8	732,500	1,503,345
Fee Revenue -Collaborations	8	351,000	11,966,616
Finance Revenue-Short Term Deposit Interest	8	1,058,949	220,860
Graduation And Other Income	8	12,541,023	4,826,806
Tuition Income	9	367,135,383	413,663,925
		<u>387,843,357</u>	<u>444,991,103</u>
<b>Total Revenue</b>		<u>1,155,188,705</u>	<u>1,113,943,887</u>
<b>Expenditure</b>			
General Expenses	10	92,716,703	128,989,375
Rent & Rates	11	43,733,995	34,703,578
Casual Wages	12	13,646,163	19,841,610
Schools Direct Expenses	13	83,892,869	79,681,211
Research Expenses	14	935,000	1,358,000
Catering & Accommodation Expenses	15	23,821,760	58,550,152
Medical Costs	16	15,120,395	15,585,984
Bulk Purchases Of Water & Electricity	17	18,904,913	16,509,366
Employee Costs	18	731,047,787	714,033,714
Council Expenses	19	19,609,616	14,073,623
Repairs & Maintenance	20	20,175,575	16,845,658
Contracted Services	21	11,038,137	3,558,036
Depreciation And Amortization Expense	22	61,303,256	14,393,009
Financial Expenses	23	1,095,791	2,868,672
<b>Total Expenditure</b>		<u>1,137,035,961</u>	<u>1,120,991,987</u>
<b>Surplus/(Deficit)</b>		<u>18,152,744</u>	<u>(7,048,100)</u>

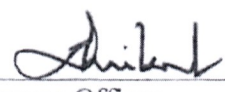
The notes set out on pages 41 to 62 form an integral part of these Financial Statements.

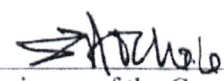
**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**  
**XIII. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2017**

	Notes	Jun-17 Kshs	Jun-16 Kshs
<b>NON-CURRENT ASSETS</b>			
Work in Progress	24	360,799,554	1,026,914,286
Property, Plant and Equipment	22	<u>1,181,899,776</u>	<u>313,306,661</u>
<b>Total non-current assets</b>		<u><b>1,542,699,330</b></u>	<u><b>1,340,220,947</b></u>
<b>CURRENT ASSETS</b>			
Inventories	25	6,364,765	7,437,724
Receivables from Exchange transactions	26	159,558,930	153,374,794
Receivables from Non-Exchange transactions	26	70,000,000	-
Cash and Cash equivalents	27	<u>52,975,604</u>	<u>43,874,389</u>
<b>Total current assets</b>		<u><b>288,899,299</b></u>	<u><b>204,686,907</b></u>
<b>TOTAL ASSETS</b>		<u><b>1,831,598,630</b></u>	<u><b>1,544,907,854</b></u>
<b>CAPITAL FUNDS &amp; LIABILITIES</b>			
<b>CAPITAL FUNDS</b>			
Accumulated Capital Fund		1,507,601,305	1,256,941,305
Revaluation Reserve		3,101,540	3,101,540
Revenue Reserve		<u>(35,761,512)</u>	<u>(53,914,256)</u>
<b>Total capital funds</b>		<u><b>1,474,941,333</b></u>	<u><b>1,206,128,589</b></u>
<b>CURRENT LIABILITIES</b>			
Trade Payables	28	96,389,370	58,914,734
Schools Direct Exp.	28	62,951,640	25,319,504
Caution money Deposits	28	10,196,000	9,392,000
Employee Obligation/Pension Obligation	28	43,917,055	45,175,985
Students fees received in advance	28	27,038,074	9,380,238
Payroll Creditors	28	38,467,823	55,970,303
Contractors payables	28	36,751,073	99,312,933
Finance Lease Obligation		-	2,544,133
<b>Total current liabilities</b>		<u><b>315,711,035</b></u>	<u><b>306,009,830</b></u>
<b>LONG TERM LIABILITIES</b>			
Contractors Retention - WIP	24	40,946,263	32,769,435
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<u><b>1,831,598,630</b></u>	<u><b>1,544,907,854</b></u>

The financial statements set out on pages 35 to 40 were signed on behalf of Maasai Mara University by:

  
 Vice-Chancellor  
 Prof. Mary K Walingo

  
 Finance Officer  
 CPA Biket Okumu  
 ICPAK Member No. 4857

  
 Chairman of the Council  
 Dr. Samuel Ochola

Date 29/5/2018

Date 29/5/2018

Date 29/5/2018

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**XIV. STATEMENT OF CHANGES IN NET ASSETS**

	<b>Accumulated Fund Ksh</b>	<b>Revaluation Reserve Ksh</b>	<b>Revenue Reserve Ksh</b>	<b>Total Ksh</b>
Balance as at 1st July, 2015	1,137,249,695	3,101,540	(23,763,319)	1,116,587,916
				-
Government Capital Grants	119,691,610		-	119,691,610
				-
Interest obligation for pension			(23,102,837)	(23,102,837)
				-
Surplus/Deficit for the Period	-	-	(7,048,100)	(7,048,100)
				-
<b>Balance as at 30th June 2016</b>	<b>1,256,941,305</b>	<b>3,101,540</b>	<b>(53,914,256)</b>	<b>1,206,128,589</b>
				-
<b>Balance as at 1st July, 2016</b>	<b>1,256,941,305</b>	<b>3,101,540</b>	<b>(53,914,256)</b>	<b>1,206,128,589</b>
				-
Government Capital Grants	250,660,000	-	-	250,660,000
				-
Surplus/Deficit for the Period	-		18,152,744	18,152,744
				-
<b>Balance as at 30th June 2017</b>	<b>1,507,601,305</b>	<b>3,101,540</b>	<b>(35,761,512)</b>	<b>1,474,941,333</b>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**XV. STATEMENT OF CASH FLOWS AS AT 30<sup>TH</sup> JUNE 2017**

