

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

DATE: 01 JUL 2026

DAY.

WEDNESDAY

TABLED
BY:

HON. OWEN BAYA, M.P.

OF

CLERK-AT
THE-TABLE:

CHRISTINE NDIRITU

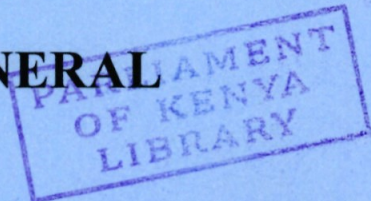
THE AUDITOR-GENERAL

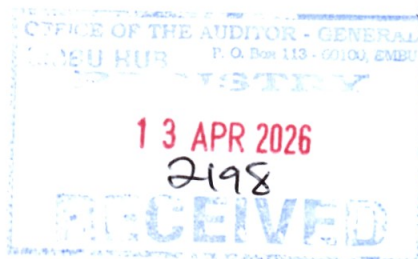
ON

MAKANYANGA SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

THARAKA NITHI COUNTY





MAKANYANGA SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Table of Contents

	Page
1. Acronyms and Definition of Key Terms	iii
2. Key School Information and Management	iv
3. Summary Report of Performance of The School	ix
4. Statement of School Management Responsibility	xv
5. Report Of The Independent Auditors (<i>To be attached</i>)	xvi
6. Statement Of Financial Performance for the Year Ended 30 th June 2025	1
7. Statement of Assets and Liabilities As At 30 th June 2025	2
8. Statement of Cash Flows for the Year Ended 30 th June 2025	4
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2025	6
10. Significant Accounting Policies	10
11. Notes To The Financial Statements	13
12. Annexes	22

1. Acronyms and Definition of Key Terms

A. Acronyms.

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	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

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 **Tharaka Nithi** County, **Igambang'ombe** Sub-County.

The school was registered on **05/2014** under registration number **PU/S/2/9347/14** and is currently categorized as a **Sub-county** public school established, owned and operated by the Government.

The school is a **Day and Boarding** school and had **161** number of students as at **30th June 2025**. It has **2** stream and **11** teachers of which **0** 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	EDDAH GACHUKIA	Chairman	1 ST JULY 2022
2	RUGURU F. MUTEMBEI	Secretary - Principal	1 ST JULY 2022
3	CHARLES KAJATA	Member	1 ST JULY 2022
4	NAOMI MAKEMBO	Member	1 ST JULY 2022
5	ALEX KIMATHI	Member	1 ST JULY 2022
6	AGNES GAKERI	Member - Sponsor	1 ST JULY 2022
7	COLOMBA KABURI	Member – Rep CEB	1 ST JULY 2022
8	KAGIMBI F. KARIUKI	Member Rep Teachers	1 ST JULY 2022
9	LOSCO MUTWIRI	Member - Sponsor	1 ST JULY 2022
10	ISAIAH KIRIMI	Member – PTA Chairperson	1 ST JULY 2022
11	RAPHAEL MWINDI	Member – Special needs	1 ST JULY 2022
12	FRANKLIN NJABAN	Member – Sponsor	1 ST JULY 2022
13	JEDIDAH MAITI	Member – Students	1 ST JULY 2022
14	CHARLES KINYUA	Member	1 ST JULY 2022
15	FREDRICK MUGAMBI	Member	1 ST JULY 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, of 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 year
1	Executive Committee	1. JASPER NDEKE 2. RUGURU F. MUTEMBEI 3. ISAIAH KIRIMI 4. PATRICK NGICHURU 5. EDDAH GACHUKIA	CHAIRMAN SEC/PRINCIPAL MEMBER MEMBER MEMBER	
2	Audit Committee	1. NATHAN MWITI MAJAU 2. EDDAH GACHUKIA 3. ISAIAH KIRIMI 4. EUNICE KABURI 5. MUTWIRI NJOKA	CHAIRMAN SECRETARY MEMBER MEMBER MEMBER	
3	Finance,procure ment and general purposes Committee			
4	Academic Committee	1. FRANKLINE NJUE 2. JULIA NJIRU 3. LAWRENCE RIUNGU 4. IDAH WANJA	CHAIRMAN MEMBER MEMBER MEMBER	

Makanyanga Secondary School

Annual Report and Financial Statements For the year ended 30th June 2025

5	Development Committee	1. JASPER NDEKE 2. IGNATIUS MUGAMBI 3. ANGELA K. NYAGA 4. RUGURU F. MUTEMBEI 5. KIGIMBI F. KARIUKI 6. ISAIAH KIRIMI 7. DANIELWARUINGI	CHAIRMAN MEMBER MEMBER MEMBER MEMBER	
6	Discipline and welfare Committee	1. GILBERT MUGAMBI 2. ELIPHAS MIRITI 3. ALI GITARI 4. EDWARD RIUNGU 5. MAGDALENE MIRIKO	CHAIRMAN MEMBER MEMBER MEMBER SECRETARY	
7	Adhoc Committee (if any during the year)			

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

(d) School operation Management

For the financial year ended 30th June 2025 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	RUGURU F. MUTEMBEI	TSC No: 305809
2	Deputy Principal	KAGIMBI F. KARIUKI	TSC No: 357127
3	School Bursar	JACKLINE KATHURE	ICPAK No: N/A

(e) Schools contacts

Post Office Box : 756-60400 CHUKA
Telephone :
E-mail : makanyangasecondaryschool6@gmail.com
Website :
Facebook :
Twitter :

(f) School Bankers

1. TUITION ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : 01139057838400

2. OPERATIONS ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : 01139057838401

3. NG-CDF ACCOUNT

Name of Bank :
Branch : N/A
Account Number :

