REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL

ON

ST. CLARE EBUKUYA SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2023

VIHIGA COUNTY

HARAMBEE

ST. CLARE EBUKUYA SECONDARY SCHOOL FOR HEARING IMPAIRED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2023

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

Table of Contents Page

1. Acronyms and Glossary of Terms

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

2. Key School Information and Management

(a) Background information

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

The school was registered in 12/2017 under registration number 42S00300043 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a day/boarding school and had 97 number of students as at 30th June 2021. It has 2 streams and 11 teachers of which 3 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	Dr. Nelson Abwanzo	Chairman	06/05/2022
2	Ms. Mary Mauwa	Secretary- Principal	06/05/2022
3	Mr. Daniel Ong'ayi	Member	06/05/2022
4	Mr. Richard Owino	Member	06/05/2022
5	Mr. Kennedy Aswani	Member	06/05/2022
6	Mrs. Mikali Owendi	Member	06/05/2022
7	Ms. Dorcus Atino	Member	06/05/2022
8	Mr. Justus Opang'a	Member- Rep CEB	06/05/2022
9	Mr. Ezekiel Sirigwa	Member- Rep Teachers	06/05/2022
10	Mr. Roselyn Owour	Member- Sponsor	06/05/2022
11	Mr. Julious Owuor	Member- Community	06/05/2022
12	Ms. Roselidah Marende	Member Special Needs	06/05/2022
13	Mr. Samuel Amayoti	Member	06/05/2022
14	Mr. John Atulo	Member	06/05/2022
15	Ms. Lorna Etago	Rep Students	06/05/2022

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the period
1	Executive Committee	Dr. Nelson Abwanzo Mr. Daniel Ong'ayi Mrs. Mikai Owendi Mr. Justus Opanga	Chaiperson Secretary Member Member	6
2	Audit Committee	Mr. Richard Owino Mr. Julious Owuor Dr. Nelson Abwanzo Ms. Mary Mauwa Mrs. Mikali Owendi	Chaiperson Secretary Member Member Member	5
3	Finance, procurement and general purposes Committee	Mr. Samuel Amayoti Mr. Geoffrey Owino Dr. Nelson Abwanzo Mr. Daniel Ong'ayi Ms. Mary Mauwa Mrs. Mikali Owendi	Chaiperson Secretary Member Member Member Member	3
4	Academic Committee	Mr. John Atulo Mr. Ezekiel Sirigwa Dr. Nelson Abwanzo Mrs. Mikali Owendi Ms. Mary Mauwa	Chaiperson Secretary Member Member Member	3
5	Development Committee	Mr. Samuel Amayoti Ms. Mary Mauwa Mr. Daniel Ong'ayi Mr. Justus Opang'a	Chairperson Member Member Member Member	3
6	Discipline and Welfare Committee	Mr. Justus Opanga Mrs. Dorcus Atino Dr. Nelson Abwanzo Ms. Mary Mauwa Mrs. Mikali Owendi Mr. Julious Owuor	Chairperson Member Member Member Member Members	2

School operation Management

For the financial period ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Mary Mauwa Shem	TSC No. 374332
2	Deputy Principal	Mr. Geoffrey Owino	TSC No. 549079
3	School Bursar	Phelesiah Afwande	27139740

(d) Schools contacts

Post Office Box: P.O Box 542-50307,
Maragoli.
Telephone: 0703187488

(e) School Bankers

The following school operated 3 number of bank accounts in the following banks:

1. Name of Bank: KCB
   Branch: LUANDA
   Account Number: 1168075963

2. Name of Bank: KCB
   Branch: LUANDA
   Account Number: 1199775533

3. Name of Bank: KCB
   Branch: LUANDA
   Account Number: 1199775511

4. Name of Bank: KCB
   Branch: LUANDA
   Account Number: 1268534099

(f) Independent Auditors

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

ST. CLARE EBUKUYA SPECIAL SEC. SCH. FOR H.I.
10 JUL 2024
P.O. Box 542-50307, LUANDA-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:

