

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 21 FEB 2024

DAY.

WED

OF

TABLED
BY:

Hon Naomi Wago, MP
Deputy Majority Party Whip

CLERK-AT
THE-TABLE:

Finlays

THE AUDITOR-GENERAL

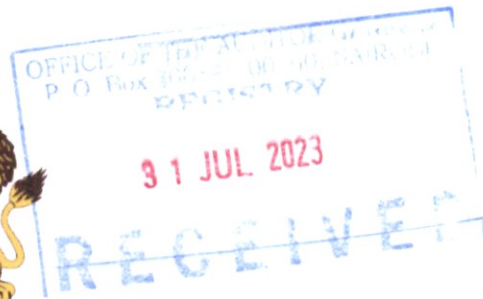
ON

MGHALU HIGH SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2021**

TAITA/TAVETA COUNTY

Revised 30th June 2021



MGHALU HIGH SCHOOL

PUBLIC SECONDARY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

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1. Acronyms and Glossary of Terms

Provide a list of all applicable acronyms and glossary of terms e.g.

| | |
|-------|--|
| BOM | Board of Management |
| CEB | County Education Board |
| IPSAS | International Public Sector Accounting Standards |
| KCSE | Kenya Certificate of Secondary Education |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| FY | Financial Year |
| FDSE | |

2. Key School Information and Management

[Customise the details in this section to suit your School]

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in TAITA TAVETA County, TAITA Sub-County.

The school was registered in MAY/1976 under registration number 2663 and is currently categorized as a COUNTY (*National, Extra County, County and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had 300 number of students as at 30th June 2021. It has 2 streams and 17 teachers of which 2 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

| Ref: | Name of Board Member | Designation | Date of appointment |
|------|--|-------------------------|---------------------|
| 1 | DENNIS TANGAI | Chairman | 09/08/2019 |
| 2 | GRIFFIN MWAGESHA MASAWE | Secretary - Principal | 09/08/2019 |
| 3 | IRENE ,MALEMBEKA | Member | 09/08/2019 |
| 4 | ALEX MWASI HUNDERSON MNGERENYI | Member | 09/08/2019 |
| 5 | MIRIUM MUIRURI | Member | 09/08/2019 |
| 6 | EASTHER KATEMBO | Member | 09/08/2019 |
| 7 | ARAFAT MACHILA | Member | 09/08/2019 |
| 8 | DENNIS TANGAI | Member – Rep CEB | 09/08/2019 |
| 9 | MARY SONGIK | Member Rep Teachers | 09/08/2019 |
| 10 | GODFREY MWAMBALA JOSEPH MWAWASI REV ALEX MWASI | 3 Members - Sponsor | 09/08/2019 |
| 11 | GABRIEL MAKONGO | Member - Community | 09/08/2019 |
| 12 | PAULINE KIRIGHA | Member Special Needs | 09/08/2019 |
| 13 | JENEBI HAMISI | Rep Students | 09/08/2019 |

The functions of the School Board of Management are to:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013.
- Ensure and assure the provision of proper and adequate facilities for the School.
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils' discipline and make reports to the CEB.
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB.
- Administer and manage the resources of the School.
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

(Provide the names of the various committees of the Board established by the Board and the names of the committee members):

| Ref: | Name of Committee | Names of Members | Designation | Number of meetings attended during the year |
|------|---|--|---|---|
| 1 | Executive Committee | 1.DENNIS TANGAI 2.IRENE MALEMBEKA 3. ARAFAT MACHILA 4. ARTHUR MZEE 5. GRIFFIN MWAGESHA | CHAIRPERSON PA CHAIR BOM MEMBER BOM MEMBER SECRETARY | 6 |
| 2 | Audit Committee | | | X out of XX |
| 3 | Finance, procurement and general purposes Committee | MR.GABRIEL MAKIONGO MDM. IRENE MALEMBEKA MR. THOMAS MWADALI MR. HANDERSON MNGERENYI MDM. ESTHER MWAMACHI | MEMBER MEMBER CHAIRPERSON ACCOUNTS CLERK MEMBER | 1 |
| 4 | Academic Committee | MR. JOSEPH MWASHUMBE | MEMBER | 1 |

| | | | | |
|---|---|--|--|---|
| | | MR. DARIUS MWAKAMBA MDM. IRENE MALEMBEKA MR. GODFREY MWAMBULA MR. ALEX MWASI | DOS. MEMBER CHAIRPERSON MEMBER | |
| 5 | Development Committee | MR. DENNIS TANGAI MDM. IRENE MALEMBEKA MR. GODFREY MWAMBALA MR. ALEX MWASI | MEMBER MEMBER MEMBER CHAIRPERSON | 4 |
| 6 | Discipline and welfare Committee | MR. JOSEPH NDALO MDM. IRENE MALEMBEKA MDM. MARY SONGOK MDM. ESTHER MWAMACHI | DEPUTY PRINCIPAL PA. CHAIR GUIDANCE AND COUNCELLING PATRON MEMBER | 4 |
| 7 | Adhoc Committee (if any during the year) | MR. JOSEPH NDALO MR. THOMAS MWADALI MDM. NAOMI MWAIENGO MR. DARIUS MWAKAMBA MR. ERIC ONGORO MR. MICHAEL KIMAILE | CHAIRPERSON ACCOUNTS CLERK STORE KEEPER DOS HOD BOARDING HOD SCIENCES | 1 |

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the following persons:

| Ref: | Designation | Name | Identification |
|------|------------------|----------------------------|----------------|
| 1 | Principal | GRIFFIN MWAGESHA MASAWE | TSC No. 358257 |
| 2 | Deputy Principal | JOSEPH NDALO | TSC No. 361354 |
| 3 | School Bursar | THOMAS MAGHANGA MWADALI | 13268002 |
| 4 | Other (specify) | | |

(e) Schools contacts

Post Office Box: 1258-80304
 Telephone: 0748368675
 E-mail: mghalusecondary71@gmail.com
 Website: N/A
 Facebook: N/A
 Twitter: N/A

(f) School Bankers

Provide details of the school bankers.

1. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1103813870(SCHOOL FUND ACCOUNT M PESA PAY BILL BELOW)
2. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1103827111 (TUITION ACCOUNT)
3. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1103831964(OPERATION ACCOUNT)
4. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1213052785(INFRASRACTURE ACCOUNT)
5. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1102782270(Examination/caution money account)
6. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1102621110(P.T.A)
7. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1102622419(Personal Emoluments)
8. Name of Bank: KENYA COMMERCIAL BANK
 Branch: WUNDANYI
 Account Number: 1118213521(ADB/GOK Project)

MPESA Pay bill No. 522123 a/c 63581K attached to KCB bank account

(g) Independent Auditors

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

3. Summary Report of Performance of The School

The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

(Under this section, the following information should be given:

- *Surplus/ deficit for the year and a comparison of the same for the last three years*
- *Capitation grants from the Ministry of Education for the last three years*
- *A three-year overview of growth of other income(s) earned by the school.*
- *A three-year overview of growth in expenditure of the school*
- *Movement of debtors and creditors of the school over the last three years*

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends unless the school is new).

| | | |
|----------|--------------------------|--------------|
| | | 2020-2021 |
| | Surplus/Deficit | 2,130,138.80 |
| | Capitation actual amount | 3,869,730.18 |
| | Ratio | |
| | Overview other incomes | |
| | Growth expenditure | 4,533,325.65 |
| Movement | Debtors | 15,328,241 |
| | Creditors | 1024,135 |
| Movement | Cash | 16,667 |
| | Bank | 2,271,609.10 |

b) Teacher Student ratio:

(Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources).

c) Mean score in the 2018-2020 KCSE:

| YEAR | MEAN SCORE |
|------|------------|
| 2018 | 3.045 |

| | |
|------|-------|
| 2019 | 3.717 |
| 2020 | 3.455 |

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

d) Number of Candidates in the 2018-2020 KCSE:

(Tabulate the number of candidates sitting for KCSE over the last three years).

| YEAR | ENTRY | A | A- | B+ | B | B- | C+ | C | C- | D+ | D | D- | E | MEAN SCORE | MEAN GRADE |
|------|-------|---|----|----|---|----|----|---|-----|----|----|----|---|------------|------------|
| 2018 | 66 | 0 | 0 | 0 | 0 | 1 | 3 | 0 | 4.7 | 7 | 22 | 29 | 0 | 3.045 | D |
| 2019 | 46 | 0 | 0 | 0 | 0 | 0 | 1 | 5 | 8 | 7 | 16 | 9 | 0 | 3.717 | D+ |
| 2020 | 66 | 0 | 0 | 0 | 0 | 0 | 2 | 7 | 5 | 13 | 19 | 8 | 2 | 3.455 | D |

e) Capacity of the school:

(Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education).

| FACILITY | CAPACITY | STUDENTS |
|-----------------|----------|----------|
| BOYS DORMITORY | 200 | 58 |
| GIRLS DORMITORY | 84 | 54 |
| GIRLS TOILETS | 13 | 124 |
| BOYS TOILET | 14 | 176 |
| DINNING HALL | N/A | 300 |
| LABORATORY | 3 | 300 |
| CLASSROOMS | 10 | 300 |

f) Development projects carried out by the school:

Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

| <i>PROJECTS</i> | <i>FUND SOURCE</i> | | |
|----------------------------------|--------------------|--|--|
| <i>Boys Dormitory</i> | <i>CDF</i> | | |
| <i>ONE Classroom</i> | <i>MOEST</i> | | |
| <i>Renovation of classes</i> | <i>MOEST</i> | | |
| | | | |

Sign



School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

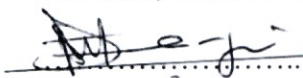
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of *MGHALU HIGH SCHOOL* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021 and of the school's financial position as at that date.

Name: DENNIS TANGAI
Designation: Chairman, School Board of Management

Sign : 
Date :

Name: MWAGESHA GRIFFIN
Designation: School Principal & Secretary to Board of Management

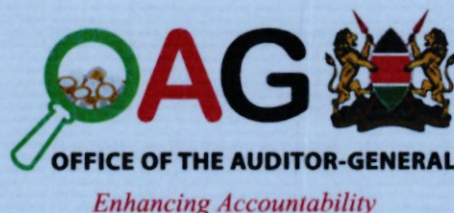
Sign: 
Date:

Name: THOMAS M WADALI
Designation: Bursar/ Finance Officer

Sign: 
Date:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MGHALU HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 - TAITA/TAVETA COUNTY

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mghalu High School - Taita/Taveta County set out on pages 1 to 21, which comprise of the statement of assets

and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus 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 the Mghalu High School - Taita/Taveta County as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and Basic Education Act, 2013.

Basis for Qualified Opinion

1. Unreconciled Variance

The statement of receipts and payments reflects school fund income - parents contribution of Kshs.4,123,997 as disclosed in Note 4 to the financial statements. However, review of cashbooks and receipts books revealed receipt of Kshs.6,229,188 resulting to an unreconciled variance of Kshs.2,105,191.

In the circumstances, the accuracy and completeness of school fund income parent's contribution could not be confirmed.

