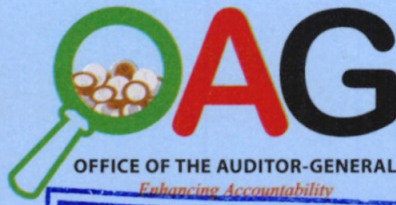


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 JUN 2026

DAY.

Thursday

REPORT

TABLED
BY:

Hon. Samuel Chapkong'a
On behalf of, leaders of opposition

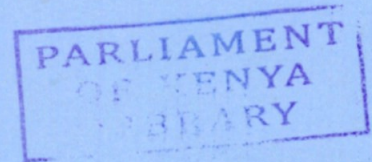
OF

CLERK-AT
THE-TABLE:

hon. Male

THE AUDITOR-GENERAL

ON



FRIENDS SCHOOL KIKAI
BOYS SECONDARY

FOR THE YEAR ENDED
30 JUNE, 2024

BUNGOMA COUNTY



FRIENDS SCHOOL KIKAI BOYS SECONDARY SCHOOL.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

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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
NEMIS	National Education Management Information System.

B. Definition of Key Terms

Comparative Year- Means the prior period.

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 Bungoma County, Bungoma West Sub-County.

The school was registered in 15/04/2014 under registration number PU/S/3/1932/14 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a day/boarding school and had 477 number of students as at 30th June 2024. It has 2 streams and 16 teachers of which 1 teacher 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	ISAYA MASINDE	Chairman	23/05/2022
2	BONFACE WANGILA	Secretary- Principal	23/05/2022
3	REUBEN RUTO	Member	23/05/2022
4	EDITH WEPUKHULU	Member	23/05/2022
5	PHILIP MALEMO	Member	23/05/2022
6	MARGARET MAMAI	Member	23/05/2022
7	VIOLET MAMAI	Member	23/05/2022
8	JOSEPH WACHINA	Member – Rep CEB	23/05/2022
9	GODFREY WAKOLI	Member Rep Teachers	23/05/2022
10	-NAHASHON MWALO -BRIDGID KUNUSIA -MOSES SIMIYU	3 Members - Sponsor	23/05/2022
11	LIZA MURIUKI	Member - Community	23/05/2022
12	TATAYO MASIBO	Member Special Needs	23/05/2022
13	ELDREGE MURESHA	Rep Students	23/05/2022
14	GETRUDE WANYONYI	Member	23/05.2022

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, 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. Isaya Masinde 2. Bonface Wangila 3. Edith Wepukhulu 4. Violet Masinde 5. Reuben Ruto 6. Joseph Wachina	Bom chair Bom Secretary Member Member Member member	3/3
2	Audit Committee	1. Reuben Ruto 2. Isaya Masinde 3. Edith Wepukhulu	Chair person Member Member	3/3
3	Finance, procurement and general purposes Committee	1. Violet Masinde 2. Bonface Wangila 3. Joseph Wachina	Chair person Member member	3/3
4	Academic Committee	1. Getrude Wanyonyi 2. Elcah Wawire	Chair person Member	3/3

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

		3.Joseph Wachina	Member	
		4.Bonface Wangila	Member	
		5.Eliud Wambaya	DOS	
5	Development/SIC Committee	1.Philip Malemo 2.Edith Wepukhulu 3.Moses Simiyu 4.Isaya Masinde 5.Bonface Wangila	Chairman Member P.A Member Member	3/3
6	Discipline and welfare Committee	1.Margaret Mamai 2.Bonface Wangila 3.Liza Muriuki 4.Tatayo Masibo	Chair person Member Member Member	3/3
7	Adhoc Committee (if any during the year)	1.D/principal 2.Store keeper 3.Bursar. 4.Departmental Heads	Chair Secretary Member members	5

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024**

(d) School operation Management

For the financial year ended 30th June, 2024 the School's day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	BONFACE WANGILA	TSC No.351024
2	Deputy Principal	HENRY WAFULA	TSC No.364816
3	School Bursar	CONCEPHTA WASIKE	
4	Other (specify)		