SNO.	Particulars	Amount (Kshs)
1.	Deficit	5,059,579
2.	Capitation	4,393,453
3.	Ratio	1: 28,156
4.	Incomes	7,801,368
5.	Expenditure	12,860,947
6.	Creditors	2,520,357
7.	Debtors	2,369,657
8.	Cash and Balance	675,409

b) Teacher Student ratio:

SNO.	Particulars	Amount (Kshs)
1.	Ratio	1:13
2.	Transfer	1
3.	Retirees	0
4.	Posting	1
5.	Intern	1

Teachers in the school

Gender	TSC	BOM
Female	7	1
Male	3	1
Total	10	2

c) Mean score in the 2023 KCSE:

Since 2020, 8 students have transition to institution of higher learning

Period	Mean Score	Grade
2022	2.9	D
2023	3.65	D+
Deviation	+0.724	

d) Number of Candidates in the 2023 KCSE:

	Year 2022	Period 2023
No. of Candidates	27	21

e) Capacity of the school:

No of Students	Dormitories	Dining Hall	Laboratories	Toilets
97	3	1	0	9

f) Development projects carried out by the school:

Project Name	Amount	Source
Construction of 8 Number Storeyed Classrooms	5,000,000	Economic Stimulus

MARY MAUWA Bukau
.....

School Principal

ST. CLARE EBUKUYA SPECIAL SEC. SCH. FOR H.I.
18 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

4. 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 (PSASB) 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 St. Clare Ebukuya Secondary School for Hearing Impaired 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, 2023, and of the school's financial position as at that date.

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Name: DR. NELSON ABWANZO

Designation: Chairman, School Board of Management

Date: 9/7/24

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Name: MARY MAUWA

Designation: School Principal & Secretary to Board of Management

Date: 9/7/24

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

.....

Name: PHELESIAH AFWAMIDE

Designation: Bursar/ Finance Officer

Date: 9/7/2024

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON ST. CLARE EBUKUYA SECONDARY SCHOOL FOR HEARING IMPAIRED FOR THE YEAR ENDED 30 JUNE, 2023 – VIHIGA 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 the 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 St. Clare Ebukuya Secondary School for Hearing Impaired – Vihiga County set out on pages 1 to 14, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and the 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 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 St. Clare Ebukuya Secondary School for Hearing Impaired – Vihiga County as at 30 June, 2023 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 Basic education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

Review of the financial statements revealed that the statement of receipts and payments reflects a comparative balance on payments for operations balance of Kshs.6,799,605 while Note 7 to the financial statements reflects a comparative balance of Kshs.4,756,038 resulting in an unexplained variance of Kshs.2,043,567.

Further, the statement of receipts and payments reflects school fund income – parents' contributions, and boarding and school fund payments balance of Kshs.2,694,070 and Kshs.5,441,180, respectively. However, the statement of cash flows reflects school fund and boarding and school fund payments of Kshs.2,052,255 and Kshs.4,221,834 respectively resulting in unexplained variance of Kshs.641,815 and Kshs.1,219,346, respectively.

In addition, the statement of assets and liabilities reflects accumulated fund balance brought forward of Kshs.5,584,288. However, Note 14 to the financial statements reflects accumulated balance brought forward of Kshs.5,715,152 resulting in an unexplained variance of Kshs.130,864. The statement also reflects accounts payables balance of Kshs.2,520,357 as disclosed in Note 13 to the financial statements. However, Annex 1 to the financial statements on analysis of pending accounts payables reflects a balance of Kshs.542,000 resulting in an unexplained variance of Kshs.1,978,357.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported School Fund Income- Parents Contributions

The statement of receipts and payments and as disclosed in Note 4 of the financial statements reflects an amount of Kshs.2,694,070 in respect of school fund income-parents' contributions. However, the amount was not supported by detailed lists or schedules indicating the names of students and amount paid.

In the circumstances, the accuracy and completeness of school fund income - parents' contributions fees balance could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects total expenditure of Kshs.12,860,947. However, the payments were not supported by detailed lists or schedules indicating names of payee, date of payment, purpose of payment and amount paid.