	Notes	Jun-17 Kshs	Jun-16 Kshs
<b>Cash flow from operating expenses:</b>			
Surplus/(Deficit)		18,152,744	(7,048,100)
<b>Adjustment for:</b>			
Donations		(104,990,698)	-
Provision for audit fees	10	696,000	-
Depreciation	22	61,303,256	14,393,009
Provision for bad and doubtful debts (decrease)	26	(629,303)	16,210,111
		<b>(25,468,001)</b>	<b>23,555,020</b>
<b>Working capital changes</b>			
(Increase) / Decrease in stocks		1,072,959	1,818,653
(Increase)/ Decrease in receivables from exchange transactions		(6,184,136)	(106,647,821)
Increase/ (Decrease) in receivables from non-exchange transactions		(70,000,000)	52,716,126
Increase/ (Decrease) in trade payables		9,701,205	215,867,934
Increase/ (Decrease) in retention		8,176,828	(2,314,783)
		<b>(57,233,145)</b>	<b>161,440,109</b>
<b>Cash from Operating Activities</b>		<b>(82,701,146)</b>	<b>184,995,129</b>
<b>Investing Activities</b>			
Property, Plant & Equipment	22	(824,972,371)	(6,328,082)
Work in Progress		666,114,732	(177,758,655)
<b>Cash from Investing Activities</b>		<b>(158,857,639)</b>	<b>(184,086,737)</b>
<b>Financing Activities</b>			
Government Grants – Capital		250,660,000	119,691,610
<b>Cash from Financing Activities</b>		<b>250,660,000</b>	<b>119,691,610</b>
Net Increase in Cash & Cash Equivalents		9,101,215	120,600,002
Net Cash & Cash Equivalents – Opening		43,874,389	(76,725,613)
<b>Net Cash &amp; Cash Equivalents – End</b>		<b>52,975,604</b>	<b>43,874,389</b>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2017**

	<b>Original Budget 2016/2017 Kshs</b>	<b>Final Budget 2016/2017 Kshs</b>	<b>Actuals 2016/2017 Kshs</b>	<b>%Variance Kshs</b>	<b>Notes</b>
<b>Revenue</b>					
Government Of Kenya			661,593,500	3%	
Recurrent Grants	641,593,500	641,593,500			
Donations	-	-	104,990,698	0%	
Research Grants	-	-	761,150	0%	
Catering Sales	14,900,760	14,900,760	6,024,502	-60%	[a]
Income Generating Activities	29,386,467	29,386,467	2,142,449	-93%	[b]
Other Income (Graduation, Research)	33,000,000	33,000,000	12,541,023	-62%	[c]
Tuition Fee	396,003,504	396,003,504	367,135,383	-7%	
<b>Total Revenue</b>	<b>1,114,884,231</b>	<b>1,114,884,231</b>	<b>1,155,188,705</b>	<b>4%</b>	
<b>Expenditure</b>					
General Expenses	175,221,202	175,221,202	211,400,117	-21%	[d]
Schools Direct Expenses	113,053,241	113,053,241	83,892,869	26%	[e]
Research Expenses	35,021,134	35,021,134	935,000	97%	[f]
Catering & Accommodation Expenses	39,974,437	39,974,437	23,821,760	40%	[g]
Medical Costs	26,994,747	26,994,747	15,120,395	44%	[h]
Bulk Purchases Of Water & Electricity	15,622,000	15,622,000	18,904,913	-21%	[i]
Employee Costs	678,829,991	678,829,991	731,041,787	-8%	
Council Expenses	16,000,000	16,000,000	19,609,616	-23%	[j]
Repairs & Maintenance	10,927,001	10,927,001	20,175,575	-85%	[k]
Contracted Services	1,934,110	1,934,110	11,038,137	-471%	[l]
Financial Expenses	1,306,368	1,306,368	1,095,791	16%	[m]
<b>Total Expenses</b>	<b>1,114,884,231</b>	<b>1,114,884,231</b>	<b>1,137,035,961</b>	<b>-2%</b>	
<b>Surplus/(Losses)</b>	<b>-</b>	<b>-</b>	<b>18,152,744</b>		

**Explanation of variances above 10%**

[a] The reduction in catering sales was caused by premature closure of the University mid-stream during the second quarter and staff union strikes during the year. These reduced the activity levels within the University.

[b] Commission of University Education directed universities to close satellite campuses so as to enhance quality and reduced economic activities during the electioneering period.

[c] Reduced research funds during the year.

[d] Higher depreciation charge arising from capitalization of lecturer complex and women's hostel.

[e] The savings were as a result of closure of campuses.

[f] Less research funds received as indicated in [c] above.

[g] Lesser activities as indicated in [a] above.

[h] The savings are related to the activities within the University as indicated in [a] above.

[i] Increased rates for water and electricity arising from prolonged drought during the year

[j] Members of the Council were called upon to deliberate on disciplinary matters of the University. Council members also underwent training on induction and Mwingozo code as required by State Corporation Advisory Committee.

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

[k] Prefab classes which are temporary in nature for students.

[l] Engaged a consultant to carry out in-depth review of financial processes to enhance efficiency. Increased litigation against the University.

[m] Savings arose from earlier completion of repaying University bus asset financing.

