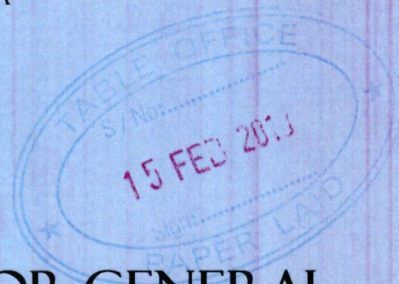


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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MAASAI MARA UNIVERSITY**

**FOR THE YEAR ENDED
30 JUNE 2016**



MAASAI MARA UNIVERSITY

Annual Report and Financial Statements

**FOR THE PERIOD ENDED
30th June 2016**

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

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II. KEY ENTITY 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 11th February, 2013.

At Cabinet level, Maasai Mara University is represented by the Cabinet Secretary for Education, Science and Technology who is responsible for the general policy and strategic direction of the University.

The University's Vision is *"To be a World Class University committed to academic excellence for development."*

While the Mission is *"To provide Quality University Education through innovative teaching, research and consultancy services for development."*

(b) Principal Activities

Maasai Mara University specific objectives are defined in Part 1(3.1) of the Universities Act 2012 as follows:-

- 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;
- g) Dissemination of the outcomes of the research conducted by the university to the general community;
- h) Facilitation of life-long learning through provision of adult and continuing education;
- i) Fostering of a capacity for independent critical thinking among its students; and
- j) Promotion of gender balance and equality of opportunity among students and employees.
- k) Promotion of equalization for persons with disabilities, minorities and other marginalized groups

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) University Headquarters

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

(d) Entity Contacts

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

(e) Entity Bankers

1. Central Bank of Kenya,
Haile Selassie Avenue,
P.O. Box 60000,
City Square 00200,
NAIROBI, KENYA
2. National Bank of Kenya,
Narok Branch,
P. O. Box 238,
NAROK
3. Equity Bank Ltd.
Narok Branch,
P. O. Box 1023-20500,
NAROK
4. Kenya Commercial Bank,
Narok Branch,
P. O. Box 406-20500,
NAROK
5. Barclays Bank of Kenya,
Narok Branch,
P. O. Box 1073-20500,
NAROK
6. Chase Bank Kenya Limited
Narok Branch,
P.O Box
NAROK

7. Jamii Bora Bank
P.O Box 22741-00400
NAIROBI

8. Co-operative Bank of Kenya,
Narok Branch,
P. O. Box 632-20500,
NAROK

(f) Independent Auditors

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

(g) Principal Legal Adviser

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

(h) University Council Members

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
1. Prof. John Joseph Okumu	Chairman of Council
2. Dr. Emmy J. Chesire	Council Member
3. Dr. Tabby Mungai	Council Member and alternate to PS Education, Science and Technology
4. Eng. Daniel Waithaka Njora	Council Member
5. Mr. Parmain Ole Narikae	Council Member
6. Mrs Mary Wanyonyi	Council member and alternate to PS National Treasury
7. Prof. Mary Walingo	Vice Chancellor and Council Secretary

(i) Board Committees

Name of the Committee	Members
Finance and General Purposes Committee	1. Dr Emmy Chesire 2. Dr Tabby Mungai 3. Mr Parmain Ole Narekae 4. Mrs. Mary Wanyonyi
Audit Committee	1. Eng. Daniel Njora 2. Dr Tabby Mungai 3. Mr Parmain Ole Narekae 4. Mrs. Mary Wanyonyi
Academic, Sealing and Honorary Committee	1. Dr Emmy Chesire 2. Dr Tabby Mungai 3. Eng. Daniel Njora 4. Mrs. Mary Wanyonyi
Senior Academic Appointment Committee	1. Dr Emmy Chesire 2. Dr Tabby Mungai 3. Eng. Daniel Njora 4. Mrs. Mary Wanyonyi

I KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**i. Key Management**

The Vice Chancellor is the Chief Executive Officer of the University. The Vice Chancellor chairs both the Management Board and Senate and is also the Secretary to the Council. The Board is responsible for:

- a) Efficient management of the human, physical, and financial resources of the University;
- b) Making proposals to the Council and Senate on policies that have a University wide application;
- c) Coordination of the University Strategic and Development plans; and
- d) Any other matters related to the management of the University

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

III. STATEMENT OF RESPONSIBILITIES

Section 83 of the Public Finance Management Act, 2012 requires an Accounting Officer for a National Government owned Entity to prepare a report for each quarter of the financial year in respect of the entity.

In preparing a quarterly report for a National Government Entity, the Accounting Officer shall ensure that the report:


- (a) Contains information on the financial and non-financial performance of the entity; and
- (b) Is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board of Kenya from time to time.

In addition, not later than fifteen days after the end of each quarter, the Accounting Officer shall submit the quarterly report to the Cabinet Secretary responsible for the entity and the National Treasury. The Cabinet Secretary responsible for an entity shall forward a copy of the report to the Cabinet Secretary and Controller of Budget.

In the case of an entity that is a state corporation, the Accounting Officer for the corporation shall submit the quarterly report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

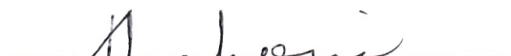
Approval of the financial statements

The Maasai Mara University Financial statements have been prepared in accordance with Section 83 of the PFM Act and The National Treasury Circular No 19/15 of December 18th 2015 and were approved by the Board on 30 Sept 2016 and signed on its behalf by:



Prof. John Joseph Okumu
Chairman of Council

30/9/2016
DATE



Prof. Mary K. Walingo
Vice Chancellor

30/9/2016
DATE

III. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A; *The University's operational and financial performance*

Operational Performance

The University's operations are set out in the Strategic Plan 2014/19, which is available in our website (www.mmarau.ac.ke). In summary:

Organization

The University is organized into academic and administration wings. The administration wing provides the support function while the academic wing drives the core business of the University. The academic wing has five schools, each led by a Dean:

- School of Arts and Social Sciences
- School of Business and Economics
- School of Science
- School of Education
- School of Tourism and Natural Resources Management

Programmes for these schools are run from eight campuses in the following locations:

- Main Campus
- Narok Town Campus
- Nairobi Campus
- Bomet Campus
- Kajiado Campus
- Nyandarua Campus
- Kilgoris Campus
- Kisii Campus

However, during the last quarter of the foregoing financial period all campuses were closed save for Nairobi, Narok town and Kisii campus and students moved to the Main campus.