(a) Schools contacts

Post Office Box: 345-50202,Chwele.
Telephone: 0710702705
E-mail: SECONDARYKIKAI@GMAIL.COM
Website: wwwkikaiboyssco.com
Facebook: kicks345

(b) School Bankers

- 1.NATIONAL BANK---- BUNGOMA BRANCH
- 2.CO-OPERATIVE BANK--- CHWELE BRANCH

(a) Independent Auditors

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

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024**

Y R	MOE CAPITATION	Ratio of grant/student	Movement of Debtors Creditors		Bank Balances	Expenditure growth	Other Incomes
2020-2021	8,047,577.90	17,648:1	1,988,932.00	3,348,290.00	39,507.70	16,797,910.80	325,600.00
2021-2022	7,056,365.36	16,334:1	1,359,980.00	2,239,670.00	14,474.06	13,345,343.00	142,500.00
2022-2023	7,301,223.15	16,334:1	1,051,880.00	1,582,840.00	320,181.00	8,769,880.00	121,500.0

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:**b).TEACHERS STUDENT RATIO (CBE 27)**

YEA R	TEACHER S POSTED	TEACHERS TRANSFERRED/RETIRE D	TEACHERS EMPLOYE D BY TSC	TEACHERS EMPLOYE D BY BOM	STUDENTS ENROLMEN T
2020-2021	1	1	0	0	456
2021-2022	1	1	0	0	432
2022-2023	0	2	0	1	477

c).MEAN SCORE IN KCSE

YEAR	MEAN SCORE	UNIVERSITY ENTRY	ENROLMENT OF CANDIDATES
2021	2.420	0	89
2022	2.990	04	70
2023	2.625	0	56

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024**

d).CAPACITY OF THE SCHOOL

YEAR	Number of students	LAND	CLASSES	ADMIN BLOCK	DORMITORIES	LAB.	DINING HALL	TOILETS	LIBRARY	VEHICLE
2020- 2021	417	5.5	8	0	2	1	0	10	1	1
2021- 2022	422	7.45	8	1	2	1	1	16	1	1
2022- 2023	508	7.45	8	1	2	1	1	20	1	1

.....
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 **Friends School Kikai Boys** 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, 2024, and of the school's financial position as at that date.



.....
Name: Habakkuk Nakiboli

Designation: Chairman, School Board of Management

Date: 15/08/2024


.....
Name: Saul Kituyi

Designation: School Principal & Secretary to Board of Management

Date: 15/08/2024



.....
Name: Conceptha Wasike

Designation: Bursar

Date: 15/08/2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON FRIENDS SCHOOL KIKAI BOYS SECONDARY FOR THE YEAR ENDED 30 JUNE, 2024 – BUNGOMA 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 the 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 financial statements of Friends School Kikai Boys Secondary set out on pages 1 to 21, which comprise of the statement of assets and

Report of the Auditor-General on Friends School Kikai Boys Secondary for the year ended 30 June, 2024 – Bungoma County

liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Friends School Kikai Boys Secondary as at 30 June, 2024 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 of Financial Statements

1.1 The Statement of Receipts and Payments

The statement of receipts and payments reflects school fund income-parents contribution of Kshs.4,038,804 as disclosed under Note 4 to the financial statements. However, Note 4 to the financial statements reflects an amount of Kshs.4,056,904 resulting to unreconciled variance of Kshs.18,000. Additionally, the statement reflects Boarding and school fund payments of Kshs.3,656,470 as disclosed in Note 9 to the financial statements. However, Note 9 discloses an amount of Kshs.3,828,870 resulting to unreconciled variance of Kshs.172,400.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of receipts and payments could not be confirmed.