In the circumstances, the accuracy and completeness of payments balance could not be confirmed.

4. Unconfirmed Cash and Cash Equivalents

The statement of assets and liabilities reflects a cash and cash equivalents balance of Kshs.675,409 as disclosed in Note 10 and 11 to the financial statements. However, the School did not provide bank confirmation certificates for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance could not be confirmed.

5. Long Outstanding Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 12 of the financial statements reflects accounts receivables balance of Kshs.2,369,657. However, receivables balance of Kshs.1,751,272 or 74% of the accounts receivables was outstanding for a period of over one (1) year. The recoverability of the accounts receivables is therefore doubtful.

In the circumstances, the fair value of the accounts receivables could not be confirmed.

6. Unsupported Long Outstanding Accounts Payables

The statement of assets and liabilities and as disclosed in Note 13 of the financial statements reflects accounts payables balance of Kshs.2,520,357 in respect of trade creditors and retention monies. Included in this balance is an amount of Kshs.1,549,290 in respect of trade creditors that was not supported by the creditors' ledger, invoices, delivery notes, local purchase orders (LPO) issues and receipts vouchers. Further, payables balance of Kshs.1,007,290 accounting for 40% of the accounts payables was outstanding for over one (1) year.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the St.Clare Ebukuya Secondary School for Hearing Impaired 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.8,810,950 and Kshs.7,801,368, respectively resulting in

under-funding of Kshs.1,009,582 or 11% of the budget. However, the School spent amount of Kshs.12,860,947 against actual receipts of Kshs.7,801,368 resulting in an over-utilization of Kshs.5,059,579 or 65% of the actual receipts.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

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 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. Late Submission of Financial Statements

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2022. The financial statements were submitted on 6 June, 2024 which was eight (8) months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial report adversely affects the Office of the Auditor-General in meeting the statutory timelines.

In the circumstances, Management was in breach of the law.

2. Non-compliance with the Public Sector Accounting Standards Board

Review of the financial statements revealed that Annex 2 to the financial statements on summary of fixed assets register was not populated with dates when the assets were purchased, historical cost brought forward, additions and disposals during the year and

historical cost carried forward as required by the reporting template issued by the Public Sector Accounting Standards Board (PSASB). No stock/inventory disclosure was made in the annual report and financial statements as required by the financial reporting template. Further, no evidence was provided indicate that stock-take exercise was conducted at the end the financial year.

In the circumstances, Management did not comply with the reporting template requirements by the PSASB.

3. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

During the year under review, the School transferred an amount of Kshs.103,000 to Kenya Secondary Schools Heads Association (KESSHA) to support the Association activities. However, KESSHA is a welfare organization that draws its membership from school Principals only. The organization is not defined in Government Funding System and there is no assurance that it has implemented effective, efficient and transparent financial management and internal control systems to manage the funds transferred by the Schools.

In the circumstances, the value for money for the funds transferred to KESSHA could not be confirmed.

4. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

Review of payment vouchers and supporting documentation revealed that there was no evidence that the goods were inspected after delivery to confirm if what was requested was what was delivered. This was contrary to Section 48(1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to establish an *ad hoc* committee known as the Inspection and Acceptance Committee to inspect and where necessary, test the goods received immediately after the delivery of the goods, works or services.

Further, goods received and issued were not supported by counter requisition and issue voucher by the user Department. This was contrary to provisions of Regulation 168 of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.

In addition, Management did not prepare a Procurement Plan for the year under review. This was contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer shall prepare an Annual Procurement Plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

In the circumstances, Management was in breach of the law.

5. Poor Management of Contract

During the year under review, the School started construction of a storey tuition block for eight (8) class rooms. Review of records revealed that the project was approved by the

Board of Management (BOM) on 8 June, 2022. The Bills of Quantities revealed that the building was to incur an amount of Kshs.23,363,542. During the year under review, the School received a grant of Kshs.5,000,000 towards the construction. However, no construction approval from the County Director of Education was provided for audit. This was contrary to the Ministerial circular dated 12 February, 2020 that required Schools receiving funding of up to Kshs.5 Million to seek approval for works from the County Director of Education.