Responsibility for the overall day-to-day administrative management of the University is through the Vice Chancellor supported by a senior team of administrators.

Key Facts relating to students and staff numbers; revenue and staff costs

	2015/16	2014/15
Students		
Certificate	123	
Diploma	497	
	620	
Undergraduates		
PSSP	1,497	3499
KUCCPS	7,169	4641
	8,666	8140
Post Graduate		
Masters	53	
Total student numbers	9,339	8,140
Staff		
Teaching	129	135
Non-Teaching	405	407
Total staff numbers	534	542
Total staff costs	Ksh 714,033,714	Ksh 609,201,045

Financial Performance**Strategy**

Our financial strategy is based on the generation of operating surplus: being able to generate sufficient revenue to meet operating and development requirements. Operating cash flows and any available capital grants should be sufficient to finance capital projects that enable the long term sustenance of the University's estate and infrastructure.

Financial results**Revenue**

For the period ending 30th June 2016, Gross revenue of Ksh 1.113billion was realized. Revenue from tuition fee charged was Ksh 413.66 Million which was 49.1% higher than Ksh 277.45 million realized in the previous financial year.

The other revenue streams that showed marked growth is revenue from Exchequer grants which grew by 4.6% to 661.92 Million from 632.59 Million; Research grants which grew by more than Ksh 2.2 million as well as collaboration fee revenue and other incomes which grew by 28.2% and 38.8% respectively.

Revenue from catering sales declined by 3.6% as did rental revenue and finance revenue which registered a negative growth.

Expenditure

The expenditure for the period ended 30th June 2016 increased by 18.3% to stand at Ksh 1.12 billion from Ksh 947.577 million the previous financial period. The major expenditures that registered adverse variance were; rent & rates (249.8%), casual wages (184.3%), and catering & accommodation expenses (60.1%) and contracted services (52.9%).

Moreover, the University managed to equally reduce various expenditures among them general expenses, research expenses, financial expenses and university clinic expenses.

SECTION B; Maasai Mara University Compliance with statutory requirements

Legal Framework

The University's financial statements have been prepared in accordance with Section 83 of the PFM Act, which requires all National Government Owned Entities to prepare a report for each quarter of the financial year. The financial statements are in consonance with the Public Sector Accounting Standards Board of Kenya (PSASB-K) approved templates for quarterly reporting by National Government Entities of 25th February 2016.

The quarterly 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 IPSAS1 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)].

SECTION C; *Key projects and investment decisions the entity is planning/implementing Ongoing Projects*

The University has a number of ongoing projects as listed below;

Project Name: Women Hostel
Project geographic location: Narok County (Within Narok town)
Project purpose: students accommodation
Brief description of the project/Project summary: When completed the project will accommodate at least 930 female students, which will help in easing the problem of accommodation within the university. The project is approximately 92% complete and will be completed in the first quarter of FY 2016/17.
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 -Students within the institution have greater opportunity of participating in sports, games, clubs and other social activities. -Being a women student's hostel this will lead to empowering the girl child hence contributing towards achieving the goals of the country's development agenda. -Set in a fairly rural setting with limitations regarding infrastructure development hence the need to offer accommodation. There is also one such project already completed for male students.
Outline source of financing: Government of Kenya

<p>Project Name: Tuition Block</p>
<p>Project geographic location: Narok County (Within Narok town)</p>
<p>Project purpose: office space and lecture rooms</p>
<p>Brief description of the project/Project summary: When completed the project will have office space and additional lecture rooms which will help in easing the problem of office and learning space. The project is approximately 9.29% complete and will be completed in the first quarter of FY 2016/17.</p>
<p>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</p>
<p>Outline source of financing: Government of Kenya</p>

III. MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SECTION D; *Major risks facing the entity*

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. The improved cash flow position in the last financial period notwithstanding, there were liquidity challenges occasioned by delayed and reduced exchequer grants experienced during the financial period. This may potentially result in reputational risks due to delayed payments to creditors.

The University realized a deficit of Ksh 7.048 million during the financial period which was higher than Ksh 6.178 million realized the previous financial period. This deficit was occasioned by increase in rent and rates, casual wages catering and accommodation expenditure as well as the payments of union arrears for two University Unions i.e. KUSU AND KUDHEIHA.

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 at the sole supplier of water to the University.

SECTION E; *Material arrears in statutory/financial obligations*

The University is not in default of any loans, pending bills or tax. The only outstanding obligation is staff pension remittance relating to 2011, 2012 and 2013 amounting to Ksh 45,175,984.54 which is made up of the principal Ksh 17,657,710.80 and interest of Ksh 27,518,273.70. This notwithstanding, 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 installment payment to Moi Pension scheme during the first quarter of 2016/17 financial year. This will continue on monthly basis until the arrears cleared.

SECTION F; *The entity's financial probity and serious governance issues*

There are no major financial improbities reported by internal audit or the Audit committee of Council, external auditors, or any other National Government Agencies providing oversight. Additionally, the University does not have serious governance issues among the Council or its members of the Council and top management including conflict of interest.

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 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Maasai Mara University set out on pages 14 to 46 which comprise the statement of financial position as at 30 June 2016 and the statement of financial performance, statement of cash flows, statement of changes in equity for the period 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.

Management's Responsibility for the Financial Statements

Management of Maasai Mara University 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 (1) of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards on Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

Report of the Auditor-General on the Financial Statements of Maasai Mara University for the year ended 30 June 2016

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Tuition Fees

Students registration records obtained from the student admission department revealed that, a total of 9,339 students were in session during the period under review for various programmes as shown here below:

Programme	Number of students in privately sponsored student programme (PSSP)	Number of students in government sponsored student programme (GSSP)	Total
Masters	53	7,169	7,222
Degree	1,497	0	1,497
Diploma	497	0	497
Certificates	123	0	123
Total	2,170	7,169	9,339

Although the University gave a breakdown of the sponsored students, a schedule of billings presented for audit in support of the tuition income of Kshs.413,663,925 indicates that 8,887 students were billed against a total of 9,339, while the difference of 452 students not billed was not explained or accounted for. It was also noted that the schedule did not indicate the bill (invoice) numbers and dates making it difficult to ascertain its accuracy and completeness. In addition, analysis of the register through the system disclosed that there were 494 inactive students in the register who were invoiced a total of Kshs.16,884,850. This figure therefore represents revenue that was recorded but had not been earned during the year.