1.2 The Statement of Cash Flows

The statement of cash flows reflects net cash flow from investing activities of Kshs.902,418. However, the recast of the amount reveals an amount of Kshs.1,834,830 resulting to a variance of Kshs.932,412. Further, the statement reflects cash flows from operating activities in respect to receipts on school fund income-parent's contributions of Kshs.3,389,665, and payments for school fund Kshs.3,468,640. However, these varies with amounts disclosed under the statement of receipts and payments of Kshs.4,038,804 and Kshs.3,656,470, respectively, resulting to unexplained variances of Kshs.649,139 and Kshs.187,830, respectively.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of cash flows could not be confirmed.

1.3 The Statement of Budgeted Versus Actual Amounts

The statement of budgeted versus actual amounts reflects actual receipts of fees charged on parents amounting to Kshs.3,226,782. However, the amount differs with amounts disclosed in the statement of cash flows of Kshs.4,627,862 resulting to unreconciled variance of Kshs.1,401,080.

Further, the statement reflects actual expenditure for tuition, operations and school fund/boarding of Kshs.1,272,498, Kshs.2,801,480, Kshs.3,237,039 respectively. However, the amounts differ from payments amounts relating to tuition, operations and school fund disclosed in the statement of cash flows of Kshs.1,962,130, Kshs.3,799,930 and Kshs.4,113,705 respectively, resulting to unreconciled variances of Kshs.689,632, Kshs.998,450 and Kshs.876,666, respectively. Additionally, the grand totals for budgeted and actual amounts were not disclosed in the statement.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of budgeted versus actual amounts could not be confirmed.

2. Variances Between Financial Statements and Ledger Amounts

Review of amounts disclosed in the statement of receipts and payments and supporting ledgers revealed variances as detailed below;

Component	Amounts in the Financial Statements (Kshs)	Amount in the Ledger (Kshs)	Variance (Kshs)
Payment for Tuition			
Exercise Books	63,000	43,000	20,000
Laboratory Equipment			
Teaching / Learning Materials	283,081	227,181	55,900
Exams and Assessment	267,668	86,568	181,100
Chalk	14,000	7,000	7,000
Payment for Operations			
Personnel Emoluments	1,729,160	1,238,260	490,900
Administration Cost	581,060	584,360	3,300
Local Transport / Travelling	154,000	124,000	30,000
Electricity And Water	660,260	493,750	166,510
Medical			
Insurance Cost	95,080	30,000	65,080
Transfer to Infrastructure	-	1,852,700	1,852,700
Boarding and School Fund Payments			
Repairs and Maintenance and Improvements	39,170	32,870	6,300
Local Transport / Travelling	158,860	160,760	1,900

Component	Amounts in the Financial Statements (Kshs)	Amount in the Ledger (Kshs)	Variance (Kshs)
Electricity And Water	92,810	88,810	4,000
Administration Costs	110,230	106,130	4,100
Expenses on Income Generating Activities	40,300	-	40,300
Fee on Boarding Equipment and Stores	3,102,970	2,576,630	526,340

The above variances have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of receipts and payments could not be confirmed.

3. Unconfirmed Accounts Payables Balance

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.4,294,041. However, Annex 1 to the financial statements on analysis of pending accounts payables reflects a balance of Kshs.1,550,190, resulting to unexplained variance of Kshs.2,743,851.

In the circumstances, the accuracy and completeness of accounts payables balance of Kshs.4,294,041 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Friends School Kikai Boys Secondary 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 budgeted receipts of Kshs.23,409,920 compared to actual receipts of Kshs.10,638,228, resulting in an under-funding of Kshs.12,771,692 or 55% of the approved budget. Further, the School spent Kshs.9,735,510 against expenditure budget of Kshs.23,409,920, resulting in an under-utilization of Kshs.13,674,410 or 58% of budget.

In the circumstances, the under-funding and under-utilization affected implementation of 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 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 communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iii to x which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of School Management Responsibility. 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, 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 effect 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. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement Plan, 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.