2. Unsupported Accounts Receivables

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.15,328,241 as disclosed in Note 12 to the financial statements. This balance comprises of fees arrears for the previous year amounting to Kshs.15,236,091, salary advance of Kshs.28,150, and outstanding imprest of Kshs.64,000. However, the balance has not been supported by a listing and debtors ledger reflecting the amount owed by each student, persons or firms. Further, the school did not maintain an imprest register.

In the circumstances, the accuracy and recoverability of accounts receivables balance of Kshs.15,328,241 could not be confirmed.

3. Unsupported Accounts Payables

The statement of financial assets and liabilities reflects accounts payables balance of Kshs.1,024,135 as disclosed in Note 13 to the financial statements. However, review of documentation revealed that debtors balance of Kshs.236,970 resulting to an unreconciled variance of Kshs.279,205. Further, the creditors aging analysis and support documents were not provided for audit.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.1,024,135 could not be confirmed.

4. Unsupported Cash and Cash Equivalents

Review of cash and cash equivalents revealed that there were no bank reconciliations done non-disclosure of five (5) dormant bank accounts in the financial statements as detailed below;

| | Account | Balance (Kshs.) |
|---|---------------------------------|----------------------------|
| 1 | Examination/Caution Money | 88,836 |
| 2 | P.T.A. | 234,722 |
| 3 | Personal Emoluments | 5,850 |
| 4 | ICT Environment/Computer | |
| 5 | ADB/G.o.K Project/G.o.K Bursary | 70,551 |

Further, the cashbook is prepared, maintained and reviewed by one person and therefore there is no segregation of duties.

In the circumstances, the accuracy of cash and cash equivalent could not be confirmed.

Further there are weakness in the preparation and review of the cash book.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mghalu High School Management in accordance with ISSAI 130 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 Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Civil Works

The Ministry of Education disbursed Kshs.1,000,000 for Economic Stimulus Package to the school and the following projects were undertaken in the month of October, 2020

1.1 Floor Finishes, Renovation Works for Three (3) Classrooms Block and Veranda

Review of records the following observations were made:

- i. The bill of quantities revealed that Kshs.329,810 was used for floor finishes, renovation works for three (3) classrooms and veranda. However, a letter dated 5 November, 2020 approving for use of Transmittal Infrastructure Grants (TIG) stated that Kshs.329,810 would be used for repair of roof and ceiling of Staffroom. No documentation was given for audit verification to support deviation from the approved bill of quantities.
- ii. The contract was awarded to the higher bidder at Kshs.91,454 yet the lowest bidder was evaluated at Kshs.75,543. This is contrary to Section 86(1)(a) of Public Procurement and Assets Disposal Act, 2015 which provides that the successful tender shall be given to the lowest evaluated bidder.
- iii. Opening Tender minutes were not signed by the Chairman and Secretary and It was observed that the Evaluation Committee awarded the contractor without evaluating the technical aspect of the documents provided. The school Management focused on preliminary and financial evaluation. This is contrary Section 86(1)(d) Public Procurement and Asset Disposal Act, 2015 which states that the tender with the highest technical score, where a tender is to be evaluated based on procedures regulated by an Act of Parliament which provides guidelines for arriving at applicable professional charges.

1.2 Renovation Works for Roofing and Ceiling for Staffroom Block

Review of records provided revealed the following anomalies;

- i. The bill of quantities for these works was Kshs.146,211 for renovation works for roofing and ceiling for staffroom block. However, a letter dated 5 November, 2020 approving for use of Transmittal Infrastructure Grants (TIG) stated that Kshs.146,211 was for tiling three classrooms. No approval from contractors was provided to allow deviation from the bill of quantities was provided.
- ii. It was observed that the evaluation committee awarded the contractor without evaluating the technical aspect of the bid documents as they focused on preliminary and financial evaluation and the pening tender minutes were not signed

- iii. Out of the contract sum of Kshs.146,211, payment was done for Kshs.72,180 resulting to unsupported expenditure of Kshs.74,031.
- iv. Renovation of the staff room required twenty (20) litres of white emulsion paint, four (4) litres of black paint and four (4) litres of Bermuda blue glossy oil. However, invoice number 8 dated 4 January, 2020 reflected payment for one (1) litre for each of the three (3) items listed. Further, the invoice was dated 4 January, 2020 which was before the contract was awarded. No explanation was given to this effect.
- v. It was observed that the evaluation committee awarded the contractor without evaluating the technical aspect of the bid documents provided as they focused on preliminary and financial evaluation contrary Section 86(1)(d) of the Public Procurement and Asset Disposal Act, 2015 which states that the tender with the highest technical score, where a tender is to be evaluated based on procedures regulated by an Act of Parliament which provides guidelines for arriving at applicable professional charges.
- vi. Physical verification carried out in the month of June, 2023 revealed that the ceiling has been destroyed by termite and the roof is hanging dangerously. This is an indication of poor workmanship and no efforts have been made to recall the contractor.

1.3 Construction of Classroom

Review of records provided revealed the following;

- i. It was observed that the evaluation committee awarded the contract without evaluating the technical aspect of the bid documents provided as they focused on preliminary and financial evaluation contrary to Section 86(1)(d) of the Public Procurement and Asset Disposal Act, 2015 which states that the tender with the highest technical score, where a tender is to be evaluated based on procedures regulated by an Act of Parliament which provides guidelines for arriving at applicable professional charges. And Opening tender minutes not signed.
- ii. The labour contract was awarded to a firm at Kshs.397,860. However, payment vouchers provided in support of this works totalled Kshs.291,530 leading to un-vouched expenditure Kshs.106,330.

In the circumstances, Management was in breach of the law and there was no value for money on the expenditure.

2. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with

comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019. Further, a disclosure note ought to have been included in the financial statements that the reason for preparing the financial statements for longer period is due to the adoption of IPSAS for schools and the change from calendar year to government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering only one year for financial year 2020-2021 with comparative balances for financial year 2019. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed by the Public Sector Accounting Standards Board.

Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to the longer period covered .

In the circumstances, Management did not comply with the guidelines issued by the public sector accounting standard board.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

There was no Audit Committee within the Board of Management and the school lacks an Internal Audit function.

In the circumstances, the School do not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of Risk Management Policy

The School has no risk management structures and no policies have been formulated by Management and approved by the Board of Management.

In the circumstances, the Management may not adequately mitigate risk exposure.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the School policies and procedures may deteriorate.


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 controls.
- 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 applicable 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 the School's ability to continue 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 School to cease to continue as a going concern or 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 the School 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 controls 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

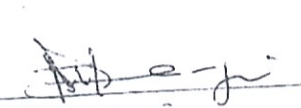
Nairobi

12 October, 2023

6. Statement Of Receipts and Payments For the Year Ended 30th June 2021

| Description Of Vote Head | Note | Insert Current 2020-2021 | Insert Comparative 2019-2020 |
|--|------|-----------------------------|---------------------------------|
| | | Kshs | Kshs |
| Receipts | | | |
| Government grants for tuition | 1 | 350,998.25 | 0 |
| Government grants for operations | 2 | 4,288,154.65 | 0 |
| Government Grants for infrastructure | 3 | 1,814,294.75 | 0 |
| School fund income- parents' contributions | 4 | 4,123,996.55 | 0 |
| Miscellaneous incomes | 5 | 0 | 0 |
| Total Receipts | | 10,577,444.20 | 0 |
| Payments | | | |
| Tuition | 6 | 236,542.00 | 0 |
| Operations | 7 | 1,757,002.40 | 0 |
| Infrastructure | 8 | 1237361.25 | 0 |
| Boarding and school fund | 9 | 5,215,399.75 | 0 |
| Total Payments | | 8,446,305.40 | 0 |
| Surplus/Deficit | | 2,131,138.80 | 0 |

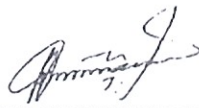
The school financial statements were approved on _____ 2021 and signed by:



Name: Dennis Tangai

Chair BOM

Date:



Name: Griffin Mwagesha
School Principal/ Secretary to
BOM

Date:



Name: Thomas Mwadali
Bursar/ Finance Officer

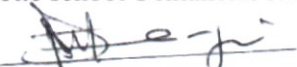
Date:

(Comparative FY refers to the financial year preceding the current financial year.)

7. Statement of Assets and Liabilities As At 30th June 2021

| Description | Note | 2020-2021 | 2019-2020 |
|---------------------------------------|------|----------------------------|-----------------|
| | | Kshs | Kshs |
| Financial Assets | | | |
| Cash and cash equivalents | | | |
| Bank balances | 10 | 2,271,609.10 | 0 |
| Cash balances | 11 | 16,667.00 | 0 |
| Short term investments | 12 | 0 | 0 |
| Total cash and cash equivalent | | <u>2,289,276.10</u> | <u>0</u> |
| Account's receivables | 13 | 15,328,241.00 | 0 |
| Total financial assets | | 17,617,517.10 | 0 |
| Financial liabilities | | | |
| Accounts payables | 14 | 1,024,135.00 | 0 |
| Net financial assets | | 16,593,382.10 | 0 |
| Represented by | | | |
| Accumulated fund b/fwd | 15 | 14,462,243.30 | |
| Surplus/deficit for the year | | 2,131,138.80 | 0 |
| Net financial position | | 16,593,382.10 | 0 |

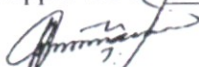
The school's financial statements were approved on _____ 2021 and signed by:



Name: Dennis Tangai

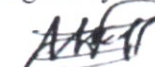
Chair BOM

Date:



Name: Griffin Mwagesha
School Principal/ Secretary to
BOM

Date:



Name: Thomas Mwadali
Bursar/ Finance Officer

Date:

(Comparative FY refers to the financial year preceding the current Financial year.)

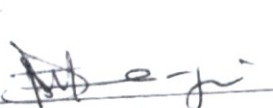
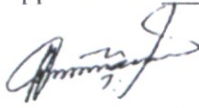
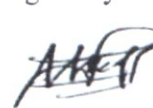
8. Statement of Cash Flows for the Year Ended 30th June 2021

| Description | Note | 2020-2021 | 2019-2020 |
|---|------|----------------------|-----------|
| | | Kshs | Kshs |
| Cash from Operating Activities | | | |
| Receipts | | | |
| Government grants for tuition | 1 | 350,988.25 | 0 |
| Government grants for operations | 2 | 4,288,154.65 | 0 |
| Government grants for infrastructure | 3 | 1,814,294.75 | 0 |
| School fund income- parents contributions/ fees | 4 | 4,123,996.50 | 0 |
| Other income | | 0 | 0 |
| Total receipts | | 10,577,434.10 | 0 |
| Payments | | | |
| Cash outflows for tuition | 5 | 236,542.00 | 0 |
| Cash outflows for operations | 6 | 1,757,002.40 | 0 |
| Cash outflows Boarding/lunch and school fund payments | 7 | 4,639,466.25 | 0 |
| Total payments | | 6,633,010.65 | 0 |
| Net cash inflow/outflow from operating activities | | 3,944,423.40 | 0 |
| Cash flow from investing activities | | | |
| Acquisition of assets | | 0 | 0 |
| Proceeds from sale of Assets | | 0 | 0 |
| Proceeds from investments | | 0 | 0 |
| Purchase of investments | | 0 | 0 |
| Net cash inflow/outflows from investing activities | | 0 | 0 |
| Cash flow from Financing activities | | | |
| Proceeds from borrowings/ loans | 18 | 0 | 0 |
| Repayment of principal borrowings | | 0 | 0 |
| Net cash inflow/outflow from financing activities | | 0 | 0 |
| Net increase/decrease in cash and cash equivalents | | 2,130,138.80 | 0 |
| Cash and cash equivalent at beginning of the FY | | 605,180.55 | 0 |
| Cash and cash equivalent at end of the FY | | 2,735,319.35 | 0 |

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools should therefore adopt the direct method of cashflow as recommended by PSASB).