In view of the above, the accuracy and completeness of the income disclosed in the statement of financial performance for the year ended 30 June 2016 could not be confirmed.

2. Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.153,374,794 as at 30 June 2016, which is an increase by Kshs.109,647,821 from Kshs.46,726,973 as at 30 June 2015. The increase in student debtors arose because, while a sum of Kshs.413,663,925 was billed to students, only Kshs.252,374,510 was collected and a balance of Kshs.161,289,415 was carried forward as gross debtors compared to Kshs.39,786,475 as shown in Note 21. Although the University made a provision of bad debt of Kshs.16,210,111, Management did not explain why student fees collection only accounts for 61%. Further, a sum of Kshs.109,212,865 out of the total receipts was not allocated to students accounts but was reported as uncredited receipt in the cash book.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions could not be confirmed.

3. Over stated Provision for Doubtful Debts

Note 4 reflects provision for doubtful debts of Kshs.16,210,111 for the year ended 30 June 2016 compared to Kshs.430,024 for the year ended 30 June 2015. Had all the un-receipted receipts been allocated and reconciled to the students accounts, including allocation of all the student loans received from HELB and bursaries from various institutions. Provision for bad debt would have been unnecessary.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Maasai Mara University as at 30 June 2016, and of its financial performance and its cashflows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Universities Act.

Other Matter

1. Payroll

The audit of the payroll for the year ended 30 June 2016 disclosed the following unsatisfactory matters:-

- i. Two (2) employees were each paid Kshs.12,000 leave allowance twice during the year contrary to university policies. Consequently, Kshs.24,000 was lost.
- ii. Twenty-six (26) employees were undertaxed a total of Kshs.282,445 during the year.

- iii. Twenty-two (22) employees were not deducted their NSSF contributions which is against Government Regulations
- iv. Six (6) employees were drawing Acting Allowance but had no appointment letters appointing them to various for acting positions.
- v. Three (3) officers were earning Non practicing allowances but no evidence of practicing certificates was availed for audit.

No explanation was given for the above anomalies. In the circumstances, completeness, accuracy and reliability of the University's payroll could not be confirmed.

2. Bursaries and Loans

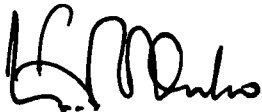
Analysis of bursaries and loans received from the Higher Education Loans Board (HELB) revealed the following:

- i. The University received bursaries totaling Kshs.55,173,322 but only Kshs.51,079,065 was applied while a balance of unapplied bursary of Kshs.4,094,257 was reported in the financial statements under creditors.
- ii. The university received Kshs.72,372,000 from HELB as student's loans but only Kshs.60,125,000 was applied during the year leaving a balance of Kshs.12,247,700 which was not recognized in the financial statements as prepayments.

Had the balance of the bursaries and the full loans from HELB been applied, it could have reduced the student's debtors by the amount of the unapplied loan and bursaries.

3. Going Concern

During the year under review, the University made a loss of Kshs.7,048,100 compared to a loss of Kshs.6,178,937 during the year ended 30 June 2015 resulting to accumulated revenue reserves of negative Kshs.53,914,256. In addition, the current liabilities of Kshs.306,009,830 exceeded current assets of Kshs.204,686,907 resulting in a negative working capital of Kshs.101,322,923. Consequently, the University is at a risk of not being able to meet its obligations as and when they fall due.



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

Nairobi

12 January 2018

IV. STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE			
AS AT 30th JUNE 2016			
	NOTES	June-16	June-15
		KSHS	KSHS
REVENUE			
Revenue From Non-Exchange Transactions			
EXCHEQUER GRANTS	1(a)	661,926,556	632,593,500
DONATIONS	1(c)	4,651,600	-
RESEARCH GRANTS	2(a)	2,374,628	100,000
		668,952,784	632,693,500
Revenue From Exchange Transactions			
CATERING SALES	2(b)	12,809,551	13,291,967
RENTAL REVENUE FROM FACILITIES & EQUIPMENTS	2(c)	1,503,345	4,072,300
FEE REVENUE -COLLABORATIONS	2(d)	11,966,616	9,334,668
FINANCE REVENUE-SHORT TERM DEPOSIT INTEREST	2(e)	220,860	1,034,309
OTHER INCOME	2(f)	4,826,806	3,511,600
TUITION INCOME	3	413,663,925	277,459,820
		444,991,102	308,704,664
Total Revenue		1,113,943,887	941,398,164
EXPENDITURE			
GENERAL EXPENSES	4	128,989,374	140,541,322
RENT & RATES	5	34,703,578	-
CASUAL WAGES	6	19,841,610	-
SCHOOLS DIRECT EXPENSES	7	79,681,212	64,972,850
RESEARCH EXPENSES	8	1,358,000	2,355,150
CATERING & ACCOM EXPENSES	9	58,550,152	37,016,309
UNIVERSITY CLINIC	10	15,585,984	22,013,019
BULK PURCHASES OF WATER & ELECTRICITY	11	16,509,366	16,069,287
EMPLOYEE COSTS	12		

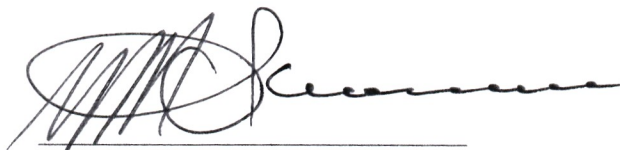
		714,033,714	608,595,539
COUNCIL EXPENSES	13		
REPAIRS & MAINTENANCE	14	14,073,623	12,131,667
FARM INPUTS	15	16,845,657	10,813,247
CONTRACTED SERVICES	16	-	337,850
DEPRECIATION & AMORTIZATION EXPENSE	18	3,558,036	2,326,508
FINANCIAL EXPENSES	19	14,393,009	28,511,859
		2,868,672	1,892,494
Total Expenditure		1,120,991,987	947,577,101
SURPLUS/(DEFICIT)		(7,048,100)	(6,178,937)
RATIOS		%	%
Operating Surplus/(Deficit) Margin		(0.63)	(0.66)
Personnel Costs to Total Cost		0.64	0.64
Personnel Costs to Revenue		0.64	0.65
NUMBER OF EMPLOYEES			
Teaching		129	135
Non-Teaching		405	407
Total		534	542

V. STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION			
AS AT 30th JUNE 2016			
	Notes	Jun-16	Jun-15
			Ksh
<u>NON-CURRENT ASSETS</u>			
Work in Progress	17	1,026,914,286	765,593,758
Property, Plant and Equipment	18	313,306,661	322,172,512
Total non-current assets		1,340,220,947	1,087,766,270
<u>CURRENT ASSETS</u>			
Inventories	20	7,437,724	9,256,377
Receivables from non-Exchange transactions	21	-	52,716,126
Receivables from Exchange transactions	21	153,374,794	46,726,973
Cash and Cash equivalents	22	43,874,389	46,149,207
Total current assets		204,686,907	154,848,682
TOTAL ASSETS		1,544,907,854	1,242,614,952
<u>CAPITAL FUNDS & LIABILITIES</u>			
CAPITAL FUNDS			
Accumulated Capital Fund		1,256,941,305	1,137,249,695
Revaluation Reserve		3,101,540	3,101,540
Revenue Reserve		(53,914,256)	(23,763,319)
Total capital funds		1,206,128,589	1,116,587,916
<u>CURRENT LIABILITIES</u>			
Trade Payables	24	58,914,734	12,284,021
School Direct Expenses	7	25,319,504	12,051,375
Caution money Deposits	23	9,392,000	5,743,000
Pension Obligation	23	45,175,985	48,929,987
Payroll Creditors	23	55,970,303	-
Contractors Payables	17	99,312,933	-

Students fees received in advance	23	9,380,238	7,571,598
Finance Lease Obligation		2,544,132	4,362,837
Total current liabilities		306,009,830	90,942,818
<u>LONG TERM LIABILITIES</u>			
Contractors Retention – WIP	17	32,769,435	35,084,218
TOTAL FUNDS & LIABILITIES		1,544,907,854	1,242,614,952
<u>Ratios</u>			
Current Ratio		0.67	1.70
Debt to Assets Ratio		0.002	0.004
Total Asset Turnover		1.39	1.32
Return on Assets		(0.0046)	(0.0050)

The financial statements set out on pages 14 to 22 were signed on behalf of Maasai Mara University by:



Prof. John Joseph Okumu
Chairman of Council

30/9/2016
DATE



Prof. Mary K. Walingo
Vice Chancellor

30-09-2016
DATE

VI. STATEMENT OF CASH FLOWS AS AT 30th June 2016

STATEMENT OF CASH FLOWS			
AS AT 30th JUNE 2016			
	Notes	Jun-16 Ksh	Jun-15 Ksh
<u>Cash flow from operating expenses:</u>			
Surplus/(Deficit)		(7,048,100)	(6,178,937)
Adjustment for:			
Provision for audit fees	4	-	600,000
Depreciation	18	14,393,009	28,511,859
Provision for bad and doubtful debts (decrease)	21	16,210,111	430,023
		23,555,019	23,362,945
Change in Stocks		1,818,653	(2,538,869)
Change in Receivables from exchange transactions		(106,647,821)	(5,603,077)
Change in Receivables from non-exchange transactions		52,716,126	(9,787,742)
Change in Trade & Other Payables		215,867,934	(15,597,109)
Increase in Retention		(2,314,783)	(6,639,019)
Cash from Operating Activities		161,440,109	(40,165,816)
Net cash from operating activities		184,995,128	(16,802,870)
<u>Investing Activities</u>			
Property, Plant & Equipment	18	(6,328,081)	(31,750,347)
Work in Progress	17	(177,758,655)	(134,294,586)
Cash from Investing Activities		(184,086,736)	(166,044,933)
Financing Activities			

Government Grants – Capital	1(b)	119,691,610	208,266,667
Cash from Financing Activities		119,691,610	208,266,667
Net Increase in Cash & Cash Equivalents		120,600,002	25,418,864
Net Cash & Cash Equivalents - Opening		(76,725,613)	20,730,343
Net Cash & Cash Equivalents – End		43,874,389	46,149,207
Analysis of Cash & Cash Equivalents			
Cash and Bank Balances		43,874,389	46,149,207
Overdrafts		-	-
		43,874,389	46,149,207

VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30th JUNE 2016

	FINAL BUDGET	ACTUALS	VARIANCE
	2015-2016	2015-2016	2015-2016
	KSHS	KSHS	KSHS
EXCHEQUER GRANTS	671,593,500	661,926,556	-1.46%
DONATIONS	-	4,651,600	
RESEARCH GRANTS	-	2,374,628	0%
CATERING SALES	12,417,300	12,809,551	3%
RENTAL REVENUE FROM FACILITIES & EQUIPMENTS	26,714,970	1,503,345	-94%
FEE REVENUE –COLLABORATIONS	-	11,966,616	-55%
FINANCE REVENUE-SHORT TERM DEPOSIT INTEREST	-	220,860	0%
OTHER INCOME (Graduation, Research)	27,950,000	4,826,806	-83%
TUITION FEE	331,160,920	413,663,925	25%
Total Revenue	1,069,836,690	1,113,943,887	
EXPENDITURE			
GENERAL EXPENSES	169,757,996	128,989,374	24%
RENT & RATES	57,316,000	34,703,578	39%
CASUAL WAGES	3,600,000	19,841,610	-451%
SCHOOLS DIRECT EXPENSES	74,414,000	79,681,212	-7%
RESEARCH EXPENSES	2,500,000	1,358,000	46%
CATERING & ACCOM EXPENSES	24,500,000	58,550,152	-139%
UNIVERSITY CLINIC	18,750,000	15,585,984	17%
BULK PURCHASES OF WATER & ELECTRICITY	18,142,500	16,509,366	9%
EMPLOYEE COSTS	662,854,155	714,033,714	-8%
COUNCIL EXPENSES	15,000,000	14,073,623	6%

REPAIRS & MAINTENANCE	16,132,425	16,845,657	-4%
FARM INPUTS	150,000	-	-
CONTRACTED SERVICES	1,500,000	3,558,036	-137%
DEPRECIATION & AMORTIZATION EXPENSE	22,656,251	14,393,009	36%
FINANCIAL EXPENSES	1,512,000	2,868,672	-90%
TOTAL EXPENSES	1,088,785,327	1,120,991,987	
SURPLUS/(DEFICIT)	(18,948,637)	(7,048,100)	