4. SCHOOL FUND ACCOUNT

Name of Bank : EQUITY BANK
Branch : CHUKA
Account Number : 01134057838400

5. INFRASTRUCTURE ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : 01139057838402

(g) Independent Auditors

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

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

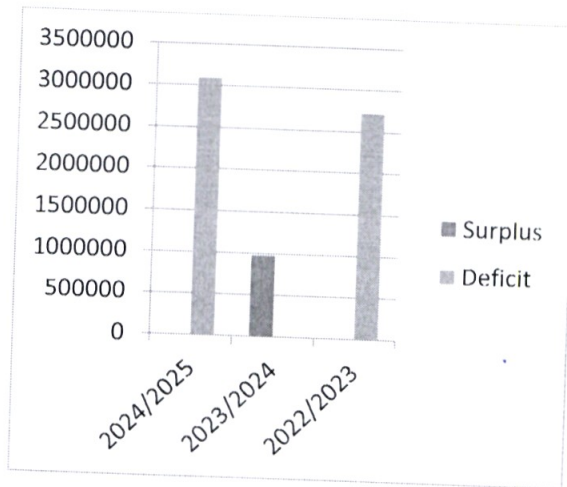
3. Summary Report of Performance of The School

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

a) Financial performance:

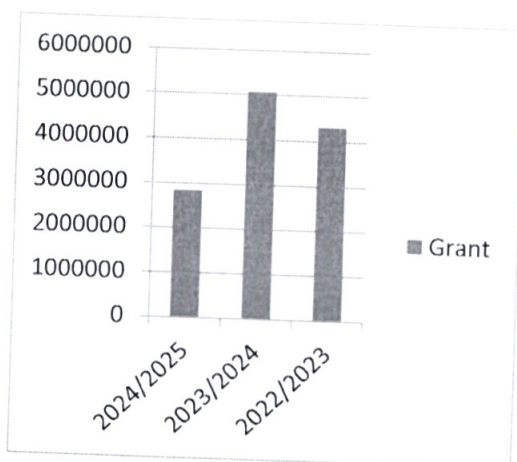
Surplus/Deficit for the year

YEAR	2024/2025	2023/2024	2022/2023
Surplus		976667.20	
Deficit	3086417.85		2722207.75



b) Capitation Grants from the Ministry of Education for the last three years

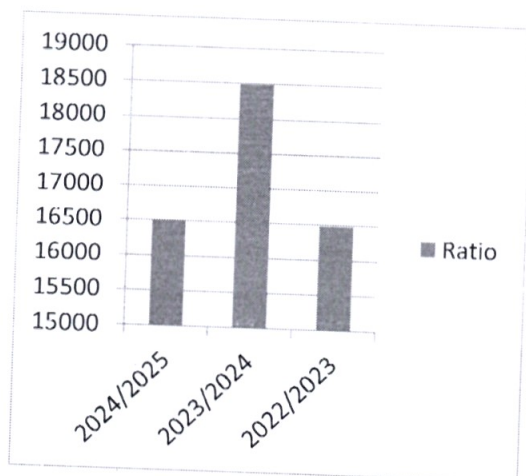
YEAR	2024/2025	2023/2024	2022/2023
Grant	2840307.15	5070731.20	4318912.25



Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

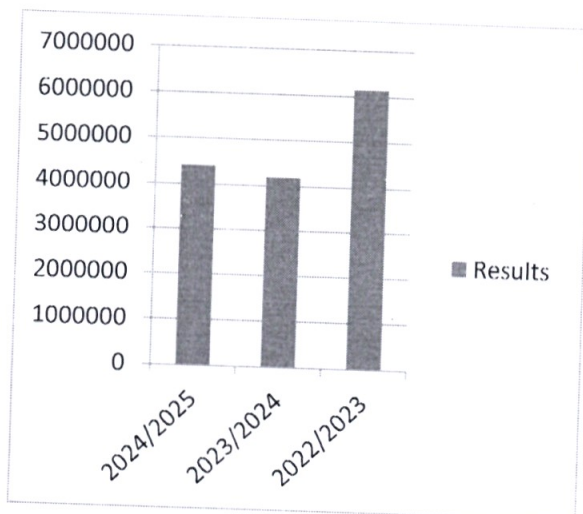
c) Ratio of capitation grant per student over the last three years

YEAR	2024/2025	2023/2024	2022/2023
Ratio	1:16513.41	1:18488.31	1:16484.40



d) A three year overview of growth of other incomes earned by the school

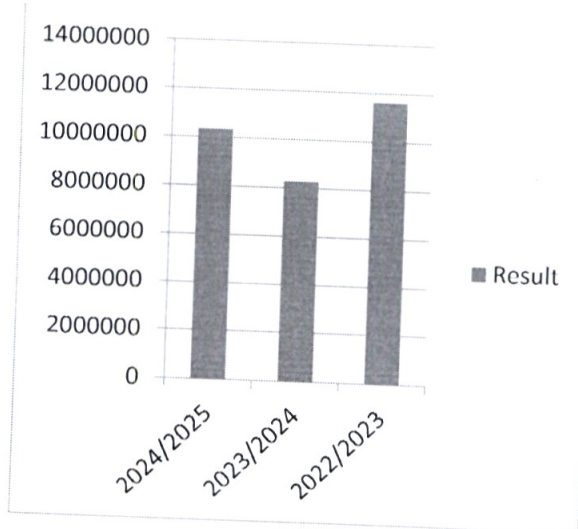
YEAR	2024/2025	2023/2024	2022/2023
Results	4411014.00	4184581.00	6143766.00



Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

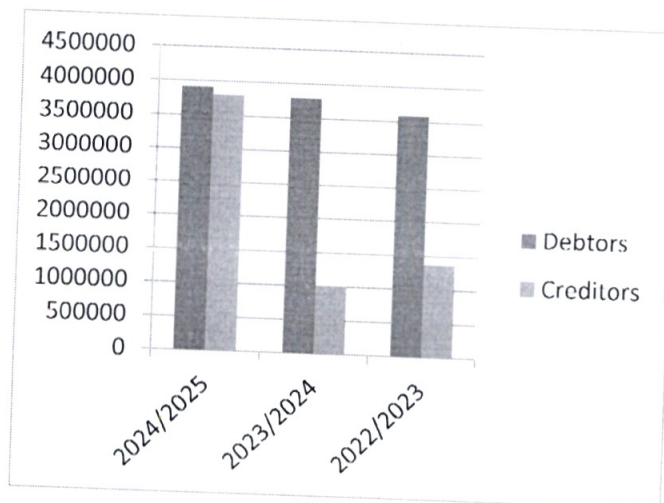
e) A three year overview of Expenditure of the school

YEAR	2024/2025	2023/2024	2022/2023
Result	10337713.00	8278645.00	11627110.00



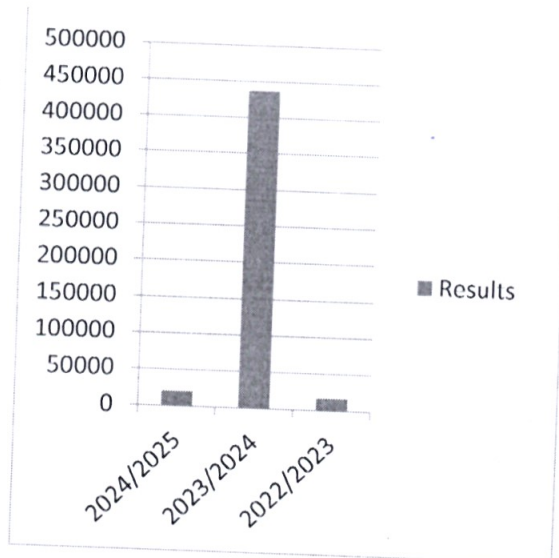
f) Movement of creditors and debtors of the school over the last three years

YEAR	2024/2025	2023/2024	2022/2023
Debtors	3913157.00	3788157.00	3578445.00
Creditors	3809414.00	1014373.00	1361000.00



g) Movement of cash and bank balances over the last three years

YEAR	2024/2025	2023/2024	2022/2023
Results	20528.91	436905.76	16577.56



h) Teacher Student ratio: 1:15

Staff establishment

S/No	NAME	EMPLOYER	SUBJECT
1.	MR. FRANKLIN MUTEMBEI R	TSC	MATHS/MATHS
2.	MR. NICASIO MURITHI CHIMBA	TSC	GEO/BST
3.	MR. JACKIM MURIUKI	TSC	MATHS/PHY
4.	MR. ANTHONY KINYUA MBUKO	TSC	KISW/HIST
5.	MR. KITHAKA DAVID	TSC	BIO/AGRI
6.	MR. JOSEPH NJERU NYAGA	TSC	GEO/HIST
7.	MD. DAMARIS KITHINJI NKIROTE	TSC	ENG/LIT
8.	MD. DOREEN MAKENA NDEKE	TSC	HIST/CRE
9.	MR. MUTEMBEI BONFACE	TSC	BIO/CHEM
10.	MR. KATHENYA MWANIKI DANIEL	TSC	HIST/KISW
11.	MD. ESTHER GACHERI	BOM	HIST/CRE

i) Mean score for the last three years

YEAR	2024	2023	2022
MEANSORE	2.9	2.9	2.9

j) Number of Candidates for the last three years

YEAR	2024	2023	2022
CANDIDATES	47	48	70

k) Capacity of the school:

Boys	84
Girls	77
TOTAL	161

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

I) Physical facilities

Amenity	Unit	Capacity	Shortfall
Classrooms	11	161	-
Science laboratory	1	161	2
Computer laboratory	-	-	1
Office	1	12	-
Library	-	-	1
Dining hall	1	161	-
Toilets	24	161	-
Dormitories	3	173	-

Development projects carried out by the school:

Projects	Source of funds	Status	Amount Spent (Kshs)	Expected completion time

.....
School Principal

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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

The Board of Management of **Makanyanga Secondary 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, 2025**, and of the school's financial position as at that date.

Sign.....

Name: **CHARITY WILLIAM (MS)**

Designation: Chairman, School Board of Management

Date: **11/4/2026**

Sign.....

Name: **JELITHA KAWIRA (MRS)**

Designation: School Principal & Secretary to Board of Management

Date: **11/4/2026**

Sign.....

Name: **MUNENE FRED**

Designation: Bursar/ Finance Officer

Date: **11/4/2026**

REPUBLIC OF KENYA

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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 MAKANYANGA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 – THARAKA NITHI COUNTY

PREAMBLE

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

- A. Report on 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 the 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; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of Makanyanga Secondary School set out on pages 1 to 24, which comprise of the Statement of Assets and Liabilities as at 30 June, 2025, and the statement of financial performance, statement

Report of the Auditor-General on Makanyanga Secondary School for the year ended 30 June, 2025 – Tharaka Nithi County

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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of Makanyanga Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) including the transitional provisions permitted under IPSAS 33 and comply with the Basic Education Act, 2013, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Accuracy and Presentation of the Financial Statements

Audit review of the Financial Statements presented for audit revealed the following anomalies;