The school's financial statements were approved on _____ 2021 and signed by:

| | | |
|----------------------------|---|--------------------------------|
| | | |
| Name: Dennis Tangai | Name: Griffin Mwagesha | Name: Thomas Mwadali |
| Chair BOM | School Principal/ Secretary to BOM | Bursar/ Finance Officer |
| Date: | Date: | Date: |

(Comparative FY refers to the financial year preceding the current Financial year.)

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2021

| Receipt/Expenses Item | Original Budget | Adjustments | Final Budget | Actual On | % Of Utilization |
|---|-----------------|-------------|---------------|--------------|------------------|
| | a Kshs | b Kshs | c=a+b Kshs | d Kshs | e=d/c % Kshs |
| Receipts | | | | | |
| <i>(1) Capitation Grant on Tuition</i> | | | | | |
| Reference Materials | 0 | 0 | 0 | 0 | 100 |
| Exercise Books | 225,000 | 45,000 | 270,000 | 223,000 | 80% |
| Laboratory Equipment | 100,500.00 | 148,500.00 | 249,000.00 | 150,000.00 | 60% |
| Internal Exams | 355,000.00 | 45,000.00 | 400,000.00 | 395,000.00 | 90% |
| Teaching / Learning Materials | 180,000.00 | 20,000.00 | 200,000.00 | 195,000.00 | 90% |
| Exams And Assessment | 180,000.00 | 20,000.00 | 200,000.00 | 65,000.00 | 30% |
| <i>(2) Capitation Grant on Operations</i> | | | | | |
| Personnel Emoluments | 1,734,333.60 | 0 | 1,734,333.60 | 1,734,333.60 | 100% |
| Repairs And Maintenance | 1,050,000.00 | 0 | 1,050,000.00 | 1,050,000.00 | 100% |
| Local Transport / Travelling | 973,000.00 | 0 | 973,000.00 | 973,000.00 | 100% |
| Electricity And Water | 418,125.00 | 0 | 418,125.00 | 418,125.00 | 100% |
| Medical | 99,600.00 | 0 | 418,125.00 | 418,125.00 | 100% |
| Administration Costs | 267,941.00 | 0 | 267,941.00 | 267,941.00 | 100% |
| Activity | 277,500.00 | 0 | 277,500.00 | 277,500.00 | 100% |
| Gratuity | 0 | 0 | 0 | 0 | x |
| | 0 | 0 | 0 | 0 | x |

| Receipt/Expenses Item | Original Budget | Adjustments | Final Budget | Actual On Comparable Basis | % Of Utilization |
|--------------------------------------|-----------------|-------------|--------------|----------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| 3) FDSE for infrastructure | | | | | |
| Maintenance & Improvement MoE | xxx | xxx | xxx | xxx | x |
| M&I parents' contribution | xxx | xxx | xxx | xxx | x |
| Economic Stimulus Programs | xxx | xxx | xxx | xxx | x |
| Transition Infrastructure Grants | xxx | xxx | xxx | xxx | x |
| Administration Block | xxx | xxx | xxx | xxx | x |
| (4) Fees Charged on Parents | | | | | |
| Personnel Emoluments | 1,281,000.00 | xxx | 1,281,000.00 | 1,281,000.00 | 100% |
| Repairs And Maintenance | 600,000.00 | xxx | 600,000.00 | 600,000.00 | 100% |
| Local Transport / Travelling | 195,000.00 | xxx | 195,000.00 | 195,000.00 | 100% |
| Electricity And Water | 1,470,000.00 | xxx | 1,470,000.00 | 1,470,000.00 | 100% |
| Medical | 0 | xxx | xxx | xxx | x |
| Administration Costs | 555,000.00 | xxx | 555,000.00 | 555,000.00 | 100% |
| Activity | 150,000.00 | xxx | 150,000.00 | 150,000.00 | 100% |
| SMASSE | 0 | xxx | xxx | xxx | x |
| Fee On Boarding Equipment and Stores | 7,299,600.00 | xxx | 7,299,600.00 | 7,299,600.00 | 100% |
| 5) Miscellenous Income | | | | | |
| Loans / Borrowing | 0 | 0 | 0 | 0 | x |
| Rent income | 0 | 0 | 0 | 0 | x |
| Income From Farming Activities | 0 | 0 | 0 | 0 | x |
| Insurance Compensation | 0 | 0 | 0 | 0 | x |