VIII. STATEMENT OF CHANGES IN NET ASSETS/ EQUITY AS AT 30th JUNE 2016

	Accumulated	Revaluation	Revenue	Total
	Fund	Reserve	Reserve	
	Ksh	Ksh	Ksh	Ksh
Balance as at 1st July, 2014	928,983,028	3,101,540	(17,584,382)	914,500,186
				-
Government Capital Grants	208,266,667		(6,178,937)	202,087,730
				-
Surplus/Deficit for the Period	-		-	-
Balance as at 30th June 2015	1,137,249,695	3,101,540	(23,763,319)	1,116,587,916
	Accumulated	Revaluation	Revenue	Total
	Fund	Reserve	Reserve	
	Ksh	Ksh	Ksh	Ksh
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			(23,102,836)	
				-
Surplus/Deficit for the Period	-	-	(7,048,100)	(7,048,100)
				-
Balance as at 30th June 2016	1,256,941,305	3,101,540	(53,914,256)	1,206,128,589

IX. STATEMENT OF COMPLIANCE, ACCOUNTING POLICIES AND BASIS OF PREPARATION

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.~~

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 have been prepared on accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the University and can be measured reliably.

Exchequer grants from the government are recognized as revenue in the period in which they relate as per IPSAS 23.

ii) Revenue from exchange transactions

Rendering of services

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 recognized 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 debt provision of 10% of all outstanding fee balances due from students.

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.

Interest revenue

Interest revenue is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest revenue each period.

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.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and revenue are presented in a single statement to determine the needs of the University. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis, timing or differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

d) Property, plant and equipment

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 is calculated on the straight line basis, at annual rates estimated to write off carrying value of the assets over their expected useful lives (IAS 4). Assets acquired during the year are depreciated from the date of acquisition (IAS 4).

The annual depreciation rates (straight line basis) in use are:-

Buildings	-	2.5%
Machinery and Equipment	-	20.0%
Furniture and Fittings	-	12.5%
Motor Vehicles	-	25.0%
Computers	-	33 1/3 %

Freehold land is not depreciated as it is deemed to have an infinite life.

Work in Progress (WIP) is not depreciable until capitalized to respective asset class.

e) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the University. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The University recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset.

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University demonstrates that:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

Financial assets

Initial recognition and measurement

Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The University determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the University has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The University assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or an University of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the University of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an University of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and condition is accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value at the end of the financial period. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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 are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

l) Provisions

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.

Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any re-imburement.

Contingent liabilities

The University does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements. Currently the University maintains the following reserves;

- Capital Reserves: All exchequer grants (Capital Development) from the Government are recognized as owners' funds in the period in which they relate and credited to this reserve.
- Revaluation Reserve: The University assets are re-valued from time to time. Property acquired from the former Narok Teachers Training College and valued at handover is credited to this account.

n) Changes in accounting policies and estimates

The University recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate Pension Fund, and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets today all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year in which they become payable.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as revenue or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the University, or vice versa. Members of key management are regarded as related parties and comprise the Council Members, the Vice Chancellor, Deputy Vice Chancellors, Finance Officer, and Registrars.

s) Service concession arrangements

The University analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the University recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the University also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

v) Significant judgments and sources of estimation uncertainty

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.

Fee revenue is billed at the beginning of each academic semester. The academic and financial year of the University are different and so revenue is allocated on a monthly basis. Estimates are also provided

on leave days accruals for staff. Accumulated leave days expense is computed on the basis of monthly working days divided by the basic salary.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The University based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the University
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. These are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th, 2016.

X. NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

1 Revenue from non-exchange transactions - IPSAS 23

1(a) EXCHEQUER GRANTS

	-	-	-	-
		Jun-16		Jun-15
		Ksh		Ksh
July				52,716,125
August		55,966,125		52,716,125
September		55,966,125		52,716,125
October		55,966,125		52,716,125
November		111,932,250		52,716,125
December		55,966,125		52,716,125
January				52,716,125
February		55,966,125		52,716,125
March		55,966,125		52,716,125
April		111,932,250		52,716,125
May		-		52,716,125
June		102,265,306		52,716,125
		661,926,556		632,593,500

Capitation for the last two months of the closing FY were reduced by Ksh 4,833,472 each. This was a huge cash flow challenge for the Institution in meeting Employee costs obligations considering that even prior to the reduction the University was raising an average of Ksh 5million per month to cover the salary shortfall in capitation grants.

		Jun-16		Jun-15
		Ksh		Ksh
October				89,550,000
January				89,550,000
March				29,166,667
April		102,050,000		
June		17,641,610		
		119,691,610		208,266,667

1(c)	Donations & Gifts		Jun-16 Ksh	Jun-15 Ksh
	Donation (Narok County Gov.)		950,000	-
	Royal Media Services		3,500,000	
	DSTV		201,600	
			4,651,600	
<p><i>Donations were towards the University's annual cultural week by the Narok County government. Their Accounting was done in accordance to IPSAS 23(93). During the FY the University received contributions in kind in form of services from Royal Media services through their Sunday Service show "Kubamba" a similar contribution by DSTV was also received in form of live University game transmission in their network.</i></p>				
<p><i>IPSAS 23 (102) Due to the many uncertainties surrounding services in-kind, including the ability to exercise control over the services, and measuring the fair value of the services, this Standard does not require the recognition of services in-kind. Paragraph 108, however, encourages the disclosure of the nature and type of services in-kind received during the reporting period.</i></p>				
			Jun-16 Ksh	Jun-15 Ksh
2(a)	Research Grants		2,374,628	100,000
2(b)	Catering Sales		12,809,551	13,291,967
2(c)	Rental Revenue			
	Hire/Seminar Income		1,383,345	3,784,300
	Staff Rent		120,000	288,000
			1,503,345	4,072,300
2(d)	Collaborations Fee Revenue			
	Collaborations - (Highlands)		4,457,375	3,720,918
	Collaborations - (AICO/Eldoret)			1,610,000
	Collaborations - (ESMART-MUMIAS)		1,285,654	1,500,000
	Collaborations - (ESMART-KISII)		854,967	1,600,000
	Collaborations - (KERICHO COLLEGE OF PROFESSIONAL STUDIES)		326,000	903,750
			6,923,996	9,334,668
(e)	Fixed deposit interest	KCB	220,860	-
		NBK	-	1,034,309
2(f)	Other Income			
	Farm Sales		-	17,465
	Medical Examination Staff Contribution		86,700	59,450
	Misc. Income		2,839,788	1,223,541