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**  
**XVII. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

The Maasai Mara University is a public body corporate established by Charter as per the Universities Act 2012. The University is the successor of Narok University College constituted under the Narok University College Order (Legal Notice No. 101 of 2008). All rights, liabilities and assets held by anybody on behalf of Narok University College, existing at the commencement of the Charter were automatically and fully transferred to The Maasai Mara University. The University's vision is to be a world class University committed to academic excellence for development. The mission is to provide quality University education through innovative teaching, research and consultancy services for development.

At Cabinet level the University is represented by the Cabinet Secretary for Education. It is specifically funded under the State Department of University Education. The general policy and strategic direction of the University is provided by the Cabinet Secretary.

**2. Statement of compliance and basis of preparation – IPSAS 1**

The University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University. The accounting policies have been consistently applied to all the years presented except in recognition of tuition income where the fees paid during May to August 2017 has been apportioned to two financial years as deferred income. This semester is partly in 2016/17 (May and June) and 2017/18 (July and August). This is in compliance with IPSAS 9 – Revenue from exchange transactions.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

**3. Summary of significant accounting policies**

**a) Revenue recognition**

**i) Revenue from exchange transactions – IPSAS 9**

The University recognizes revenue from rendering of services (tuition fee) by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to academic semester period incurred to date as a percentage of total academic semesters. Tuition fee revenue from students is recognised as it accrues unless collectability is in doubt.

Where the service contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

The University also maintains a provision of 10% of all outstanding fee balances due from students.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the University. This income is generated mainly from catering services.

***Interest revenue***

Interest income is recognized when earned. The University makes short term placements from student's fees received in lump sum at the beginning of the semester to finance its operations for a longer period of time. Such income is therefore not utilized immediately. The rates of interest are negotiated and the amounts are mainly put on call deposits.

***Rental revenue***

Rental revenue arising from operating leases on the University's properties is accounted for on a straight-line basis over the lease terms and included in revenue. This revenue is recognized when earned and is mainly from staff houses.

***Other Exchange transactions revenue***

The University realized further income from hire of facilities like halls and pavilion grounds.

**ii) Revenue from non-exchange transactions – IPSAS 23**

Non exchange transactions revenue is mainly from Government grants which are split into recurrent and development. They are recognized on receipt. In cases where the receipt is after year end, the University still recognizes the revenue to the year it applies to and records the same as income receivable.

**b) Budget information – IPSAS 24**

This Standard requires that the financial statements of public sector entities that make their approved budget(s) publicly available include by providing a comparison of actual amounts with amounts in the original and final budget. This comparison is to be made on the same basis of accounting as adopted for the budget, even if that basis is different from the basis adopted for the financial statements. Actual amount describes the amounts that result from execution of the budget. An explanation of material differences between budget and actual amounts is supposed to be provided.

The Universities statement of comparison of budget and actual performance is on accrual basis since the revenue and expenses are accrued. There was no change to the original budget and hence the original budget was the same as the final one. Differences between final budget and actual budget of over 10% were explained.

**c) Taxes – IAS 12**

The University is exempted from Taxation under First Schedule to the income Tax Act (CAP470).

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**d) Property, plant and equipment – IPSAS 17**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation on assets is charged on reducing balance basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Full depreciation is charged of the year of acquisition.

The depreciation applied on straight line are as follows:

The annual depreciation rates in use are:

Plant and Equipment	20%
Buildings	2.5%
Furniture and Fittings	12.5%
Motor vehicles	25%
Computer	33.3%
Library Books	25%

Development assets that are fully completed are capitalized at cost. During the year, the University capitalized women's hostel and lecture complex whose cost was Kshs 379,352,261 and Kshs 438,477,054 respectively.

**e) Inventories – IPSAS 12**

Inventories are stated at the lower of cost and Net Realisable Value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories purchased by the University are expensed immediately to the various expense classes. At the end of the year, a stock take is carried out to establish the remaining consumable stock.

As at the closure of 2016/2017 financial year the University had consumable stock valued at **Kshs 6,364,765**.

**f) Provisions – IPSAS 19**

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. During the financial year, the University made a total debtor provision of 10% amounting to Kshs 15,580,807. Additionally, expenses which had been incurred but not paid were also provided for during the year. These included part time lecturers, pending interim certificates of completion of Tuition block, payroll deductions not remitted and supplier payments.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**g) Contingent assets – IPSAS 19**

The contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity. The University at the time of preparing the 2016/2017 Annual Report and Financial Statements, had not obtained the title deed for its land at the main campus. This land has been recognized in the books based on the allotment letter and on the fact that the economic benefits flows to the University.

**h) Changes in accounting policies and estimates – IPSAS 3**

Estimates and Judgements are continually evaluated on the basis of historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. During the year, the University recognized school fees paid for a semester running through two financial years on deferral basis.

**i) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The University operates a defined contribution benefit scheme for all its employees. The scheme is administered by Octagon Pension Services and operates according to provisions of the Retirement Benefits Act (1997). The assets of the scheme are held in a separate trustee administered fund that is funded by both the University and its Employees.

The University also contributes to a statutory defined contribution scheme, The National Social Security Fund (NSSF). The contributions are determined by the National Social Security Fund Act (CAP258).

The University's contribution to this scheme is charged to the income statement in the year to which they relate.

The University provides gratuity for employees on contract. Such staff do not benefit from the Defined Contribution Benefit Scheme.

**j) Related parties – IPSAS 20**

Members of key management are regarded as related parties. Key management of the University have been disclosed on pages 11 to 13 of these financial statements. The University is also related to National Government and Council members. During the year, the University management remuneration of Kshs 46,336,848 while the Council member's expenses were Kshs 19,609,616.