| Receipt/Expenses Item | Original Budget | Adjustments | Final Budget | Actual On Comparable Basis | % Of Utilization |
|---------------------------------------|-----------------|-------------|--------------|----------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Income From Posho Mill | 0 | 0 | 0 | 0 | x |
| Income From Bus Hire | xxx | xxx | xxx | xxx | x |
| Fee For Hire of Ground and Equipment | xxx | xxx | xxx | xxx | x |
| Interest Income | xxx | xxx | xxx | xxx | x |
| Income From Any Other Investment | xxx | xxx | xxx | xxx | x |
| Total Income | | | | | |
| (6) Expenditure For Tuition | | | | | |
| Textbooks | 0 | 0 | 0 | 0 | 0 |
| Reference Materials | 0 | 0 | 0 | xxx | x |
| Exercise Books | 270,000.00 | 0 | 270,000.00 | 270,000.00 | 100% |
| Laboratory Equipment | 249,000.00 | 0 | 249,000.00 | 249,000.00 | 100% |
| Internal Exams | 400,000.00 | 0 | 400,000.00 | 400,000.00 | 100% |
| Teaching / Learning Materials | 200,000.00 | 0 | 200,000.00 | 200,000.00 | 100% |
| Chalks | 68,000.00 | 0 | 68000 | 68000 | 100% |
| Exams And Assessment | 150,000.00 | 0 | 150,000.00 | 150,000.00 | 100% |
| Teachers Guides | 0 | 0 | xxx | xxx | x |
| Administration Costs | 0 | 0 | xxx | xxx | x |
| Bank Charges | 582 | 0 | 582 | 582 | 100% |
| | | | | | |
| (7) Expenditure For Operations | | | | | |
| Personnel Emoluments | 1,734,333.60 | 0 | 1,734,333.60 | 1,734,333.60 | 100% |
| Repairs, Maintenance & Improvements | 1,050,000.00 | 0 | 1,050,000.00 | 1,050,000.00 | 100% |

| Receipt/Expenses Item | Original Budget | | Adjustments | | Final Budget | | Actual On Comparable Basis | | % Of Utilization | |
|---|-----------------|------|-------------|------|--------------|------|----------------------------|------|------------------|------|
| | a | Kshs | b | Kshs | c=a+b | Kshs | d | Kshs | e=d/c % | Kshs |
| Local Transport / Travelling | 973,000.00 | | 0 | | 973,000.00 | | 973,000.00 | | 100% | |
| Electricity, Water and Conservancy | 418,125.00 | | 0 | | 418,125.00 | | 418,125.00 | | 100% | |
| Medical | 418,125.00 | | 0 | | 418,125.00 | | 418,125.00 | | 100% | |
| Administration Costs | 267,941.00 | | 0 | | 267,941.00 | | 267,941.00 | | 100% | |
| Activity Expenses | 277,500.00 | | 0 | | 277,500.00 | | 277,500.00 | | 100% | |
| Gratuity | xxx | | xxx | | xxx | | xxx | | x | |
| SMASSE | xxx | | xxx | | xxx | | xxx | | x | |
| (8) Expenditure For infrastructure | | | | | | | | | | |
| Construction of classrooms | xxx | | xxx | | xxx | | xxx | | x | |
| Construction of LAB | xxx | | xxx | | xxx | | xxx | | x | |
| Construction of DORMS | xxx | | xxx | | xxx | | xxx | | x | |
| Purchase of furniture | xxx | | xxx | | xxx | | xxx | | x | |
| Purchase of equipment | xxx | | xxx | | xxx | | xxx | | x | |
| Purchase of machinery | xxx | | xxx | | xxx | | xxx | | x | |
| (9) Expenditure For school fund/lunch/boarding | | | | | | | | | | |
| Personnel Emoluments | 1,281,000.00 | | xxx | | 1,281,000.00 | | 1,281,000.00 | | 100% | |
| Repairs, Maintenance and Improvements | 600,000.00 | | xxx | | 600,000.00 | | 600,000.00 | | 100% | |
| Local Transport / Travelling | 195,000.00 | | 0 | | 195,000.00 | | 195,000.00 | | 100% | |
| Electricity, Water and Conservancy | 1,470,000.00 | | 0 | | 1,470,000.00 | | 1,470,000.00 | | 100% | |

| Receipt/Expenses Item | Original Budget | Adjustments | Final Budget | Actual On Comparable Basis | % Of Utilization |
|--|-----------------|-------------|--------------|----------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Medical Expenses | 0 | 0 | 0 | xxx | x |
| Administration Costs | 555,000.00 | 0 | 555,000.00 | 555,000.00 | 100% |
| Activity | 150,000.00 | 0 | 150,000.00 | 150,000.00 | 100% |
| Gratuity | xxx | xxx | xxx | xxx | x |
| Lunch Programme | xxx | xxx | xxx | xxx | x |
| Boarding Equipment and Stores | 7,299,600.00 | xxx | 7,299,600.00 | 7,299,600.00 | 100% |
| Expenditure For Income Generating Activity | xxx | xxx | xxx | xxx | x |
| Insurance Costs | xxx | xxx | xxx | xxx | x |
| Other Expenses On Investments | xxx | xxx | xxx | xxx | x |
| Rent Expenses | xxx | xxx | xxx | xxx | x |
| Bank Charges | xxx | xxx | xxx | xxx | x |
| Loan Interest Repayment | xxx | xxx | xxx | xxx | x |
| Loan Principal Repayment | xxx | xxx | xxx | xxx | x |
| Acquisition Of Assets | xxx | xxx | xxx | xxx | x |
| Totals | xxx | xxx | xxx | xxx | x |

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

- i. Xxx
- ii. Xxx

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

9. Comparative figures

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

10. 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 30th June 2021

IX. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school* and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs and the related cash has actually been paid out by the *school*.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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 various financial institutions at the end of the financial year.