2. Irregular Payments to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations amount of Kshs.3,448,073 as disclosed under Note 7 to the financial statements. Included, in this is an administration cost of Kshs.581,060 that includes a payment of Kshs.150,000 to Bungoma County Kenya Secondary Schools Heads (KESSHA). 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.150,000 could not be confirmed.

3. Long Outstanding Accounts Payables

The statement of assets and liabilities as disclosed in Note 14 to the financial statements reflects accounts payables balance of Kshs.4,294,041. Included in this balance is Kshs.2,711,201 relating to payables that have been outstanding for a period exceeding one year, exposing the School to the 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, Management was in breach of the law.

4. Unconfirmed Students Enrollment Data

Review of documents provided for audit revealed that, the National Education Management Information System (NEMIS) indicated students' enrollment numbers of five hundred and eight (508) students as at 15 August, 2023, five hundred and four (504) students as at 9 November, 2023, and four hundred and seventy-seven (477) students as at 9 April, 2024. Schools are required to maintain accurate and up-to-date student attendance registers to verify actual learner presence and ensure alignment between physical attendance records, enrollment registers, and the National Education Management Information System (NEMIS).

However, the School did not maintain properly updated attendance registers for all learners across the various forms, as several registers were incomplete, inconsistently updated, or missing altogether. Consequently, the reported NEMIS enrolment numbers for the specified dates could not be independently verified against actual student attendance.

In the circumstances, absence of complete and reliable attendance records may result in misallocation of capitation funds.

5. Lack of an Approved Staff Establishment

The statement of receipts and payments reflects payments for operations amount of Kshs.3,448,073 as disclosed under in Note 7 to the financial statements. Included, in this is personnel emoluments expenditure of Kshs.1,729,160. However, there was no documentary evidence indicating that the School had an approved salary structure indicating the progression for each employee under their terms.

Further, the School had not developed and approved a scheme of service for Board of Management teachers and non-teaching staff defining job descriptions, recruitment criteria, qualifications, and terms of service. In addition, the School did not have an approved staff establishment outlining authorized positions and staffing levels.

In the circumstances, management may not be able to adequately plan for the optimum number of employees and remunerate them accordingly.

6. Lack of an Annual Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.58,505,854.50 and Kshs.58,882,589 in respect of total receipts and payments respectively. However, during the year under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

Further, a list of prequalified or registered suppliers was not provided for audit verification.

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

7. Non-Compliance with Infrastructure Funds Transfer Requirements

The statement of receipts and payments reflects Government grants for infrastructure amounting to Kshs.1,852,700 as disclosed under Note 3 to the financial statements. The grants from the Ministry of Education are credited in the operations bank account. Although this amount was received in the operations account, Management was required to transfer the funds to the infrastructure account within 15 days in accordance with the disbursement schedules. However, verification of the bank statements provided for audit revealed that the school did not comply with the 15-day transfer requirement, and the amounts transferred also showed variances.

Specifically, the School was required to transfer Kshs.504,000 received on 10 January, 2024 but instead transferred Kshs.496,000 on 4 April, 2024, resulting in eighty-five (85) day delay. In total, as per the bank statements only Kshs.1,844,700 was transferred to infrastructure account, leaving a balance of Kshs.8,000 as at

Report of the Auditor-General on Friends School Kikai Boys Secondary for the year ended 30 June, 2024 – Bungoma County

30 June, 2024. This was contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 directing that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account

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

8. Non-Deduction of Capacity Building Levy

The statement of receipts and payments reflects an amount of Kshs.1,834,830 as disclosed in Note 8 to the financial statements in respect to infrastructure payments for renovations of classrooms and other School's facilities. However, review of payments revealed that there was no deduction of the public procurement capacity building levy of 0.03% on the contracts, contrary to the Levy Order, 2023 issued by the Public Procurement Regulatory Authority.