Further, the tender was advertised on 7 December, 2022 for a labour-based contract. However, minutes of the tender opening committee minutes were not provided for audit. The tender evaluation was done on 01 March, 2023 and evaluation committee recommended awarding of the tender at a contract sum of Kshs.5,994,956. However, no professional opinion was signed as required by Section 84 of the Public Procurement and Assets Disposal Act, 2015.

In addition Notification of the award was done on 03 March, 2023 while contract was signed on 10 March 2023 which was less than 14 days as required by the law. This was contrary to Section 135(3) of the Public Procurement and Assets Disposal Act, 2015 which requires that the written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the notification provided that a contract shall be signed within the tender validity period.

Physical inspection of the project in month of June, 2024 revealed that only the foundation level was completed and the contractor was not on site.

In the circumstances, value for money on the stalled project could not be confirmed.

6. Failure to Prepare School Improvement Plan

During the year under review, Management did not prepare a School Improvement Plan to be used to measure the School's improvement activities, keep the School in focus in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School Funds which requires a School to develop improvement plan which is a road map for changes that a School needs to improve the School environment and learning outcomes.

In the circumstances, Management was in breach of the Operational Manual.

7. Poor Management of Inventory

Review of the School's inventory revealed that the School store had books and stationery, food stuff and repairable furniture stock. However, inventory management records such as receipts vouchers (S13), receipts counter issue vouchers (S11) and stores ledger cards (S9) were not maintained. This was contrary to Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that for effective, economic, efficient and transparent use of government inventory, stores and assets at all levels, an Accounting Officer of a procuring entity shall take full responsibility of the management or control of inventory and assets.

In the circumstances, Management was in breach of the law.

8. Failure to Reconcile Student Enrollment Data

Review of student's records provided for audit revealed unexplained variance in student numbers between National Education Management Information System and School registers resulting to tuition fees under - disbursement on both capitation grants for tuition and operation as shown in the table below:

Month	No. of Students Per NEMIS	No. of Students as Per Register	Capitation Grant per Student (Kshs)	Total Expected Capitation per School Register (Kshs)	Actual Capitation Received (Kshs)	Capitation not Received (Kshs)
25 July 2022	116	156	796	124,215	92,365	31,850
25 July 2022	116	156	2,806	437,811	325,552	112,259
03 Oct. 2022	117	156	896	139,815	104,861	34,954
3 Oct. 2022	117	156	3,114	485,821	364,366	121,455
5 Oct. 2022	155	156	5,599	873,390	867,791	5,599
23 Nov. 2022	157	156	5,434	847,777	853,211	(5,434)
30 Jan. 2023	117	156	3,078	480,151	360,113	120,038
30 Jan, 2023	116	156	602	93,912	69,832	24,080
28 April, 2023	155	156	5,403	842,923	837,520	5,403
09 June, 2023	155	156	432	67,315	66,883	432
9 June, 2023	155	156	2,950	460,254	457,304	2,950

Management explained that the difference was due to failure by the School to fully register all students on National Education Management Information System due to continuous admissions, transfers and some students did not have birth certificates for uploading to National Education Management Information System. This was contrary to the Ministry of Education Circular No. MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in National Education Management Information System and the Principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

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 Section 7(1)(a) of the Public Audit Act, 2015, 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 internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Incomplete Fixed Assets Register

Review of the fixed assets register revealed that the register did not contain all information required including the asset names, asset serial numbers, cost, purchase date, location and current condition. Further, ownership documents for a parcel of land of undetermined size were not provided for audit.

In the circumstances, ownership and custody of the fixed assets could not be confirmed.

2. Failure to Maintain an Imprest Register

As was reported in the previous year, the School issued imprests for different purposes to staff. However, Management did not prepare and maintain an imprest register and imprests were not issued through imprest warrants. It was therefore not possible to confirm whether the imprests issued during the year were accounted for and if the regulations regarding management of imprest were adhered to.

In the circumstances, existence of effective internal controls on imprest management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require 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 controls 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 controls 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 controls 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 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 Management.