**k) Cash and cash equivalents – IPSAS 2**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. During the year, the University had short term placements on open call deposits with Cooperative Bank and National Bank of Kenya

**l) Leases – IPSAS 13**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. At the commencement of the

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

lease term lessees shall recognize assets acquired under finance leases as assets and the associated lease obligations as liabilities in their statements of financial position. The assets and liabilities shall be recognized at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The University has a finance lease arrangement for purchase of a bus which is recognized as an asset with associated depreciation costs. The outstanding lease payments are reflected as payables in the Statement of Financial position.

**n) Subsequent Events – IPSAS 14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

**o) Financial Risk Management Objectives and Policies – IPSAS 30**

The University's activities expose it to a variety of financial risks including credit risk and liquidity risk. There exists an Audit, Risk and Compliance committee of the Council charged with overall responsibility of reviewing the risk profile and establishing mitigating measures to manage risks. The University's overall risk management programme focuses on the unpredictability in the markets and seeks to minimize adverse effects on its financial performance.

The University regularly reviews its risk management policies and systems to reflect emerging best practises. Risk management is carried out by the management under the supervision of Council.

**Credit risk Management**

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the University. Most of the credit facilities offered by the University relate to tuition fees.

Accounts receivable from exchange transactions are as follows:

<b>As at 30<sup>th</sup> June 2017</b>	<b>As at 30<sup>th</sup> June 2016</b>
Accounts Receivables Kshs 155,039,026	Kshs 153,374,794

**Liquidity Risk Management**

Liquidity risk is the risk that the University will not be able to meet its financial obligations when they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring un acceptable losses or at the risk of damaging the University's reputation. This is done by phasing the University's activities in line with the timing of receipt of Government subventions and tuition fees revenue.

The University ensures that it has sufficient cash on demand to meet expected operational expenses. This is done by ring fencing funds for mandatory expenses including employee emoluments and related expenses payroll deductions. All liquidity policies and procedures are subject to review and approval by Council. All capital investments are funded by Grants from Government.

Accounts payables from exchange transactions are as follows:

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

As at 30<sup>th</sup> June 2017

As at 30<sup>th</sup> June 2016

Accounts payables      Kshs 82,395,125

Kshs 58,914,734

However, it worthy to note that despite the initiatives undertaken by the University, the reduced Government recurrent and development capitation makes it to have pending bills at the end of the financial year. This in essence increases the University's liquidity risk.

**p) Significant judgments and sources of estimation uncertainty – IPSAS 3**

The preparation of the University's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The useful lives and residual values of assets were assessed using the following indicators to inform potential future use and value from disposal:

- (i) The condition of the asset based on the assessment of the University's management.
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (iii) The nature of the processes in which the asset is deployed
- (iv) Availability of funding to replace the asset
- (v) Changes in the market in relation to the asset

The following key judgements were made: establishment of depreciation rates and assumptions used to calculate provision for doubtful debts which is based on the assumptions of students that will default, the expected future cash flows from the students and timing of cash flows.

**q) Intangible assets – IPSAS 31**

The University expend resources, or incur liabilities, on the acquisition, development, maintenance, or enhancement of intangible resources such as scientific or technical knowledge, design and implementation of new processes, or systems, licenses, intellectual property, and trademarks (including brand names and publishing titles). The recognition criteria applied by the University is based on the ability of the assets to be separable, i.e., is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, identifiable asset or liability. The ERP software cost that the University reported under intangible assets was reliably measured and identified separately.

**r) Donations – IPSAS 23**

Gifts and donations (other than services in-kind) are recognized as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. With gifts and donations, the making of the gift or donation and the transfer of legal title are often simultaneous, in such circumstances, there is no doubt as to the future economic benefits flowing to the entity. The University recognizes gifts and donations as revenue when its certain of the fair value of the same. The donations which constitute

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

fixed assets are reported as part of the Property, Plant and Equipment and depreciated as per the depreciation policy. Any costs associated with transfer of ownership and carriage are expensed in full. The University values donations at cost.

**s) Contingent liabilities – IPSAS 19**

The University had a number of court cases which had not been determined by the end of the year. These included:

- i) Nakuru Employment and Labour Relations Court Case No.249 of 2013
- ii) Nakuru Employment and Labour Relations Court Case No.523 of 2014.
- iii) Kericho Employment and Labour Relations Court Case No.22 of 2015
- iv) Nakuru Employment and Labour Relations Court Cases NO.506/507 of 2014
- v) Nakuru Employment and Labour Relations Court Judicial Review No.4 of 2016
- vi) Kisumu Employment and Labour Relations Court Case No.346 of 2016 claiming Kshs 575,000
- vii) Nyeri Employment and Labour Relations Court Case No .87 of 2016. Claiming Kshs 199,080
- viii) Engineer S.R.M'S Court Case No.174 of 2016 claiming Kshs 1,200,000.
- ix) Nairobi High Court Civil Case No.294 of 2015 claiming Kshs 76,380,000.

**t) Adoption of new standards**

- i) IPSAS 33 – First time adoption of adoption of accrual based accounting: The University adopted IPSAS accrual in 2014 and hence this does not apply.
- ii) IPSAS 34 – Separate financial statements: The University doesn't have any investments in associates nor joint ventures hence this standard does not apply.
- iii) IPSAS 35 – Consolidated financial statements: The University does not control any other entity therefore this standard does not apply.
- iv) IPSAS 36- Investment in associates and joint ventures. The University does not have any investment in associated ventures therefore this standard does not apply.
- v) IPSAS 37 – Joint arrangements: The University does not have any joint arrangements hence this standard does not apply.
- vi) IPSAS 38 – Disclosure of interests in other entities: The University does not have interests in other entities be it through joint ventures or associates. Hence this standard does not apply.