- i. The statement of budgeted versus actual amounts reflects actual total receipts of Kshs.7,053,801. However, the statement of cashflows under cash flows from operating activities reflects total receipts of Kshs.7,126,321 resulting to an unexplained variance of Kshs.72,520.
- ii. The statement of budgeted versus actual amounts reflects actual total expenditure of Kshs.10,337,739. However, the statement of cashflows under cash flows from operating activities reflects total payments of Kshs.7,542,698 resulting to an unexplained variance of Kshs.2,795,041.
- iii. The statement of cashflows under cashflows used in investing activities reflects Nil cashflows used in acquisition of assets. However, Annex 2 under summary of fixed assets register reflects Kshs.1,545,000 as total assets additions during the year resulting to an unreconciled variance of Kshs.1,545,000.
- iv. The financial statements were irregularly approved and signed by a non – employee designated as the bursar/finance officer of the board of management of the school.
- v. Casting down the Notes to the financial statements against the supporting ledgers revealed unreconciled variances as detailed in **Appendix I**.

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

2. Unsupported Accounts Receivable

The statement of assets and liabilities reflects accounts receivable balance of Kshs.3,913,157 as disclosed in Note 13 to the financial statements. However, the supporting schedules, a detailed ageing analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.3,913,157 could not be confirmed.

3. Unsupported Payables

The statement of assets and liabilities reflects accounts payables balance of Kshs.3,809,414 as disclosed in Note 14 to the financial statements. However, supporting schedules, a detailed ageing analysis of the trade and other payables detailing the suppliers' information, invoice details, ageing categories and reference numbers such as local purchase orders and local service orders were not provided for audit. Further, included in the balance are payables balance of Kshs.2,464,945 which had been outstanding for more than two (2) years, and risk of loss of public funds through litigations, interests and penalties. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

In the circumstances, the accuracy, existence and completeness of payables balance of Kshs.3,809,414 could not be confirmed. Further, Management was in breach of the law.

4. Unsupported Cash and Cash Equivalents and Undisclosed Bank Account

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.20,528 as disclosed in Notes 10 to the financial statements. However, the cashbook, cash survey report and bank reconciliation for one account (1) was not provided for audit. In addition, the balance excluded an account held at held at cooperative bank. Further, cash survey report for the month of June, 2025 was not availed to confirm the Nil cash balance reflected in the financial statement.

In the circumstances, the accuracy, completeness, existence of cash and cash equivalents balance of Kshs.20,528 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Makanyanga Secondary School Management in accordance with ISSAI 130 on the 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 a comparable basis of Kshs.8,881,480 and Kshs.7,053,801 respectively, resulting in an under-funding of Kshs.1,827,679 or 21% of the budget. Similarly, the School spent Kshs.10,337,739 against actual receipts amount of Kshs.7,053,801 resulting in an over - utilization of Kshs.3,283,938 or 47% of the actual receipts.

The under-funding and over – utilization may have impacted negatively on the planned activities and 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 judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to report in the year under review.

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the FY 2024/25 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February, 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information set out on pages i to xv which comprise of Key School Information and Management, Summary Report of Performance of the School and the Statement of School's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the school's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit

or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of 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. Late Submission of the Financial Statements

During the year under review, Management submitted the financial statements to the Auditor-General on 11 March, 2026 instead of the statutory deadline of 30 September, 2025. This was contrary to Section 68(2)(k) of the Public Finance Management Act 2012 which states that an accounting officer shall prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit

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

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

The statement of financial performance reflects total payments amount of Kshs.7,542,698. Included in this expenditure is an amount of Kshs.207,825 transferred to Kenya Secondary School Heads Association (KESSHA) as shown below. 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 schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.207,825 could not be confirmed.

3. Unconfirmed Students Enrolment Data

The statement of financial performance reflects capitation grants for tuition and capitation grants for operations totalling to Kshs.2,840,306, comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year, NEMIS reflected one hundred and sixty-nine(169) students while records from the County Director of Education had one hundred and forty-five (145) students, resulting in an expected over-funding by twenty four(24) students each expected to receive Kshs.22,244 totaling to Kshs.533,856. This was contrary to the Ministry of Education Circular MOE.HQS/3/10/18 Vol.II/ (33) dated 07 March, 2024 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, over-funding of the school may have led to inefficient utilization of public resources.

4. Excess Supply of Books

During the period under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed two hundred and twenty-four (224) books to the school. However, the unexplained excess text books remained unissued to the students at the time of the audit in March 2026.

In the circumstances, value for money on the excess two hundred and twenty-four (224) books could not be confirmed.

5. Non-Deduction of Capacity Building Levy

The statement of financial performance reflects school fund payments amount of Kshs.6,167,090 as disclosed in Note 8 to the financial statements which includes an amount of Kshs.5,367,758 in respect of procurement contracts. Review of payments for goods and services revealed that there was no deduction of the public procurement capacity building levy of 0.03% on the contracts. This was contrary to paragraph 3(1) of the Public Procurement Capacity Building Levy, Order 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes. In addition, Public Procurement Regulatory Authority (PPRA) circular No. 01/2024 dated 30 August, 2024 which requires procurement entities to remit the levy to the Authority through the e-Citizen payment platform by the 20th day of the subsequent month and also file monthly returns.

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

6. Failure to Prepare a School Improvement Plan

During the year under review, the School management failed to prepare a School improvement plan. This was contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

7. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.2,296,783 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. However, no money was transferred to infrastructure account as at 30 June, 2025. This was contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/10/18 Vol.II/ (33) dated 07 March, 2024, which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

8. Failure to Submit for Approval the Estimates of Revenue and Expenditure

Audit review revealed that the School Management failed to submit estimates of revenue and expenditure for approval to the cabinet secretary of education in the manner and format issued by the Cabinet Secretary, contrary to provisions of Section 16(1) and (2) of the Basic Education Act, 2013. Therefore, by operating without an approved budget, the institution is in breach of the Basic Education Act, 2013.