- Conclude on the appropriateness of 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 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 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.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 September, 2024

6. Statement Of Receipts and Payments For the Year Ended 30th June 2023

	Note	Kshs	Kshs
Receipts			
Government grants for tuition	1	333,941	699,877
Government grants for operations	2	4,065,857	8,724,941
Government Grants for infrastructure	3	-	5,000,000
School fund income- parents' contributions	4	2,694,070	3,043,200
Miscellaneous income	5	707,500	250,000
Total Receipts		**7,801,368**	**17,718,018**
Payments			
Tuition	6	278,447	925,642
Operations	7	2,848,390	6,799,605
Infrastructure	8	4,292,930	185,000
Boarding and school fund	9	5,441,180	4,359,846
Total Payments		**12,860,947**	**12,270,093**
Surplus/Deficit		**(5,059,579)**	**5,447,925**

The school financial statements were approved on 9/7/ 2024 and signed by:

.....	.....	.....
Name: Dr. Nelson Abwanzo	**Name:** Ms. Mary Mauwa	**Name:** Phalesiah Afwande
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 9/7/24	**Date:** 9/7/24	**Date:** 9/7/2024

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

7. Statement of Assets and Liabilities As At 30th June 2023

		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	675,409	5,153,458
Cash balances	11	-	4,000
Total cash and cash equivalent		**675,409**	**5,157,458**
Account's receivables	12	2,369,657	2,331,407
Total financial assets		**3,045,066**	**7,488,865**
Financial liabilities			
Accounts payables	13	2,520,357	1,904,577
Net financial assets		**524,709**	**5,584,288**
Represented by			
Accumulated fund b/fwd	14	**5,584,288**	136,363
Surplus/deficit for the year		(5,059,579)	5,447,925
Net financial position		**524,709**	**5,584,288**
			-

The school's financial statements were approved on 9/7/ 2024 and signed by:

.....	.....	.....
Name: Dr. Nelson Abwanzo	**Name:** Ms. Mary Mauwa	**Name:** Phalesiah Afwande
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 9/7/24	**Date:** 9/7/24	**Date:** 9/7/2024

ST. CLARE EBUKUYA SPECIAL SEC. SCH. FOR H.I. * P.O. Box 542 - 50307, LUANDA - KENYA * 10 JUL 2024

8. Statement of Cash Flows for the Year Ended 30th June 2023

	Note	Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	333,941	699,877
Government grants for operations	2	4,065,857	8,724,941
Government grants for infrastructure	3	-	5,000,000
School fund income- parents contributions/ fees		2,052,255	2,491,415
Miscellaneous income		707,500	250,000
Total receipts		**7,159,553**	**17,166,233**
Payments			
Cash outflows for tuition		278,447	950,642
Cash outflows for operations		2,848,391	5,710,794
Cash outflows Boarding/lunch and school fund payments		4,221,834	5,544,826
Total payments		**6,970,434**	**12,206,262**
Net cash inflow/outflow from operating activities		**(189,119)**	**4,959,971**
Cash flow from investing activities			
Acquisition of assets	8	(4,292,930)	(185,000)
Net cash inflow/outflows from investing activities		**(4,292,930)**	**(185,000)**
Cash flow from Financing activities			
Proceeds from borrowings/ loans		0	0
Net cash inflow/outflow from financing activities		**0**	**0**
Net increase/decrease in cash and cash equivalents		**(4,482,049)**	**4,774,971**
Cash and cash equivalent at beginning of the FY		5,157,458	382,487
Cash and cash equivalent at end of the FY		**675,409**	**5,157,458**

The school's financial statements were approved on 9/7/ 2024 and signed by:

.....	.....	.....
Name: DR. NELSON ABWANZO	**Name:** MARY MAUWA	**Name:** PHELESIAH AFUWAIDE
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 9/7/24	**Date:** 9/7/24	**Date:** 9/7/2024