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

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. Non-Compliance with Prescription on Principals, Board of Management and Committees' Terms of Services

During the year under review, School management did not provide internal audit reports for audit verification. In addition, review of the records and documents relating to the Board of Management revealed that the Board had not constituted an Audit Committee as required under Section 61(2) of the Basic Education Act, 2013, which mandates the establishment of such a committee to enhance oversight over financial management, internal controls, and accountability. Further, the School management did not provide

attendance registers for Board meetings, making it impossible to verify the allowances paid to members of the Board of Management.

In the circumstances, the effectiveness of the School's governance could not be confirmed.

2. Inadequate Internal Control on Receipts

Review of the School's operations revealed that the institution did not have a computerized system for charging, receipting and recording school fees. All fee receipts, collections and balances are maintained manually. This limits effective monitoring and reconciliation of fees collected and outstanding balances, and exposing the school to risks of errors, revenue leakages, and unreliable financial records. Further, the school had not implemented computerized systems to support other key operational areas such as human resource management and procurement functions, including maintenance of staff records, payroll administration, supplier records, and procurement processing.

In the circumstances, key operational areas of the school are exposed to errors, omissions, and misstatements in financial records increasing the likelihood of inefficiencies in operations.

3. Incomplete Fixed Assets Register

The fixed assets register provided for audit review lacked critical disclosures, including asset status, year of acquisition, custodian details, asset identification/serial numbers, tag numbers, make/model, delivery and installation dates, depreciation rates, annual and accumulated depreciation, net book values, disposal dates and values, details of responsible officers, revaluation dates and amounts, and asset condition as required by Assets and Liability Management in the Public Sector, 2020 Guidelines issued by The National Treasury.

In the circumstances, the effectiveness of management of the School's assets could not be confirmed.

4. Weaknesses in Inventory Management

Note 19 to the financial statements on Other Important Disclosure indicates that the school held inventories consisting of laboratory equipment, chemicals, and foodstuffs amounting to Kshs.305,340. However, the audit noted significant weaknesses in inventory management, as annual and quarterly stock counts were not carried out, and the few stock verifications done were incomplete and unsupported due to missing or unaccounted-for pre-numbered stock count sheets, thereby undermining the reliability of inventory records. In addition, goods in transit such as textbooks, chemicals, and food supplies from suppliers or the Ministry of Education were not properly identified or reconciled to the accounting records, thereby affecting the cut-off period procedures and completeness of the reported inventory balances.

Further, inventory records, including bin cards and store ledgers, were not consistently updated and were often unsupported by essential documents such as purchase invoices, goods received notes, and issue vouchers, thereby compromising the accuracy and completeness of inventory movement information.

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

5. Ineffective Textbooks Management

Audit review of textbooks delivery records, store ledgers, and class distribution lists revealed inconsistencies between the quantities of textbooks delivered and those recorded in the school inventory records. In some classes, the student-to-textbook ratio was below the prescribed 1:1 requirement, indicating under-supply, while in other subjects there appeared to be excess copies that were not aligned to students enrolment numbers. The school did not provide a comprehensive reconciliation between textbooks received and those issued to learners.

Textbooks inventory records were either incomplete or not updated, periodic stock takes were not conducted, and no documented reports were available to confirm regular monitoring of textbook balances. Physical verification revealed variances between the quantities in store and the inventory records, raising concerns over possible loss or misplacement of textbooks.

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

6. Long Outstanding Accounts Receivables Balance

The statement of financial assets and financial liabilities reflects a balance of Kshs.15,185,219 in respect to accounts receivables as disclosed under Note 13 to the financial statements. The balance includes fees arrears amounting to Kshs.14,133,339 that had been outstanding for over one (1) year as indicated in Note 13b on ageing analysis, without clear strategy to ensure recovery of the same. Additionally, there was no policy on the impairment of long outstanding accounts receivables casting doubt on the fair statement of accounts receivables balance.

Further, detailed ageing analysis indicating the period each receivable balance had been outstanding was not provided for audit review.

In the circumstances, the internal controls on receivables could not be confirmed.