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

9. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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

10. Irregular Recruitment of Board of Management Staff

Review of the documents provided for audit revealed that the School had eight (8) non-teaching staff. However, the staff establishment, advertisement for the positions,

employment contracts, short listing and records of interviews conducted were not provided for audit review. In addition, the Board of Management failed to employ a school bursar or finance officer, which is a critical role in financial management in the school. This was contrary to Article 232(g) of the constitution 2010 which requires fair competition and merit as the basis of appointments and promotions in the public service.

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

11. Lack of Adequate Facilities in the Institution

Physical verification of the learning environment of the school conducted in March, 2026 revealed that the school had shortages as detailed below. However, Management did not provide evidence of measures taken to manage the shortage as detailed below;

School Facilities	Required	Number in Place	Shortage
Teachers TSC	13	10	3
Dining Hall	1	incomplete	1
Equipped Laboratories	3	0	3
Modern Toilets	16	0	16
Library	1	0	1
School Bus/Van	1	0	1
Sick Bay	1	0	1
Staff houses	6	2	4

In the circumstances the School may not achieve its mandate.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of 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 governance were not effective.

Basis for Conclusion

1.0 Lack of Internal Audit Function and Audit Committee

During the year under review, the School did not have an internal audit unit and internal audit committee as required by Regulation 166(1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the school through an internal performance appraisal commenting on its effectiveness in the annual report to the National Treasury.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

2.0 Weaknesses in the Board of Management

Review of records revealed that the Board of Management and its respective committees failed to convene any meeting during the financial year under review contrary to Paragraph A2 of the Circular Ref. No OP/CAB.9/1A from the Head of Public Service dated 11 March, 2020 which stipulates that Board meetings shall be restricted to a minimum of four and capped at a maximum of six for each financial year, and in addition, the same principle shall apply to respective Committees of the Boards.

In the circumstances, the effectiveness of the governance mechanism at the school could not be confirmed.

3.0 Weaknesses in Management of Assets

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.23,545,000. However, the assets including desk top computers, office desks, tables, office cabinets and chairs were not tagged. In addition, there is no evidence that Management of the school had insured the buildings with a value of Kshs.16,345,000 as required by law. Therefore, the buildings could be exposed to the risk of loss in case of fire, riots or damages.

In the circumstances, the existence of effective measures in the management of assets could not be confirmed.

4.0 Weaknesses in ICT Controls

An assessment of the IT environment across the school revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control. The following shortcomings were observed:

- i. The School has a system used to record income. However, during the audit period in March 2026, this system was not accessible and verifiable.
- ii. There is no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- iii. Staff use personal email (Gmail) addresses for official communication, which undermines data security and organizational accountability.
- iv. The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- v. There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- vi. There is no formalized data backup process, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.
- vii. No disaster recovery plan, in the absence of a disaster recovery plan, the entity lacks the capacity to restore operations promptly following system disruptions or disasters.

In the circumstances, the efficiency in the use of IT within the school could not be confirmed.

5.0 Weak Controls in Inventory Management

Note 19 of the financial statements under other important disclosure Notes disclosed an inventory closing balance of Kshs.705,495. However, the stock take report in support of the balance was not provided for audit review. In addition, Management uses the manual stores ledgers to manage inventories instead of setting up an inventory management system to be managed by head of procurement function.

In the circumstances, the existence of effective measures in the management of inventory assets could not be confirmed.

6.0 Long Outstanding Accounts Receivables

The statement of assets and liabilities reflects accounts receivable balance of Kshs.3,913,157 in respect of fees arrears as disclosed in Note 13 to the financial statements. Included in the balance is accounts receivable balance of Kshs.1,488,200 which had been outstanding for more than three (3) years. However, Management failed to provide a supporting schedule, a detailed ageing analysis and the policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt 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 the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 April, 2026

Appendix I

Unreconciled Variance Between the Financial Statements and the Supporting Schedules

Note to the Financial Statements	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance Amount (Kshs)
Total Receipts	7,251,321	-	7,251,321
Note 6: Tuition Payments			
Exercise Books	257,080	330,000	- 72,920
Laboratory Equipment	468,113	117,000	351,113
Teaching / Learning Materials	103,847	-	103,847
Exams And Assessment	65,055	54,000	11,055
Teachers Guides	23,850	-	23,850
Local Transport / Travelling	-	220,000	- 220,000
Bank Charges	1,035	460	575
Note 7: Payments for Operations			
Personnel Emoluments	695,371	626,120	69,251
Administration Cost	646,597	126,020	520,577
Repairs And Maintenance & Improvements	630,150	344,813	285,337
Local Transport / Travelling	488,000	586,160	- 98,160
Electricity And Water	162,419	118,800	43,619
Medical	63,160	0	63,160
Activity Expenses	565,990	517,115	48,875
Transfer to School Fund	-	51,750	-51,750
Note 9: Payments for School Fund			

Note to the Financial Statements	Financial Statement Amount (Kshs)	Supporting Schedule Amount (Kshs)	Variance Amount (Kshs)
Personnel Emoluments	269,232	65,540	203,692
Repairs And Maintenance & Improvements	241,980	6,900	235,080
Local Transport / Travelling	93,400	16,000	77,400
Electricity And Water	68,000	24,700	43,300
Administration Costs	126,720	506,510	-379,790
Fee On Boarding Equipment and Stores	5,367,758	3,221,535	2,146,223