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

Receipt/Expenses Item	Original Budget a Kshs	Adjustment b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d Kshs	% Utilization e=d/c Kshs
Receipts					
(1) Capitation Grant on Tuition					
Teaching / Learning Materials	334,647	0	334,647	333,941	100%
(2) Capitation Grant on Operations					
Personnel Emoluments	1,400,400	0	1,400,400	1,357,346	97%
Repairs And Maintenance	2,659,900	0	2,659,900	2,558,521	96%
Administration Costs	120,000	0	120,000	149,990	125%
3) Fees Charged on Parents					
Personnel Emoluments	750,000	0	750,000	672,000	90%
Repairs And Maintenance	50,000	0	50,000	148,800	298%
Fee On Boarding Equipment and Stores	3,496,003	0	3,496,003	1,873,270	54%
4) Miscellenous Income					
Tender Fee	-	0	-	15,500	-
Hire of Dining Hall	-	0	-	20,000	-
Donations National Fund for the Disabled of Kenya (NFDK)	-	0	-	672,000	-
Total Income	**8,810,950**		**8,810,950**	**7,801,368**	**89%**
(5) Expenditure For Tuition					
Laboratory Equipment	35,000	0	35,000	3,050	9%

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% Utilization
	a	b	c=a+b	d	e=d/c
	Ksh	Ksh	Ksh	Ksh	Ksh
Teaching / Learning Materials	112,000	0	112,000	173,000	154%
Exams And Assessment	120,000	0	120,000	99,800	83%
Bank Charges	0	0	0	2,597	-
(6) Expenditure For Operations					
Personnel Emoluments	1,345,000	0	1,345,000	1,032,826	77%
Administration Cost	298,000	0	298,000	340,010	114%
Repairs And Maintenance & Improvements	200,000	0	200,000	194,783	97%
Local Transport / Travelling	140,000	0	140,000	441,652	315%
Electricity And Water	200,000	0	200,000	624,000	312%
Medical	12,000	0	12,000	41,849	349%
Activity Expenses	50,000	0	50,000	168,710	337%
Bank Charges	0	0	0	4,560	-
(7) Expenditure For infrastructure					
Construction of classrooms	3,200,000	0	3,200,000	3,218,930	101%
Land Purchase	1,100,000	0	1,100,000	1,074,000	98%
(8) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	562,000	0	562,000	461,320	82%
Repairs And Maintenance & Improvements	0	0	0	105,000	-
Bank Charges	0	0	0	6,920	-
Fee On Boarding Equipment and Stores	5,101,500	0	5,101,500	4,867,940	95%
Totals	**12,475,500**	**0**	**12,475,500**	**12,860,947**	**103%**

10. 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 school fees from parents, 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. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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 2023.

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR H
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

Notes To The Financial Statements

1. Government Grants for Tuition

Description	2022-2023 Kshs	2021-2022 Kshs
Teaching / Learning Materials	333,941	699,877
Total	**333,94**	**699,877**

2. Government Grants for Operations

Description	2022-2023 Kshs	2021-2022 Kshs
Personnel Emoluments	1,357,346	2,048,973
Repairs And Maintenance	2,558,521	5,762,000
Administration Costs	149,990	913,968
Total	**4,055,857**	**8,724,941**

3. Government Grants for infrastructure

Description	2022-2023 Kshs	2021-2022 Kshs
Infrastructure grants	-	5,000,000
Total	-	**5,000,000**

4. School Fund Income - Parents Contribution/Fees

Description	2022-2023 Kshs	2021-2022 Kshs
Personnel emoluments	672,000	1,499,508
Repairs and maintenance	148,800	139,492
Fee on Boarding Equipment and stores	1,873,270	1,404,200
Total	**2,694,070**	**3,043,200**

5. Miscellaneous Incomes

Description	2022-2023 Kshs	2021-2022 Kshs
Tender Fee	15,500	-
Hire of Dining Hall	20,000	-
Donations National Fund for the Disabled of Kenya (NFDK)	672,000	250,000
Total	**707,500**	**250,000**

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

Notes to the Financial Statements (continued)

6. Tuition Payments

Description	2022-2023	2021-2022
	Kshs	Kshs
Reference materials	-	2,540
Laboratory Equipment	3,050	376,600
Teaching / Learning Materials	173,000	440,115
Exams And Assessment	99,800	102,800
Bank Charges	2,597	3,587
Total	**278,447**	**925,642**