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. Recurrent capitation**

<b>Date</b>	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
July-16	53,466,125	55,966,125
August-16	53,466,125	55,966,125
September-16	53,466,125	111,932,250
October-16	53,466,125	-
November-16	53,466,125	55,966,125
December-16	53,466,125	55,966,125
January-17	53,446,125	
February-17	53,466,125	55,966,125
March-17	53,466,125	55,966,125
April-17	53,466,125	111,932,250
May-17	53,466,125	
June-17	53,486,125	102,265,306
	20,000,000	
	<u><b>661,593,500</b></u>	<u><b>661,926,556</b></u>

**5. Donations**

<b>Donations &amp; Gifts</b>	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Contributions in kind		950,000
a). Narok County Government	-	
b). Kubamba Citizen Tv	-	3,500,000
c). Multichoice event	-	201,600
Library books	104,990,698	-
	<u><b>104,990,698</b></u>	<u><b>4,651,600</b></u>

**6. Research Income**

<b>Research income</b>	<b>Jun-17</b>	<b>June -16</b>
	<b>Ksh</b>	<b>Kshs</b>
Research	761,150	2,374,628
	<u><b>761,150</b></u>	<u><b>2,374,628</b></u>

**7. Catering sales**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Catering Sales	<u>6,024,502</u>	<u>12,809,551</u>

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. Rental, collaborations, short term deposits and other income**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Medical Examination Staff Contribution	46,710	
Miscellaneous Income	220,100	86,700
Nursery Income	3,207,550	2,839,788
Rental revenue from Facilities	732,500	475,250
Graduation Income	7,018,000	1,383,345
Collaborations - (Highlands)	-	-
Collaborations - (AICO/Eldoret)	58,500	4,457,375
Collaborations - (ESMART-MUMIAS)	-	-
Collaborations - (ESMART-KISII)	-	1,334,087
	292,500	854,967
Collaborations - (Kericho College of Professional Studies)		326,000
Staff Rent	-	120,000
NHIF Income	1,419,360	1,412,068
Provision for Bad Debts (Decrease)	629,303	
Tender Income	-	13,000
Fixed deposit interest	1,058,949	220,860
	<u><b>14,683,472</b></u>	<u><b>13,523,439.95</b></u>

**9. Tuition income**

**Tuition Income**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
PSSP Program	160,893,133	248,198,355
KUCCPS Students	206,242,250	165,465,570
<b>TOTAL</b>	<u><b>367,135,383</b></u>	<u><b>413,663,925</b></u>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**10. General Expenses**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Advertising & Publicity	12,236,258	7,725,671
Administrative/Office	1,765,366	1,868,971
Provision for Audit Fees	696,000	696,000
Bursaries/Waivers	2,938,610	3,327,825
Caution/Refunds	1,075,450	3,110,723
Cleaning Materials and Detergents	750,782	800,111
Committee expenses	943,146	-
Computer Expenses	2,546,806	1,197,450
Corporate Social Responsibility	1,500,000	400,660
Cultural/Open Day Expenses	-	2,275,083
Fuel, Oil & Transport	3,262,039	5,769,300
Graduation	4,386,871	4,434,227
Insurance Expenses	2,527,629	1,306,244
Internet Expenses	6,768,871	7,181,864
Staff Imprest Accounted	-	-
Library Books	190,200	2,391,674
Postage & Telephone	1,440,815	2,759,956
Public Celebrations & Funerals	-	1,052,625
Publishing and Printing Expenses	26,775	241,572
Purchase of Uniforms & Clothing	219,336	558,540
Provision for Bad Debts	-	16,210,111
Security Surveillance and Expenditure	3,977,556	2,474,422
Service Charter Delivery	801,168	1,144,834
Seminar & Workshops	819,700	2,665,220
Stationery & Office Expenses	4,673,468.00	10,064,067
Student Welfare/Development	996,250.00	1,535,000
Student Activities	4,116,491.00	11,539,245
Student Field Trip	571,536	4,951,080
Subscriptions	3,400,377	1,390,596
Subsistence Internal	22,402,919	22,811,048
Subsistence External	3,166,784	5,310,006
Training Expenses	4,515,500	1,795,250
<b>TOTAL</b>	<b>92,716,703</b>	<b>128,989,375</b>

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTES TO THE FINANCIAL STATEMENTS**

**11. Rent and Rates**

	June 2017 Ksh	June 2016 Ksh
Rent and rates	<u>43,733,995</u>	<u>34,703,578</u>

**12. Casual wages**

	June 2017 Ksh	June 2016 Ksh
Casual Wages	13,646,163	19,841,610
Total	<u>13,646,163</u>	<u>19,841,610</u>

**13. School's Direct Expenses**

	Jun-17 Ksh	Jun-16 Ksh
Paid Part-time Claims	-	7,901,499
Teaching Materials	2,882,905	-
Teaching Practice/Attachment	7,374,794.70	9,723,640
Examination Materials	2,628,670	-
External Examiners	1,691,860	2,417,751
Admission Expenses/KUCCPS	6,363,000	-
Part time Claim-Centers	-	45,509,947
Unpaid Part-time Claims	62,951,640	14,128,374
	<u>83,892,869</u>	<u>79,681,211</u>

**14. Research Expenses**

	Jun-17 Ksh	Jun-16 Ksh
Research expenses	<u>935,000</u>	<u>1,358,000</u>
	<u>935,000</u>	<u>1,358,000</u>