	Nursery Income		475,250	1,550,876
	NHIF Income		1,412,068	660,268
	Tender Income		13,000	-
			4,875,239	3,511,600
3	Tuition Income (Collections)			
			Jun-16	Jun-15
			Ksh	Ksh
	PSSP PROGRAM	0.60	248,198,355	167,458,520
	KUCCPS STUDENTS	0.40	<u>165,465,570</u>	<u>110,001,300</u>
	TOTAL		413,663,925	277,459,820
	Billings		413,663,925	
Less	Collections		<u>252,374,510</u>	
	Student Debtors – Gross		161,289,415	

4	General Expenses		
		16-Jun	15-Jun
		Ksh	Ksh
1	Advertising & Publicity	7,725,671	14,404,989
2	Administrative/Office	1,868,971	2,792,101
3	Provision for Audit Fees	696,000	600,000
4	Casual wages		5,771,489
5	Bursaries/Waivers	3,327,825	743,748
6	Caution/Refunds	3,110,723	2,227,242
7	Cleaning Materials and Detergents	800,111	3,387,775
8	Computer Expenses	1,197,450	4,548,349
9	Corporate Social Responsibility	400,660	267,080
10	Cultural/Open Day Expenses	2,275,083	1,101,945
11	Fuel, Oil & Transport	5,769,300	8,832,313
12	Graduation	4,434,227	6,994,935
13	Insurance Expenses	1,306,244	5,845,200
14	Graduation expense		6,994,935
15	Internet Expenses	7,181,864	3,053,682
16	Library Books	2,391,674	2,966,026
17	Relocation allowance		605,506

18	Postage & Telephone	2,759,956	2,698,303
19	Public celebrations and funerals	1,052,625	1,494,025
20	Publishing and Printing Expenses	241,572	1,295,075
21	Purchase of Uniforms & Clothing	558,540	939,800
22	Provision for Bad Debts	16,210,111	430,024
23	Security Surveillance Expenditure	2,474,422	943,636
24	Service Charter Delivery	1,144,834	-
25	Seminar & Workshops	2,665,220	2,558,831
26	Stationery & Office Expenses	10,064,067	6,858,795
27	Student Welfare	1,535,000	
28	Student Activities	11,539,245	15,064,492
29	Student Field Trip	4,951,080	299,775
30	Subscriptions	1,390,596	1,698,666
31	Subsistence Internal	22,811,048	22,869,400
32	Rent and rates		9,919,993
33	Subsistence External	5,310,006	7,082,650
34	Students field trips		299,775
35	Training Expenses	1,795,250	2,245,477
	TOTAL	128,989,374	140,541,322

5 RENT & RATES			
		Jun-16	Jun-15
		Ksh	Ksh
Paid	Narok	16,000,000	
	KEMI		-
	Kajiado	588,000	
	Kilgoris	450,000	
	Nyandarua	240,000	
	Bomet	588,000	
	Kisii	3,857,991	
		21,723,991	-
Payables			
	Narok	11,601,526	
	KEMI	341,861	
	Kajiado	294,000	
	Kilgoris	225,000	
	Nyandarua	240,000	
	Bomet	277,200	
		12,979,587	-
Total Rent & Rates		34,703,578	-

6 CASUAL WAGES			
		Jun-16	Jun-15
		Ksh	Ksh
Paid	Estates	1,038,385	
	Catering	4,799,901	-
	Accommodation	2,909,112	-
	Central Services	2,228,067	
	Library	737,728	
	School of Science	261,191	
	ICT	985,320	
	Security	3,887,897	
	Farm	366,659	-
	Health Unit	1,636,314	-
	Narok Town Campus	458,996	
	Kisii Campus	270,790	
	Kilgoris Campus	186,208	
	Kajiado Campus	14,998	
	Bomet Campus	60,044	
		19,841,610	-

7 SCHOOLS DIRECT EXPENSES			
		16-Jun	15-Jun
		Ksh	Ksh
	Part-time payments-Centers	45,509,947	
	Advance payment		-
	Pssp Disbursement-Sch. of Business &Econ.	4,006,693	
	Pssp Disbursement -Sch. of Natural Resource	805,275	
	Pssp Disbursement -Sch. of Science	1,584,956	
	Pssp Disbursement -Sch. of Arts and Social Science	1,504,575	
	Teaching Practice/Attachment	9,723,640	2,463,694
	Teaching Practice/Attachment		
	External Examiners	2,417,751	2,610,750
	Teaching materials		3,836,585
	Curriculum Development		209,550
	Payables		
	Pssp Disbursement-Sch. of Business &Econ.	4,006,693	14,360,100
	Pssp Disbursement -Sch. of Education	6,226,875	15,790,285
	Pssp Disbursement -Sch. of Natural Resource	805,275	7,180,127
	Pssp Disbursement -Sch. of Science	1,584,956	9,639,055
	Pssp Disbursement -Sch. of Arts and Social Science	1,504,575	9,092,250
	Total School Direct Expenses for this financial Year	79,681,212	

	2013-2014 Part Time Claims (Payables)	11,191,130	
	Total Payables	25,319,504	64,972,846
8	RESEARCH EXPENSES	16-Jun	15-Jun
		Ksh	Ksh
	Research Expenditure	1,358,000	2,355,150
		1,358,000	2,355,150
9	CATERING & ACCOMMODATION COSTS	16-Jun	15-Jun
		Ksh	Ksh
	Purchase of Gas, Food stuff & firewood	47,124,802	37,016,309
	Payables	11,425,350	
		58,550,152	37,016,309
10	MEDICAL COSTS	16-Jun	15-Jun
		Ksh	Ksh
	purchase of Drugs & Medical Bills	12,964,987	22,013,019
	Payable Medical costs	2,620,997	
		15,585,984	22,013,019
11	BULK PURCHASES OF WATER & ELECTRICITY	16-Jun	15-Jun
		Ksh	Ksh
	Electricity	8,259,424	9,641,572
	Water	5,909,117	6,427,715
	Payables	2,340,825	
		16,509,366	16,069,287
12	EMPLOYEE COSTS	16-Jun	15-Jun
		Ksh	Ksh
	Basic Salary	303,452,359.00	277,521,608
	Contract Salary	21,338,502.00	8,910,658
	House Allowance	183,491,598.00	172,417,363
	CBA Arrears	13,899,081.00	-
	Pension Costs	45,054,022.55	40,664,321
	Other Allowance	146,452,739.60	107,065,426
	Relocation Allowances	298,906.00	-
	Gratuity	46,506.00	2,016,163
		714,033,714	608,595,539
13	COUNCIL EXPENSES	16-Jun	15-Jun
		Ksh	Ksh
	Council Allowances (Sitting, Travel and Accommodation)	14,073,623	12,131,667