7. Operations Payments

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	1,032,826	533,950
Administration Cost	340,010	762,628
Repairs And Maintenance & Improvements	194,783	2,258,540
Local Transport / Travelling	441,652	508,300
Electricity And Water	624,000	446,719
Medical	41,849	36,400
Activity Expenses	168,710	200,000
Bank Charges	4,560	9,501
Total	**2,848,390**	**4,756,038**

8. Infrastructure Payments

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	3,218,930	-
Land Purchase	1,074,000	185,000
Total	**4,292,930**	**185,000**

ST. CLARE EBUKUYA SPECIAL SEC. SCH. FOR H.I.
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

Notes to the Financial Statements (continued)

9. **Boarding And School Fund Payments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	461,320	543,730
Repairs And Maintenance & Improvements	105,000	846,000
Bank Charges	6,920	4,416
Fee On Boarding Equipment and Stores	4,867,940	2,965,700
Total	**5,441,180**	**4,359,846**

10. Bank Accounts

Account Name &	Status	Bank Account	2022-2023	2021-2022
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1199775511	59,857	1,313
Operations Account	Active	1199775533	128,849	26,207
School Fund Account/Boarding	Active	1168975963	24,882	146,053
Infrastructural Account	Active	1268534099	461,821	4,979,885
Total			**675,409**	**5,153,458**

11. Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Notes and Coins	-	4,000
Total	-	**4,000**

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA-KENYA

Notes to the Financial Statements (continued)

12. Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	2,369,657	2,331,407
Total	**2,369,657**	**2,331,407**

Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	**% of the total**	**2022-2023**	**% of the total**
Less than 1 year	618,386	26%	953,500	95%
Between 1- 2 years	167,767	7%	-	-
Between 2-3 years	1,583,505	67%	53,790	5%
Total (should tie to note 13 a)	**2,369,658**	**100%**	**2,331,407**	**100%**

13. **Accounts Payable**

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	1,549,290	1,007,290
Prepaid Fees	652,602	576,822
Retention Monies	318,465	320,465
Total	**2,520,357**	**1,904,577**

Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
		% of the total		**% of the total**
Less than 1 year	542,000	35%	953,500	%
Between 1-2 years	953,500	62%		
Between 2-3 years	53,790	3%	53,790	100%
Total (should tie to note 14)	**1,549,290**	**100%**	**1,007,290**	**%**

Notes to the Financial Statements (continued)

14. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balances	5,153,458	331,435
Cash Balances	4,000	63,517
Receivables	2,462,271	2,690,328
Payables	(1,904,577)	(255,919)
Total	**5,715,152**	**2,829,361**

ST. CLARE EBUKUYA SPECIAL SEC SCH. FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA-KENYA

Other important disclosure notes

15. Stock/ Inventory

Description	2022-2023	2021-2022
	Kshs	Kshs
Food stuffs	3,009,940	3,158,222
Lab consumables	3,050,000	376,601
Medication	38,423	36,400
Construction Materials	3,525,000	
Total	**3,525,000**	**3,571,223**

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR HI
10 JUL 2024
P.O. Box 542 - 50307, LUANDA-KENYA

16. Progress On Follow Up Of Auditor Recommendations

This is the first audit being conducted, and as such, there are no previous years' recommendations to report or follow up on.

ST. CLARE EBUKUYA SPECIAL SEC SCH FOR H
10 JUL 2024
P.O. Box 542 - 50307, LUANDA - KENYA

11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c	e	f
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply Of Goods						
1. Ral grain stores	542,000	1 July 2022	0	542,000	542,000	
Sub-Total	542,000			542,000	542,000	
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land 1				0.7 Acres
Land 2				0.3 Acres
Buildings And Structures				11
Office Equipment, Furniture And Fittings				137
Textbooks				20
ICT Equipment				500
Textbooks				1,851
Other Machinery And Equipment				2
Heritage And Cultural Assets				2
Intangible Assets- Soft Ware				
Total				