11. Notes To The Financial Statements

1 Government Grants for Tuition

| Description | 2020-2021 | 2019-2020 |
|---------------------------------|-------------------|-----------|
| | Kshs | Kshs |
| Reference Materials | 0 | 0 |
| Exercise Books | 0 | 0 |
| Laboratory Equipment | 0 | 0 |
| Internal Exams | 0 | 0 |
| Teaching / Learning Materials | 350,998.00 | 0 |
| Others (specify) * BANK charges | | 0 |
| Total | 350,998.00 | 0 |

*Include others as per MOE circulars

2 Government Grants for Operations

| Description | 2020-2021 | 2019-2020 |
|------------------------------|---------------------|-----------|
| | Kshs | Kshs |
| Personnel Emoluments | 0 | 0 |
| Repairs And Maintenance | 0 | 0 |
| Local Transport / Travelling | 0 | 0 |
| Electricity And Water | 0 | 0 |
| Medical | 0 | 0 |
| Administration Costs | 0 | 0 |
| Activity | 0 | 0 |
| Other Vote Heads (specify)* | 4,288,154.65 | 0 |
| Total | 4,288,154.65 | 0 |

*Include others as per MOE circulars

3 Government Grants for infrastructure

| Description | 2020-2021 | 2019-2020 |
|--|---------------------|-----------|
| | Kshs | Kshs |
| Maintenance & Improvement | 1,814,294.75 | 0 |
| Transition infrastructure grants | 0 | 0 |
| Administration Block | 0 | 0 |
| Economic stimulus grants | 0 | 0 |
| Other (specify)(NGCDF and County govt. | 0 | 0 |
| Total | 1,814,294.75 | 0 |

4 School Fund Income - Parents Contribution/Fees

| Description | 2020-2021 | 2019-2020 |
|--------------------------------------|---------------------|-----------|
| | Kshs | Kshs |
| Personnel emoluments | 268,669.00 | 0 |
| Repairs and maintenance | 185,629.00 | 0 |
| Local transport / travelling | 53,125.00 | 0 |
| Electricity and water | 391,174.00 | 0 |
| Medical | 0 | 0 |
| Administration costs | 82,275.00 | 0 |
| Activity | 26,890.00 | 0 |
| Fee on Boarding Equipment and stores | 3116274.55 | 0 |
| PA Levies* | 0 | 0 |
| Others (specify) | 0 | 0 |
| Total | 4,124,036.55 | 0 |

*Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.

5 Miscellaneous Incomes

| Description | 2020-2021 | 2019-2020 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Rent Income | 0 | 0 |
| Income From Farming Activities | 0 | 0 |
| Insurance Compensation | 0 | 0 |
| Income From Posho Mill | 0 | 0 |
| Income From Bus Hire | 0 | 0 |
| Fee For Hire of Ground and Equipment | 0 | 0 |
| Income From Grants and Donations* | 0 | 0 |
| Interest Income | 0 | 0 |
| Dividends Income | 0 | 0 |
| Loans/Borrowings* | 0 | 0 |
| Other Income (specify)* | 0 | 0 |
| Total | 0 | 0 |

(Include an explanation on the kind and source of grants/ donations received by the school.)

*Ensure proper authorization from MOE before obtaining loans/borrowings.

*Indicate what other income relates to including income arising from writebacks if any.

Notes to the Financial Statements (continued)

6 Tuition

| Description | 2020-2021 | 2019-2020 |
|-------------------------------|-------------------|-----------|
| | Kshs | Kshs |
| Exercise Books | 0 | 0 |
| Textbooks | 0 | 0 |
| Reference materials | 0 | 0 |
| Laboratory Equipment | 0 | 0 |
| Teaching / Learning Materials | 235,960.00 | 0 |
| Exams And Assessment | 0 | 0 |
| Teachers Guides | 0 | 0 |
| Bank Charges | 582.00 | 0 |
| Others (<i>specify</i>) | 0 | 0 |
| Total | 236,542.00 | 0 |

7 Operations

| Description | 2020-2021 | 2019-2020 |
|---|---------------------|-----------|
| | Kshs | Kshs |
| Personnel Emoluments | 0 | 0 |
| Service Gratuity | 0 | 0 |
| Administration Cost | 0 | 0 |
| Repairs And Maintenance & Improvements | 37,170.00 | 0 |
| Local Transport / Travelling | 0 | 0 |
| Electricity And Water | 0 | 0 |
| Bank charges | 726 | 0 |
| Activity Expenses | 0 | 0 |
| Insurance Cost | 0 | 0 |
| Others (<i>specify</i>)Other vote heads | 1,719,106.40 | 0 |
| Total | 1,757,002.40 | 0 |

Notes to the Financial Statements (continued)

8 Infrastructure

| Description | 2020-2021 | 2019-2020 |
|----------------------------|-------------------|-----------|
| | Kshs | Kshs |
| Construction of classrooms | 0 | 0 |
| Construction of laboratory | 00 | 0 |
| Construction of dormitory | 0 | 0 |
| Purchase of furniture | 00 | 0 |
| Purchase of equipment | 0 | 0 |
| Purchase of apparatus | 0 | 0 |
| Drilling of boreholes | 0 | 0 |
| Others (specify) | 1237361.25 | 0 |
| Total | 1237361.25 | 0 |

9 Boarding And School Fund

| Description | 2020-2021 | 2019-2020 |
|--|---------------------|-----------|
| | Kshs | Kshs |
| Personnel Emoluments | 677,987.55 | 0 |
| Service Gratuity | 0 | 0 |
| Repairs And Maintenance & Improvements | 12,000.00 | 0 |
| Local Transport / Travelling | 65,000.00 | 0 |
| Electricity And Water | 23,398.00 | 0 |
| Medical Expenses | 0 | 0 |
| Administration Costs | 29,424.00 | 0 |
| Lunch Programme | 4,408,110.00 | 0 |
| Bank Charges | 0 | 0 |
| Expenses On Income Generating Activities** | 0 | 0 |
| Fee On Boarding Equipment and Stores | 0 | 0 |
| Rent Expenses | 0 | 0 |
| Insurance Cost (<i>Life Property</i>) | 0 | 0 |
| Loan Principal Repayment | 0 | 0 |
| Loan Interest Repayment | 0 | 0 |
| Acquisition Of Assets | 0 | 0 |
| PA expenses | 0 | 0 |
| Others (specify) | 500 | 0 |
| Total | 5,215,399.75 | 0 |

(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous receipts as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).