**15. Catering and accommodation expenses**

	Jun-17 Ksh	Jun-16 Ksh
Purchase of Gas, Food stuff & firewood	<u>23,821,760</u>	<u>58,550,152</u>
	<u>23,821,760</u>	<u>58,550,152</u>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO FINANCIAL STATEMENTS**

**16. Medical costs**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Medical costs/bills	15,120,395	15,585,984
	<b>15,120,395</b>	<b>15,585,984</b>
	<b>15,120,395</b>	<b>15,585,984</b>

**17. Bulk purchase of water and electricity**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Electricity	9,094,275	8,727,842
Water	9,810,638	7,781,524
	<b>18,904,913</b>	<b>16,509,366</b>
	<b>18,904,913</b>	<b>16,509,366</b>

**18. Employee costs**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Gross Pay	686,673,418	668,979,691
Pension Costs (Employer)	44,368,369	45,054,023
	<b>731,041,787</b>	<b>714,033,714</b>
	<b>731,041,787</b>	<b>714,033,714</b>

**19. Council Expenses**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Sitting, Travelling & Accommodation Allowances	19,609,616	14,073,623
	<b>19,609,616</b>	<b>14,073,623</b>
	<b>19,609,616</b>	<b>14,073,623</b>

**20. Repairs and Maintenance**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Maintenance of Catering Facilities	223,460	148,973.00
Maintenance of Buildings	14,127,043	8,989,529
Maintenance & Repair of Motor Vehicles	1,308,761	3,038,075
Maintenance of Water & Sewerage	979,559	653,039
Maintenance Of Plant & Equipment	1,442,024	961,349.00
Maintenance of Computers & Office Equipment	248,126	165,417.00
Maintenance of Fence	-	-
Repairs and Maintenance- Payables	1,846,602	2,889,276.00
	<b>20,175,575</b>	<b>16,845,658</b>
	<b>20,175,575</b>	<b>16,845,658</b>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**  
**NOTES TO FINANCIAL STATEMENTS**

**21. Contracted Services**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Legal and Consultancy expenses	11,038,137	2,311,856
Payable Legal Fees	-	1,246,180
	<hr/>	<hr/>
	<b>11,038,137</b>	<b>3,558,036</b>
	<hr/>	<hr/>

MAASAI MARA UNIVERSITY  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS

PROPERTY, PLANT AND  
EQUIPMENT

22

Depreciation Rate	0%	20.0%	2.5%	12.5%	25.0%	33.3%	25%
	LAND	PLANT	BUILDING	FURNITURE	VEHICLES	COMPUTER	LIBRARY
	Ksh	EQUIPMENT	RENOVATION	AND FITTINGS	MOTORVEHICLES	Ksh	BOOKS
Cost/Valuation	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
NBV as at 1.07.2015	5,264,000	4,887,128	284,553,075	11,464,999	15,197,508	805,801	-
Additions	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>5,264,000</b>	<b>4,887,128</b>	<b>284,553,075</b>	<b>11,464,999</b>	<b>15,197,508</b>	<b>805,801</b>	<b>-</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	31,701,860	25,919,560	11,318,113	35,370,675	14,947,956	-
Depreciation for the year	-	977,426	7,113,827	1,433,125	3,799,377	268,332	-
Depreciation for additional assets in the year	-	-	-	435,123	-	365,800	-
Accumulated Depreciation	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	-
c/d	-	-	-	4,698,996	-	828,162	-
Add Net additional Assets	-	-	-	-	-	-	-
NBV as at 30.6.2016	5,264,000	3,909,702.72	277,439,248.25	14,295,746.85	11,398,131.23	999,831.63	-
<b>TOTAL</b>	<b>5,264,000</b>	<b>4,887,128</b>	<b>284,553,075</b>	<b>11,464,999</b>	<b>15,197,508</b>	<b>805,801</b>	<b>-</b>
Cost/Valuation	-	-	-	-	-	-	-
Net Book Value as at	-	-	-	-	-	-	-
1.07.2016	5,264,000	3,909,703	277,439,248	14,295,747	11,398,131	999,832	-
Additions	-	-	817,829,315	2,193,056	-	4,950,000	104,990,698
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>1,095,268,563</b>	<b>16,488,803</b>	<b>11,398,131</b>	<b>5,949,832</b>	<b>104,990,698</b>
Accumulated Depreciation	-	-	-	-	-	-	-
B/F	-	32,679,285	33,033,387	13,186,361	39,170,052	15,582,088	0
<b>TOTAL</b>	<b>-</b>	<b>32,679,285</b>	<b>33,033,387</b>	<b>13,186,361</b>	<b>39,170,052</b>	<b>15,582,088</b>	<b>0</b>
<b>TOTAL</b>	<b>5,264,000</b>	<b>3,909,703</b>					