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

6. Statement Of Financial Performance for the Year Ended 30th June 2025

Description of Vote Head	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue			
Government grants for tuition	1	543523.70	595979.20
Government grants for operations	2	2296783.45	2898312.00
Government Grants for infrastructure	3		1576440.00
School fund income- parents' contributions	4	4411014.00	4184581.00
Miscellaneous incomes	5		
Total revenue		7251321.150	9255312.20
Expenditure			
Tuition	6	918980.00	421470.00
Operations	7	3251669.00	2288083.00
Infrastructure	8	0	1544912.00
Boarding and school fund	9	6167090.00	4024180.00
Total Expenditure		7,542,698.00	8278645.00
Surplus/Deficit		(3086417.85)	976667.20

The school financial statements were approved on _____ 2026 and signed by:

Sign.....
Name: CHARITY WILLIAM
(MS)

Chair BOM

Date: 11/4/2026

Sign.....
Name: JELITHA KAWIRA(MRS)

School Principal/ Secretary to BOM

Date: 11/4/2026

Sign.....
Name: MUNENE FRED

Bursar/ Finance Officer

Date: 11/4/2026

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

7. Statement of Assets and Liabilities as at 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	20528.91	411101.76
Cash balances	11		25804.00
Short term investments	12		
Total cash and cash equivalent		20528.91	436905.76
Account's receivables	13	3913157.00	3788157.00
Total financial assets (a)		3933685.91	4225062.76
Financial liabilities			
Accounts payables	14	3809414.00	1014373.00
Total financial liabilities (b)		3809414.00	1014373.00
Net financial assets (a-b)		124271.91	3210689.76
Represented by			
Accumulated fund b/fwd	15	3210689.76	2234022.56
Surplus/deficit for the year		3086417.85	976667.20
Net Assets		124271.91	3210689.76

The school financial statements were approved on _____ 2026 and signed by:

Sign. 
Name: CHARITY WILLIAM
(MS)

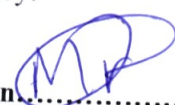
Chair BOM

Date: 11/4/2026

Sign. 
Name: JELITHA KAWIRA(MRS)

School Principal/ Secretary to BOM

Date: 11/4/2026

Sign. 
Name: MUNENE FRED

Bursar/ Finance Officer

Date: 11/4/2026

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

8. Statement of Cash Flows for the Year Ended 30th June 2025

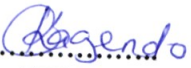
Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		543523.70	595979.20
Government grants for operations		2296783.45	2898312.00
Government grants for infrastructure			1576440.00
School fund income- parents contributions/ fees			3974869.00
Other income		4286014.00	
Total receipts		7126321.15	9045600.20
Payments			
Cash outflows for tuition		721460.00	421470.00
Cash outflows for operations		2561313.00	2613210.00
Cash outflows for infrastructure			1544912.00
Cash outflows Boarding/lunch and school fund payments		4259925.00	4045680.00
Total payments		7542698.00	8625272.00
Net cash inflow/outflow from operating activities		(416376.85)	420328.20
Cash flow from investing activities			
Acquisition of assets			
Proceeds from sale of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities			
Cash flow from Financing activities			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents		(416376.85)	420328.20
Cash and cash equivalent at beginning of the FY		436905.76	16577.56
Cash and cash equivalent at end of the FY		20528.91	436905.76

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

(The above presentation of the cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS).

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

The school financial statements were approved on _____ 2026 and signed by:

Sign.....
Name: CHARITY WILLIAM
(MS)

Chair BOM

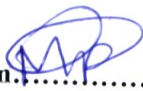
Date: 11/4/2026

Sign.....

Name: JELITHA KAWIRA(MRS)

School Principal/ Secretary to BOM

Date: 11/4/2026

Sign.....

Name: MUNENE FRED

Bursar/ Finance Officer

Date: 11/4/2026

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

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
Receipts					
(1) Capitation Grant on Tuition					
Reference materials					
Exercise Books	262250.00		262250.00	216294.00	82.4%
Laboratory Equipment	244040.00		244040.00	162883.00	66.7%
Internal Exams	45100.00		45100.00	58580.00	89.9%
Teaching / Learning Materials	107800.00		107800.00	87630.00	81.2%
Teachers Guides	25290.00		25290.00	18136.70	71.7%
(2) Capitation Grant on Operations					
Personnel Emoluments	692600.00		692600.00	465474.00	67.2%
Repairs And Maintenance	650000.00		650000.00	629000.00	96.7%
Local Transport / Travelling	468400.00		468400.00	348477.00	74.3%
Electricity And Water	177900.00		177900.00	132094.00	74.2%
Medical	59400.00		59400.00	37741.00	63.5%
Administration Costs	534200.00		534200.00	338036.45	63.3%
Activity	494500.00		494500.00	345961.00	70.0%
Gratuity					
3) FDSE for infrastructure					
Maintenance & Improvement MoE					
M&I parents' contribution					
Economic Stimulus Programs					
Transition Infrastructure Grants					
Administration Block					

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

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
(4) Fees Charged on Parents					
Personnel Emoluments	264000.00		264000.00	188800.00	71.5%
Repairs And Maintenance	198000.00		198000.00	158500.00	80.0%
Local Transport / Travelling	132000.00		132000.00	96600.00	73.1%
Electricity And Water	105600.00		105600.00	72900.00	69.0%
Medical					
Administration Costs	158400.00		158400.00	126600.00	79.9%
Activity					
SMASSE					
Fee On Boarding Equipment and Stores	4242000.00		4242000.00	3767614.00	88.8%
5) Miscellaneous Income					
Loans / Borrowing					
Rent income					
Income From Farming Activities					
Insurance Compensation					
Income From Posho Mill					
Income From Bus Hire					
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
Total Income	8881480.00		8881480.00	7053801.15	79.42%
(6) Expenditure For Tuition					
Textbooks					
Reference Materials					
Exercise Books	262250.00		262250.00	257080.00	98.0%
Laboratory Equipment	244040.00		244040.00	469148.00	192.2%
Internal Exams	65100.00		65100.00	65055.00	99.9%
Teaching / Learning Materials	107800.00		107800.00	103847.00	96.3%
Chalks					