Notes to the Financial Statements (continued)

10 Bank Accounts

| Account Name & Currency | Status | Bank Account Number | 2020-2021 | 2019-2020 |
|--|----------------|---------------------|---------------------|-----------|
| | Active/Dormant | | Kshs | Kshs |
| Tuition Account | ACTIVE | 1103827111 | 166,999.65 | 0 |
| Operations Account | ACTIVE | 1103831984 | 540,420.05 | 0 |
| School Fund Account/Boarding | ACTIVE | 1103813870 | 732,546.50 | 0 |
| EXAM\ caution money | DORMANT | 1102782270 | 88,836.40 | 0 |
| Parent Association Development Account | DORMANT | 1102621110 | 234,721.50 | 0 |
| Personal Emoluments Account | DORMANT | 1102622419 | 5,849.50 | 0 |
| Infrastructural Account | ACTIVE | 1213052785 | 503235.50 | 0 |
| Total | | | 2,272,609.10 | 0 |

11 Cash In Hand

| Description | 2020-2021 | 2019-2020 |
|-----------------|------------------|-----------|
| | Kshs | Kshs |
| Notes and Coins | 16,667.00 | 0 |
| Total | 16,667.00 | 0 |

12 Short Term Investments

| Description | 2020-2021 | 2019-2020 |
|------------------------|-----------|-----------|
| | Kshs | Kshs |
| Cooperative Shares | 0 | 0 |
| Treasury Bills | 0 | 0 |
| Fixed Deposit accounts | 0 | 0 |
| Other Investments | 0 | 0 |
| Total | 0 | 0 |

Notes to the Financial Statements (continued)

13 Accounts Receivable

| Description | 2020-2021 | 2019-2020 |
|--|----------------------|-----------|
| | Kshs | Kshs |
| Fees Arrears | 15,236,091.00 | 0 |
| Other Non-Fees Receivables | | |
| Salary Advances (list/schedule attached) | 28,150.00 | 0 |
| Imprest (list/schedule attached) | 64,000.00 | 0 |
| Rent arrears (list/schedule attached) | | 0 |
| Total | 15,328,241.00 | 0 |

13 b Ageing Analysis of Accounts Receivable

| Description | 2020-2021 | | 2019-2020 | |
|--|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| Total (should tie to note 13 a) | xxx | % | xxx | % |

14 Accounts Payable

| Description | 2020-2021 | 2019-2020 |
|---|---------------------|-----------|
| | Kshs | Kshs |
| Trade Creditors (See Ageing Below and Appendix 1) | 279,205.00 | 0 |
| Prepaid Fees | 236,970.00 | 0 |
| Retention Monies | xxx | 0 |
| Unpaid salaries and statutory deductions | xxx | 0 |
| Caution money | xxx | 0 |
| Other payables (<i>specify BUSSARY</i>) | 507,960.00 | 0 |
| Total | 1,024,135.00 | 0 |

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

| Description | 2020-2021 | | 2019-2020 | |
|--------------------------------------|------------|----------------|----------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | xxx | % | xxx | % |
| Between 1- 2 years | xxx | % | xxx | % |
| Between 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| Total (should tie to note 14) | xxx | % | xxx | % |

15 Fund Balance Brought Forward

| Description | 2020-2021 | 2019-2020 |
|------------------------|----------------------|-----------|
| | Kshs | Kshs |
| Bank Balances | 2,418,186.30 | 0 |
| Cash Balances | 13,289.00 | 0 |
| Short Term Investments | 0 | 0 |
| Receivables | 13,217,769.00 | 0 |
| Payables | (1,187,001.00) | 0 |
| Total | 14,462,243.30 | 0 |

Other important disclosure notes

IPSAS Cash Standard encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

16 Non-current Liabilities Summary

| Description | 2020-2021 | 2019-2020 |
|------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Bank Loans | 0 | 0 |
| Outstanding Leases | 0 | 0 |
| Hire Purchase | 0 | 0 |
| Gratuity And Leave Provision | 0 | 0 |
| Others (specify) ADB/GOK | 70,551.00 | 0 |
| Total | 0 | 0 |

17 Biological assets

| Description | Numbers | 2020-2021 | 2019-2020 |
|--------------------------|----------------|------------------|------------------|
| | | Kshs | Kshs |
| Cattle | | 0 | 0 |
| Goats | | 0 | 0 |
| Trees | | 0 | 0 |
| Coffee Or Tea Plantation | | 0 | 0 |
| Poultry | | 0 | 0 |
| Others (specify) | | 0 | 0 |
| Total | | 0 | 0 |

18 Borrowings

| Description | 2020-2021 | 2019-2020 KSH |
|---------------------------------------|------------------|----------------------|
| Borrowings at beginning of the year | 0 | 0 |
| Borrowings during the year | 0 | 0 |
| Repayments during the year | 0 | 0 |
| Balance at the end of the year | 0 | 0 |

Other important disclosure notes**19 Stock/ Inventory**

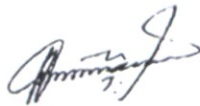
| Description | 2020-2021 | 2019-2020 |
|------------------------|------------------|------------------|
| | Kshs | Kshs |
| Food stuffs | 0 | 0 |
| Lab consumables | 0 | 0 |
| Farm produce | 0 | 0 |
| Medication | 0 | 0 |
| Construction Materials | 0 | 0 |
| Others (specify) | 0 | 0 |
| | 0 | 0 |

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

20 Progress On Follow Up Of Auditor Recommendations

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

| Ref No. | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---------|-----------------------------------|---------------------|-----------------------------------|--|
| | | | | |
| | | | | |
| | | | | |



 Sign and Date
 Principal