		14,073,623	12,131,667
14	Repairs & Maintenance	16-Jun	15-Jun
		Ksh	Ksh
	Maintenance of Catering Facilities	148,973	717,159.00
	Maintenance of Buildings	8,989,529	6,067,165.00
	Maintenance & Repair of Motor Vehicles	3,038,075	
	Maintenance of Water & Sewerage	653,039	3,325,944.00
	Maintenance of Playground	961,349	230,171.00
	Maintenance of Computers	165,417	-
	Maintenance of Fence	-	472,808.00
	Repairs & Maintenance-Payables	2,889,276	
		16,845,657	10,813,247
15	Farm Expenses	16-Jun	15-Jun
		Ksh	Ksh
	Farm Inputs		337,850
		-	337,850
16	Contracted Services (Legal)	16-Jun	15-Jun
		Ksh	Ksh
	Legal Fees	2,311,856	2,326,508
	Payable Legal Fees	1,246,180	
		3,558,036	2,326,508

MAASAI MARA UNIVERSITY FINAL ACCOUNTS FOR THE YEAR ENDED 30.06.2016

WORK IN PROGRESS; Workings

	CONTRACTOR	BUILDING	GROSS PAY	VAT6%	VAT3%	RETENTION	NET PA
1	VAGHJIYANI ENTERPRISE LTD	TUITION COMPLEX	438,477,054.00	34,398,506.87	11,239,212.39	6,210,815.00	363,410,947.3
2	LANDMARK HOLDINGS LTD	2ND PHASE TUITION COMPLEX	104,919,232.99	-	2,888,603.10	-	102,030,629.8
3	VEE VEE ENTREPRISES	WOMEN HOSTEL	379,352,261.40	9,743,118.82	6,261,526.93	21,808,529.93	211,260,323.9
4	ABNO Software's	ERP	23,316,000.00				
5	STROIKA	OFFICES	9,330,467.00	559,827.72	279,914.01	933,046.70	7,557,677.8
6	JKUAT	Fee Note-Tuition Block	33,348,840.00				
7	VEE VEE ENTREPRISES	TUITION BLOCK	38,170,430.31	2,290,225.82	1,145,112.91	3,817,043.03	30,918,048.5
	WIP as at 30th June 2016		1,026,914,286.7	46,991,679.24	21,814,369.34	32,769,434.66	712,021,966.4

Contractors Payables

Payables							
21/8/2015	8	VeeVeeEntr. (hostel)	19,151,663	2,049,100	1,024,550	3,415,166	12,662,847
24/06/2016	13	VeeVeeEntr. (hostel)	8,642,000	518,520	259,260	864,200	7,000,020
23/05/2016	1	VeeVeeEntr.-(Tuition Block)	38,170,430			3,817,043	34,353,387
2/6/2016	Fee note	JKUAT (Tuition Block)	33,348,840			-	33,348,840
			99,312,933	2,567,620	1,283,810	8,096,409	87,365,094

MAASAI MARA UNIVERSITY FINAL ACCOUNTS FOR THE YEAR ENDED 30.06.2016

30.6.2016	5,264,000				11,398,131	
Net Book Value as at 01.07.2015	5,264,000	4,887,128	284,553,075	11,464,999	15,197,508	805,801
						322,172,512

Depreciation Workings		FIXED ASSETS ACQUIRED DURING THE FY 2015/16						
DATE	CHQ NO	PV NO	Descrip.	INSTITUTION/COMPANY	AMOUNT	No of Months	FURNITURE & FITTINGS	COMPUTERS
8/2/2016	785	017198	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LIMITED	348,966	5	18,175	
8/2/2016	00788	018728	FURNITURE & FITTINGS	FURNITURE & FITTINGS	70,995	5	3,698	
28/9/2015	02669	017240	FURNITURE & FITTINGS	office desk	101,276	9	9,495	
28/9/2015	00785	016274	FURNITURE & FITTINGS	Akkad Systems	30,505	9	2,860	
28/9/2015	02667	017238	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LTD	97,862	9	9,175	
8/3/2016	02623	017939	FURNITURE & FITTINGS	office desk	94,486	3	2,953	
2/23/2016	02499	016402	FURNITURE & FITTINGS	WOODVILLE FURITURES	65,431	4	2,726	
9/11/2015	03195	015846	FURNITURE & FITTINGS	Apex steel limited supply of metallic chairs	925,000	8	77,083	
9/12/2015	03196	015945	FURNITURE & FITTINGS	Apex steel limited supply of metallic chairs	277,500	7	20,234	
28/9/2015	010133	017266	FURNITURE & FITTINGS	FURNITURE EXPENSES	890,304	9	83,466	

MAASAI MARA UNIVERSITY FINAL ACCOUNTS FOR THE YEAR ENDED 30.06.2016

10/10/2015	02731	018904	FURNITURE & FITTINGS	SILVER ELECTRICALS	262,124	9	24,574	
19/05/2016	010125	017236	FURNITURE & FITTINGS	FURNITURE EXPENSES	31,483	1	328	
9/5/2016	010384	017387	FURNITURE & FITTINGS	FASTCHOICE LTD	54,052	2	1,126	
19/05/2016	010387	017262	FURNITURE & FITTINGS	FASTCHOICE LTD	54,052	1	563	
12/11/2015	02874	016431	FURNITURE & FITTINGS	SILVER ELECTRICALS	386,500	8	32,208	
9/11/2015	009610	016640	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LTD	549,600	8	45,800	
14/8/2015	009642	016638	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LTD	817,888	11	93,716	
26/8/2015	009643	016639	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LTD-W/HTAX	44,612	10	4,647	
30/11/2015	000666	017592	FURNITURE & FITTINGS	SHAMCO INDUSTRIES LTD-W/HTAX	31,483	7	2,296	
19/01/2016	00766	016734	Computerized cash registers	Sharp Electronics Machine	192,907	6	32,148	
7/14/2015	02561	016847	Printers	MFI	258,060	12	86,011	
7/15/2015	05774	017119	Printers	African Perfection	686,100	12	228,677	
10/7/2015	02157	016384	FIXED ASSET-EQUIPMENT	NAIVAS	56,895	12	18,963	
					6,328,081		435,123	365,800
					NBV		4,698,996	828,162