7. Failure to Maintain up-to-date Procurement Records

The statement of receipts and payments reflects boarding and School fund expenditure amounting to Kshs.3,656,470 as disclosed under Note 9 to the financial statements. However, review of documents provided for audit revealed that stock records such as bin

cards and store ledgers, were either not maintained or were not up to date. Additionally, periodic stock counts were not conducted and reconciliations between physical stock balances and ledger records were not provided for audit verification.

In the circumstances, the effectiveness of internal controls on procurement 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 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 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.

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

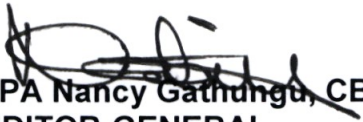
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the

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

23 April, 2026

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024****Statement Of Receipts and Payments for the Year Ended 30th June 2024**

Description Of Vote Head	Note	2023/2024	2022/2023
		Kshs	Kshs
Receipts			
Government grants for tuition	1	1,222,094.20	1,320,881.50
Government grants for operations	2	4,052,268.95	3,759,483.86
Government Grants for infrastructure	3	1,852,700.00	1,976,000.00
School fund income- parents' contributions	4	4,038,804.00	4,468,391.00
Miscellaneous incomes	5	121,500.00	2,223,500.00
Total Receipts		11,287,367.15	13,748,256.36
Payments			
Tuition	6	1,089,217.00	1,328,130.00
Operations	7	3,448,073.00	3,799,930.00
Infrastructure	8	1,834,830.00	1,976,000.00
Boarding and school fund	9	3,656,470.00	6,241,283.00
Total Payments		10,028,590.00	13,345,343.00
Surplus/Deficit		1,258,777.15	402,913.36

The school financial statements were approved on 15/08/2024 and signed by:



Name: Habakkuk Nakiboli

Chair BOM

Date: 15/08/2024



Name: Saul Kituyi
School Principal/ Secretary to
BOM

Date: 15/08/2024



Name: Conceptha Wasike

Bursar

Date: 15/08/2024

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

5. Statement of Assets and Liabilities As At 30th June 2024

Description	Note	2023/2024 Kshs	2022/2023 Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	916,787.21	14,474.06
Cash balances	11	494.45	389.45
Short term investments	12	-	-
Total cash and cash equivalent		<u>917,281.66</u>	<u>14,863.51</u>
Account's receivables	13	15,185,219.00	14,536,080.00
Total financial assets (a)		16,102,500.66	14,550,943.51
Financial liabilities			
Accounts payables	14	4,294,041.00	4,001,261.00
Total Financial Labilities (b)			
Net financial assets (a-b)		11,808,459.66	10,549,682.51
Represented by			
Accumulated fund b/fwd	15	10,549,682.51	10,146,769.15
Surplus/deficit for the year		1,258,777.15	402,913.36
Net Assets		11,808,459.66	10,549,682.51

The school's financial statements were approved on 15/08/2024 and signed by:

.....
Name: Habakkuk Nakiboli
Chair BOM
Date: 15/08/2024

.....
Name: Saul Kituyi
School Principal/ Secretary to BOM
Date: 15/08/2024

.....
Name: Concephta Wasike
Bursar
Date: 15/08/2024

7. Statement of Cash Flows for the Year Ended 30th June 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	1,222,094.20	1,320,881.50
Government grants for operations	2	4,052,268.95	3,759,483.86
Government grants for infrastructure	3	1,852,700.00	1,976,000.00
School fund income- parents contributions/ fees	4	3,389,665.00	4,627,862.00
Other income	5	121,500.00	142,500.00
Total receipts		10,638,228.15	11,826,727.36
Payments			
Cash outflows for tuition	6	857,377.00	1,962,130.00
Cash outflows for operations	7	3,574,963.00	3,799,930.00
Cash outflows Boarding/lunch and school fund payments	9	3,468,640.00	4,113,705.05
Total payments		7,900,980.00	9,875,765.05
Net cash inflow/outflow from operating activities		2,737,248.15	1,950,962.36
Cash flow from investing activities			
Acquisition of assets	8	(1,834,830.00)	(1,976,000.00)
Proceeds from sale of Assets		0	0
Proceeds from investments		0	0
Purchase of investments		0	0
Net cash inflow/outflows from investing activities		902,418.15	(25,037.64)
Cashflow from Financing activities			
Proceeds from borrowings/ loans	18	0	0
Repayment of principal borrowings		0	0
Net cash inflow/outflow from financing activities		0	0
Net increase/decrease in cash and cash equivalents		902,418.15	(25,037.64)
Cash and cash equivalent at beginning of the 2023		14,863.51	39,901.15
Cash and cash equivalent at end of the 2024		917,282.00	14,863.51