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

<b>Depreciation Rate</b>	<b>0%</b>	<b>20.0%</b>	<b>2.5%</b>	<b>12.5%</b>	<b>25.0%</b>	<b>33.3%</b>	<b>25%</b>	<b>TOTAL</b>
	<b>LAND</b>	<b>EQUIPMENT</b>	<b>BUILDING</b>	<b>FURNITURE</b>	<b>MOTORVEHICLES</b>	<b>COMPUTER</b>	<b>LIBRARY</b>	<b>TOTAL</b>
	<b>Ksh</b>	<b>Ksh</b>	<b>RENOVATION</b>	<b>AND FITTINGS</b>	<b>VEHICLES</b>	<b>Ksh</b>	<b>BOOKS</b>	<b>Ksh</b>
			<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>	<b>Ksh</b>
Amortization/Depreciation for the year	-	781,941	27,381,714	2,061,100	2,849,533	1,981,294	26,247,674	61,303,256
Accumulated Depreciation C/D	-	33,461,226	60,415,101	15,247,461	42,019,585	17,563,382	26,247,674	194,954,429
<b>Net Book Value as at 30.06.2017</b>	<b>5,264,000</b>	<b>3,127,762</b>	<b>1,067,820,152</b>	<b>14,427,702</b>	<b>8,548,598</b>	<b>3,968,538</b>	<b>78,743,023</b>	<b>1,181,899,776</b>
<b>Net Book Value as at 01.07.2016</b>	<b>5,264,000</b>	<b>3,909,703</b>	<b>277,439,248</b>	<b>14,295,747</b>	<b>11,398,131</b>	<b>999,832</b>	<b>-</b>	<b>313,306,661</b>

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**23. Financial Expenses**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Bank Charges - Coop	570,266	814,040
Bank Charges - BBK	38,690	20,638
Bank Charges - Equity	109,964	59,620
Bank Charges - KCB	55,844	3,660
Bank Charges - NBK	162,295	152,009
Finance Lease Expense	158,732	1,818,704
	<b>1,095,791</b>	<b>2,868,671</b>

**24. Work in progress**

CERT. NO	CONTRACTORS	GROSS PAY	VAT 6%	W/HOLDING TAX 3%	RETENTI ON 10%	NET PAY
	BAL B/F As at 01/7/2016	1,026,914,286	46,991,679	21,814,369	32,769,435	712,021,966
	Prior year adjustment	-	-	-	-	213,316,837
	Adjusted B/F as at 1/7/2016	<u>1,026,914,286</u>	<u>46,991,679</u>	<u>21,814,369</u>	<u>32,769,435</u>	<u>925,338,803</u>
<b>CAPITALISED</b>	Completed Lecture Complex	438,477,054	34,398,506	11,239,212	6,210,815	363,410,947
	Prior year adjustment	-	-	-	-	23,217,574
<b>CAPITALISED</b>	Women Hostel	379,352,261	9,743,119	6,261,527	21,808,530	211,260,323
	Prior year adjustment	-	-	-	-	130,278,762
	Total capitalized	<u>817,829,315</u>	<u>44,141,625</u>	<u>17,500,739</u>	<u>28,019,345</u>	<u>728,167,606</u>
<b>ADDITIONS</b>						
14	Vee Vee Entr. (Women Hostel)	28,117,683	1,454,363	727,181	2,811,768	23,124,370
	Vee Vee Entr.-(Damages)	7,838,152	427,535	-	-	7,410,617
2	Vee Vee Entr. (Tuition Block)	39,697,005	2,053,293	1,026,647	3,969,700	32,647,364
3	Vee Vee Entr. (Tuition Block)	43,429,702	2,246,364	1,123,182	4,342,970	35,717,186
4	Vee Vee Entr. (Tuition Block)	28,646,694	1,481,726	740,863	2,864,669	23,559,436
	Vaghjiyani (Retention Paid)	-	-	-	(6,210,815)	6,210,815
	Stroika	3,985,348	206,139	103,069	398,535	3,277,605
		<u>151,714,583</u>	<u>7,869,419</u>	<u>3,720,942</u>	<u>8,176,828</u>	<u>131,947,393</u>
	<b>TOTAL</b>	<u><b>360,799,554</b></u>	<u><b>10,719,474</b></u>	<u><b>8,034,573</b></u>	<u><b>12,926,918</b></u>	<u><b>329,118,590</b></u>
	<b>Retention payable</b>					
	Opening retention				32,769,435	
	Less paid				(6,210,815)	
	Additional retention				14,387,643	
	<b>Balance</b>				<u><b>40,946,263</b></u>	

Prior year adjustment relates to casting errors in net pay for 2015/2016 financials.

**MAASAI MARA UNIVERSITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**NOTES TO THE FINANCIAL STATEMENTS**

**25. Inventories**

<b>Stock</b>	<b>Jun-17</b> <b>Ksh</b>	<b>Jun-16</b> <b>Ksh</b>
Closing Stock - Catering	-	392,020
Closing Stock - Central Services	-	-
Closing Stock-Stationeries	3,497,495	4,260,363
Closing Stock - Estates	379,413	1,307,115
Closing Stock - Health	<u>2,487,857</u>	<u>1,478,226</u>
	<b><u>6,364,765</u></b>	<b><u>7,437,724</u></b>

**26. Receivables**

	<b>Jun-17</b> <b>Ksh</b>	<b>Jun-16</b> <b>Ksh</b>
<b>Trade and Other Debtors</b>		
MOHE Capitation	20,000,000	-
MOHE Dev.	50,000,000	-
Staff Debtors - Imprest	13,792,703	3,613,592
Deposits	5,538,960	
Other Debtors	769,050	5,111,920
Student Debtors - Gross	<u>155,039,026</u>	<u>161,289,415</u>
	<b><u>245,139,738</u></b>	<b><u>170,014,927</u></b>
Provision (at 10%)	<u>15,580,807.55</u>	<u>16,210,111</u>
	<b><u>229,558,930</u></b>	<b><u>153,804,816</u></b>

MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTES TO THE FINANCIAL STATEMENTS**