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

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
Exams And Assessment					
Teachers Guides	25290.00		25290.00	23850.00	94.3%
Administration Costs					
Bank Charges					
(7) Expenditure For Operations					
Personnel Emoluments	692600.00		692600.00	695371.00	100.4%
Repairs, Maintenance & Improvements	650000.00		650000.00	630150.00	96.9%
Local Transport / Travelling	468400.00		468400.00	488000.00	104.2%
Electricity, Water and Conservancy	177900.00		177900.00	162419.00	91.3%
Medical	59400.00		59400.00	63160.00	106.3%
Administration Costs	534200.00		534200.00	646579.00	121.0%
Activity Expenses	494500.00		494500.00	565990.00	114.4%
Gratuity					
SMASSE					
(8) Expenditure For infrastructure					
Construction of classrooms					
Construction of LAB					
Construction of DORMS					
Purchase of furniture					
Purchase of equipment					
Purchase of machinery					
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	264000.00		264000.00	269232.00	101.9%
Repairs, Maintenance and Improvements	198000.00		198000.00	241980.00	122.2%
Local Transport / Travelling	132000.00		132000.00	93400.00	70.7%

Makanyanga Secondary School

Annual Report and Financial Statements For the year ended 30th June 2025

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
Electricity, Water and Conservancy	105600.00		105600.00	68000.00	64.4%
Medical Expenses					
Administration Costs	158400.00		158400.00	126720.00	80.0%
Activity					
Gratuity					
Lunch Programme					
Boarding Equipment and Stores	4242000.00		4242000.00	5367758.00	126.5%
Expenditure For Income Generating Activity					
Insurance Costs					
Other Expenses On Investments					
Rent Expenses					
Bank Charges					
Loan Interest Repayment					
Loan Principal Repayment					
Acquisition Of Assets					
Totals	8881480.00		8881480.00	10337739.00	116.3%

*Commentary on significant **underutilization** (below 90% of utilization) and any other **overutilization** above 100%]*

- i. **Overutilization:** Laboratory equipment, Administration costs and Boarding Equipment & Stores in Tuition Operations and school funds A/C respectively realized this scenario due to high cost in related commodities.
- ii. **Underutilization:** Was realized in most overheads due to low receipt of funds.

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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/third/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

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,

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

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 financial performance both as revenue and as expenditure 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 an 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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 2025.

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

11. Notes to the Financial Statements

1. Government Grants for Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Reference Materials	216294.00	17273.00
Exercise Books	162883.00	217571.00
Laboratory Equipment	58580.00	160009.00
Internal Exams	87630.00	49796.00
Teaching / Learning Materials	18136.70	151330.20
Total	543523.70	595979.20

2. Government Grants for Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	465474.00	672907.00
Repairs And Maintenance	629000.00	660000.00
Local Transport / Travelling	348477.00	415366.00
Electricity And Water	132094.00	147100.00
Medical	37741.00	41764.00
Administration Costs	338036.45	501375
Activity	345961.00	459800.00
Total	2296783.45	2898312.00

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

3. Government Grants for infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance & Improvement		1576440.00
Total		1576440.00

4. School Fund Income - Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel emoluments	188800.00	179900.00
Repairs and maintenance	158500.00	151300.00
Local transport / travelling	96600.00	92000.00
Electricity and water	72900.00	69500.00
Administration costs	126600.00	120600.00
Fee on Boarding Equipment and stores	3767614.00	3571281.00
Total	4411014.00	4184581.00

5. Miscellaneous Incomes

Description	2024/2025	2023/2024
	Kshs	Kshs
Fee on Boarding Equipment and Stores		
Rent Income		
Income From Farming Activities		
Insurance Compensation		
Income From Posho Mill		
Income From Bus Hire		
Fee For Hire of Ground and Equipment		
Income From Grants and Donations		
Interest Income		
Dividends Income		
Loans/Borrowings		
Total		

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Notes to the Financial Statements (continued)

6. Payments for Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Exercise Books	257080.00	154624.00
Laboratory Equipment	468113.00	116606.00
Teaching / Learning Materials	103847.00	98095.00
Exams And Assessment	65055.00	39750.00
Teachers Guides	23850.00	11925.00
Bank Charges	1035.00	470.00
Total	918980.00	421470.00

7. Payments for Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	695371.00	596694.00
Administration Cost	646579.00	396438.00
Repairs And Maintenance & Improvements	630150.00	416570.00
Local Transport / Travelling	488000.00	322000.00
Electricity And Water	162419.00	116000.00
Medical	63160.00	36100.00
Activity Expenses	565990.00	404281.00
Total	3251669.00	2288083.00

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Notes to the Financial Statements

8. Payments for Infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Construction of classrooms		1544912.00
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of Boreholes		
Administration Costs		
Total		1544912.00

9. Payments for Boarding and School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	269232.00	105770.00
Repairs And Maintenance & Improvements	241980.00	88740.00
Local Transport / Travelling	93400.00	58400.00
Electricity And Water	68000.00	42500.00
Administration Costs	126720.00	79200.00
Fee On Boarding Equipment and Stores	5367758.00	3649570.00
Total	6167090.00	4024180.00