19	FINANCIAL EXPENSES		Jun-16	Jun-15
			Ksh	Ksh
	Bank Charges & Interest – Coop		814,040	615,875
	Bank Charges & Interest – BBK		20,638	14,590
	Bank Charges & Interest – Equity		59,620	185,394
	Bank Charges & Interest – KCB		3,660	21,185
	Bank Charges & Interest – NBK		152,009	1,055,450
	Finance Lease Expense		1,818,705	
			2,868,672	1,892,494

20	INVENTORIES		Jun-16	Jun-15
	Stock		Ksh	Ksh
	Closing Stock – Catering		392,020	1,664,226
	Closing Stock - Central Services			2,623,921
	Closing Stock-Stationeries		4,260,363	
	Closing Stock – Estates		1,307,115	457,551
	Closing Stock – Health		1,478,226	4,510,679
			7,437,724	9,256,377

21	RECEIVABLES		Jun-16	Jun-15
			Ksh	Ksh
	Trade and Other Debtors			
	MOHE Capitation		-	52,716,126
	Staff Debtors - Imprest as	25	3,613,592	1,396,521
	Other Debtors		5,111,920	5,974,000
	Student Debtors – Gross	3	161,289,415	39,786,475
			170,017,927	99,873,122
	Provision (at 10%) - Student Debtors		16,210,111	430,023
			153,804,817	99,443,099
	Trade and Other Debtors for the period		153,374,794	46,726,973

OTHER DEBTORS	Jun-16	Jun-15
	Ksh	Ksh
Nursery Debtors	69,300	99,000
Deposits		600,000
Collaborations EsmartMumias	458,968	850,000
Collaborations EsmartKisii	325,698	950,000
A.I.CO Eldoret	125,648	1,200,000
Kericho School of Professional Studies	562,431	700,000
Highlands State College Nairobi	3,569,875	1,575,000
	5,111,920	5,974,000
22 CASH AND BANK BALANCES	Jun-16	Jun-15
	Ksh	Ksh
EQUITY C & A	27,091	-
EQUITY GSSP	246,644	1,023,441
EQUITY PSSP	421,309	950,907
NBK-Operations	1,003,557	-
BBK	552,132	367,731
COOP PSSP	336,772	1,370,451
COOP C & A	53,804	821,598
COOP JAB	153,083	294,174
KCB Dev.	710,084	4,224,981
KCB PSSP	752,864	2,095,924
Jamii Bora Bank	617,050	-
Chase Bank	-	-
Short Term DepositsKCB-Contractors Retention	15,000,000	35,000,000
NBK	24,000,000	-
	43,874,389	46,149,207
23 CREDITORS	Jun-16	Jun-15
	Ksh	Ksh
Part Time Claims	25,319,504	12,051,375
Pension Obligation	45,175,985	48,929,987
Payroll Creditors	56,771,226	
Caution Money	9,392,000	5,743,000
Prepayments Fees	9,380,238	7,571,598
Audit Fees	-	600,000
Trade Payables	58,914,734	11,684,020
	204,953,687	86,579,980

Payroll creditors relate to pension arrears for 2011/2012 which were agreed and reconciled in October 2015 with Moi Pension scheme managers.

24 Trade Payables

	Note	Jun-16 Ksh	Jun-15 Ksh
General Expenses	4	25,412,519	
RENT & RATES	5	12,979,587	-
CATERING & ACCOMMODATION COSTS	9	11,425,350	-
MEDICAL COSTS	10	2,620,997	-
BULK PURCHASES OF WATER & ELECTRICITY	11	2,340,825	-
Repairs & Maintenance	14	2,889,276	
Contracted Services (Legal)	16	1,246,180	-
		58,914,734	-

25 Nursery School Income

	Projected Tuition fee	Collections	Balance
Third Term Sep-Nov 2016	174,000	127,990	46,010
First Term Jan-Apr 2016	99,850	88,867	10,984
Second Term May-Aug 2016	201,400	189,093	12,307
Total	475,250	405,950	69,300

27 Projects

Projects implemented by the Maasai Mara University

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1 Hostel	1	GoK	176		No
2 Tuition	1	GoK	144		No

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc.)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1	Hostel	336,000,000	310,901,360.85	92.53%	54,000,000		GoK
2	Tuition	410,700,000	—	9.29%	150,000,000		GoK

XI. PRIOR PERIOD AUDIT MATTERS

- ✓ The validated tuition revenue and student debtors for the previous year 2014/15 was Ksh 300,589,419 and Ksh 62,431,241.00 respectively. The validated student debtors as at 30th June 2016 had been understated by Ksh 15,704,268.83.
- ✓ The reconciled cashbooks and bank balances for the year 2014/15 financial year was Ksh (76,298,513.90) as follows;

EQUITY C & A		(23,624,714)
EQUITY GSSP		1,023,441
EQUITY PSSP		950,907
NBK-Operations		(46,938,282)
BBK		367,988
COOP PSSP		(1,611,747)
COOP C & A		(1,851,355)
COOP JAB		(213,550)
KCB Dev.		4,224,981
KCB PSSP		2,095,924
Jamii Bora Bank		
Chase Bank		
Short Term Deposits	KCB-Contractors	35,000,000
	NBK	(30,576,407)
		(76,725,613)

- ✓ The pension interest of Ksh 23,102,836.41 that had not been captured was adjusted accordingly in the Statement of Changes in equity revenue reserve.
- ✓ The valuation of Work in Progress was done using the last completion certificates for the projects and the result was that the gross value for WIP for the 2014/15 financial year went up by Ksh 21,708,398.03 to stand at Ksh 787,302,156.92.
The confirmed retention owing as at 30th June 2016 stood at Ksh 32,769,434.66

PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS FOR FY 2014/15

The following is the summary of issues raised by the external auditor and management comments that were provided to the auditor.

Ref No on the external audit report	Issue/Observations from Auditor	Management Comments	Status	Officer Resolving the issue
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 plans to begin remitting monthly instalments to pension managers.	Management has in place a payment plan.	Finance Officer/Management

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