**27. Cash and cash equivalents**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Equity Catering And Accommodation	139,651	27,091
Equity KUCCPS	441,479	246,644
Equity Privately Sponsored Students	233,914	421,309
National Bank -Operations	5,127,076	1,003,557
Barclays Bank	589,825	552,132
Cooperative Bank – Privately Sponsored Students	260,769	336,772
Cooperative Bank Catering And Accommodation	437,177	53,804
Cooperative Bank KUCCPS	588,556	153,083
KCB Development	1,412,149	710,084
KCB Privately Sponsored Students	517,138	752,864
Jamii Bora Bank	952,864	617,050
Chase Bank	275,007	-
<b>Short Term Deposits</b>	-	
KCB		15,000,000
Cooperative Bank	17,000,000	-
National Bank -Operations	25,000,000	24,000,000
	<b>52,975,604</b>	<b>43,874,390</b>

**28. Current Liabilities**

	<b>Jun-17</b>	<b>Jun-16</b>
	<b>Ksh</b>	<b>Ksh</b>
Schools Direct Exp.	62,951,640	25,319,504
Provision for expenses	13,994,245	-
Pension Obligation	43,917,055	45,175,985
Caution Money	10,196,000	9,392,000
Payroll Creditors	38,467,823	36,955,226
Contractors payable	36,751,073	99,312,933
Prepayments Fees	27,038,074	9,380,238
Trade Payables	82,395,125	58,914,734
	<b>315,711,035</b>	<b>284,450,620</b>

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017  
NOTES TO THE FINANCIAL STATEMENTS**

**29. Transfers from Ministries, Departments and Agencies**

Name of Entity Sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred income	Amount Recognized in capital fund	Total Grant income during the year	2016-2017
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of Education	661,593,500	-	250,660,000	912,253,500	912,253,500
<b>Total</b>	<b>661,593,500</b>	<b>-</b>	<b>250,660,000</b>	<b>912,253,500</b>	<b>912,253,500</b>

The above amounts have been reconciled with the Ministry of Education

**30. Events after the reporting period**

There were no material adjusting and non-adjusting events after the reporting period.

**31. Ultimate and Holding Entity**

Maasai Mara University is a Semi-Autonomous Government Agency under the Ministry of Education, State Department of University Education. Its ultimate parent is the Government of Kenya.

**32. Currency**

The financial statements are presented in Kenya Shillings.

MAASAI MARA UNIVERSITY  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**XVIII. PROGRESS ON FOLLOW – UP OF AUDITORS  
RECOMMENDATIONS**

The following is the summary of outstanding paragraphs raised by the external auditor and their resolution status.

<b>Ref No on the external audit report</b>	<b>Issue/Observations from Auditor</b>	<b>Management Comments</b>	<b>Status</b>	<b>Officer Resolving the issue</b>
1	Unaccounted for Tuition fee collection	The reconciliation for student debtors opening and closing was done and the necessary supporting schedules provided	Done	Student Finance Officer
2	Cash and Cash Equivalents variance between cashbook and bank balance	The necessary changes were done and un-presented cheques reversed in the cashbook.	Done	Final Accounts Officer
3	Trade and other payables	The make-up of trade and other payables was explained to the auditor and agreed upon	Done	Finance Officer
4	Non-current Assets	-The final certificates and up-to-date certificates for all works done as well as work in progress were provided and true position of Work in progress calculated and reflected in the financial statements.	Done	Finance Officer and Final Accounts Officer.
5	Unremitted pension	The University is among those whose arrears for Basic and House Allowances were paid less the pension in the 2012/13 CBA cycle. Additionally, the University is still struggling to fill in the gross pay for staff.	Management has in place a payment plan.	Finance Officer/Management

**MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

		Management has put in place plans to begin remitting monthly instalments to pension managers.		
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MAASAI MARA UNIVERSITY  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**XIX. APPENDIX 1: INTER-ENTITY TRANSFERS**

The University received the following transfers from the Ministry of Education:

Name of Entity Sending the grant	Amount recognized to statement of comprehensive income	Amount deferred under deferred income	Amount Recognized in capital fund	Total Grant income during the year	2016-2017
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of Education	661,593,500	-	250,660,000	912,253,500	912,253,500
<b>Total</b>	<b>661,593,500</b>	<b>-</b>	<b>250,660,000</b>	<b>912,253,500</b>	<b>912,253,500</b>
<b>MAASAI MARA UNIVERSITY</b>					
<b>Breakdown of Transfers from the State Department of University Education</b>					
	<b>Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (Kshs)</b>	<b>FY</b>	
a)	Capitation	10/8/2016	53,466,125	2016/2017	
	Capitation	26/8/2016	53,466,125	2016/2017	
	Capitation	30/9/2016	53,466,125	2016/2017	
	Capitation	9/11/2016	53,466,125	2016/2017	
	Capitation	13/12/2016	53,466,125	2016/2017	
	Capitation	30/12/2016	53,466,125	2016/2017	
	Capitation	9/2/2017	53,466,125	2016/2017	
	Capitation	15/3/2017	53,466,125	2016/2017	
	Capitation	7/4/2017	53,466,125	2016/2017	
	Capitation	2/5/2017	53,466,125	2016/2017	
	Capitation	2/6/2017	53,466,125	2016/2017	
	Capitation	27/6/2017	53,466,125	2016/2017	
	Capitation	6/7/2017	20,000,000	2016/2017	
		<b>Total</b>	<b>661,593,500</b>		
b)	<b>Development Grants</b>				
	Capitation	30/9/2016	62,665,000	2016/2017	
	Capitation	7/12/2016	62,665,000	2016/2017	
	Capitation	23/3/2017	37,665,000	2016/2017	
	Capitation	29/3/2017	37,665,000	2016/2017	
	Capitation	4/7/2017	50,000,000	2016/2017	
		<b>Total</b>	<b>250,660,000</b>		