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Notes to the Financial Statements

10. Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024/2025	2023/2024
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	01139057838400	1002.70	178939.00
Operations Account	Active	01139057838401	461.75	316761.30
School Fund Account/Boarding	Active	01134057838400	17956.46	(85706.54)
Savings Account				
Parent Association Development Account				
Income Generating Activities Account				
Infrastructural Account	Dormant	01139057838402	1108.00	1108.00
Total			20528.91	411101.76

11. Cash In Hand

Description	2024/2025	2023/2024
	Kshs	Kshs
Notes and Coins		25804.00
Total		25804.00

12. Short Term Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
Cooperative Shares		
Treasury Bills		
Fixed Deposit accounts		
Other Investments		
Total		

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Notes to the Financial Statements (continued)

13. Accounts Receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
Fees Arrears	3913157.00	3788157.00
Total	3913157.00	3788157.00

13 b Ageing Analysis of Accounts Receivable

Description	2024/2025	% of the total	2023/2024	% of the total
	Kshs		Kshs	
Less than 1 year	125000.00	3.2%	541165.00	14.2%
Between 1- 2 years	757631.00	19.4%	757631.00	19.9%
Between 2-3 years	1542326.00	39.4%	1542326.00	40.7%
Over 3 years	1488200.00	38%	947035.00	25.2%
Total (note 13 a)	3913157.00	100%	3788157.00	100%

14. Accounts Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	3809414.00	1014373.00
Total	3809414.00	1014373.00

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Notes to the Financial Statements

14a. Ageing Analysis of Accounts Payable

Description	2024/2025	% of the total	2023/2024	% of the total
	Kshs.		Kshs.	
Less than 1 year	330096.00	8.6%	338100.00	33.3%
Between 1- 2 years	1014373.00	26.6%	676273.00	66.7%
Between 2-3 years	2464945.00	64.8%		
Total (note 14)	3809414.00	100%	1014373.00	100%

15. Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Balances	411101.76	6147.56
Cash Balances	25804.00	10430.00
Receivables	3788157.00	3578445.00
Payables	(1014373.00)	(1361000.00)
Total	3210689.76	2234022.56

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

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	2024/2025	2023/2024
	Kshs	Kshs
Bank Loans		
Outstanding Leases		
Hire Purchase		
Gratuity And Leave Provision		
Others:		
Total		

17. Biological assets

Description	Numbers	2024/2025	2023/2024
		Kshs	Kshs
Cattle	3	90000.00	90000.00
Goats	16	112000.00	112000.00
Trees	100	200000.00	200000.00
Donkeys	1	30000.00	30000.00
Total		432000.00	432000.00

18. Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year		
Borrowings during the year		
Repayments during the year		
Balance at the end of the year		

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Other important disclosure notes

19. Stock/ Inventory

Description	2024/2025	2023/2024
	Kshs	Kshs
Food stuffs	367010.00	431785.00
Lab consumables	250325.00	294500.00
Stationery	88160.00	103720.00
Total	705495.00	830005.00

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 
Date 11/4/2026
Principal

PRINCIPAL
MAKANYANGA SECONDARY SCHOOL
P. O. Box 766 CHUKA

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2024/2025	Outstanding Balance 2023/2024	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs		
1. Classic food stores	915000.00	2023	(200500.00)	915000.00		
2. Gervasio Kiura	125650.00	2023	(58000.00)	125650.00		
3. Lehnem Enterprises	221373.00	2024	(915000.00)	221373.00	64373.00	
4. Descana machines	213550.00	2023	(187500.00)	213550.00	150000.00	
5. Chuka Lab	599020.00	2023 & 2024		599020.00	558500.00	
6. Ndege stores	118600.00	2023 & 2024		118600.00	88000.00	
7. Software for School	133000.00	2023		133000.00	133000.00	
8. Rose Kanyua	51500.00	2023 & 2024		51500.00	20500.00	
9. Douglas Mugambi Justus	20720.00	2025		20720.00		
10. Fred Munene Justus	155000.00	2024 & 2025		155000.00		
11. Grace Wanjia Patrick	167500.00	2024 & 2025		167500.00		
12. Justin Electricals	71010.00	2025		71010.00		
13. Elias Murithi	368685.00	2024 & 2025		368685.00		
14. Derby Tech Enterprises	81900.00	2024 & 2025		81900.00		
15. Amazon Fine Services	31100.00	2024		31100.00		
16. Jetlink Education Ent.	80000.00	2024		80000.00		
17. Chakamwe Investment	171230.00	2024 & 2025		171230.00		
18. Everest Business Supplies	152000.00	2024 & 2025		152000.00		
19. Deprimu General Supplies	87576.00	2025		87576.00		

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2024/2025	Outstanding Balance 2023/2024	Comments
20. Highmark services	20000.00	2025		20000.00		
21. Susan Muthoni	25000.00	2025		25000.00		
Sub-Total	3809414.00			3809414.00		
Grand-Total	3809414.00			3809414.00	1014373.00	

Makanyanga Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Annex 2 – Summary of Fixed Assets Register

Asset Class	STATUS Old/New	Historical Cost b/f (Kshs) 1st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2025
Land	Old	1,500,000			1,500,000
Buildings And Structures	Old & New	14,800,000	1,545,000		16,345,000
Motor Vehicles					-
Office Equipment, Furniture And Fittings	Old	500,000			500,000
Textbooks	Old	5,000,000			5,000,000
ICT Equipment	Old	200,000			200,000
Tools And Apparatus					-
Other Machinery And Equipment					-
Heritage And Cultural Assets					-
Intangible Assets- Soft Ware					-
Total		22,000,000	1,545,000		23,545,000