The school's financial statements were approved on 15/08/2024 and signed by:

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

.....
Name: Habakkuk Nakiboli

Chair BOM

Date: 15/08/2024

.....
Name: Saul Kituyi
School Principal/ Secretary to
BOM

Date: 15/08/2024

.....
Name: Concepta Wasike

Bursar

Date: 15/08/2024

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

8. Statement Of Budgeted Versus Actual Amounts for the Year Ended 30th June 2024

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					
Text Books	215,500.00	0	215,500.00	0	0
Reference Materials	134,500.00	0	134,500.00	0	0
Exercise Books	256,500.00	0	256,500.00	200,000.00	77.97%
Laboratory Equipment	591,020.00	0	591,020.00	400,000.00	67.67%
Internal Exams	300,000.00	0	300,000.00	240,000.00	80%
Teaching / Learning Materials	441,000.00	0	441,000.00	353,156.00	80%
Exams And Assessment	135,600.00	0	135,600.00	0	0
Chalk	30,000.00	0	30,000.00	28,938.20	96.46%
(2) Capitation Grant on Operations					
Personnel Emoluments					
Repairs And Maintenance	2,742,000.00	0	2,742,000.00	2,635,600.00	98%
Local Transport / Travelling	212,000.00	0	212,000.00	177,025.02	84%
Electricity And Water	602,200.00	0	602,200.00	234,800.70	39%
Medical	250,000.00	0	250,000.00	224,775.00	90%
Administration Costs	662,000.00	0	662,000.00	381,473.00	58%
Activity	415,000.00	0	415,000.00	398,595.23	96%

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
Gratuity	472,000.00	0	472,000.00	0	0
3) FDSE for infrastructure					
Maintenance &Improvement MoE	2,400,000.00	0	2,400,000.00	1,852,700.00	77.2%
M&I parents' contribution	0	0	0	0	0
Economic Stimulus Programs	0	0	0	0	0
Transition Infrastructure Grants	0	0	0	0	0
Administration Block	0	0	0	0	0
(4) Fees Charged on Parents					
Personnel Emoluments	476,000.00	0	476,000.00	125,025.00	42.95%
Repairs And Maintenance	496,000.00	0	496,000.00	117,250.00	39.4%
Local Transport / Travelling	512,000.00	0	512,000.00	58,200.00	22.6%
Electricity And Water	563,500.00	0	563,500.00	147,850.00	37.3%
Medical	150,000.00	0	150,000.00	0	0
Administration Costs	512,000.00	0	512,000.00	80,270.00	27.63%
Activity	210,300.00	0	210,300.00	12,310.00	25.90%
Fees Arrears recovered	00	0	00	402,741.00	
Fee On Boarding Equipment and Stores	10,395,800.00	0	10,395,800.00	2,446,019.00	29.98%
5) Miscellaneous Income					
Loans / Borrowing	0	0	0	0	0

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

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
Rent income	0	0	0	0	0
Income From Farming Activities	115,000.00	0	115,000.00	70,000.00	60.87%
Insurance Compensation	0	0	0	0	0
Income From Posho Mill	0	0	0	0	0
Income From Bus Hire	120,000.00	0	120,000.00	51,500.00	42.9%
Fee For Hire of Ground and Equipment	0	0	0	0	0%
Income From Any Other Investment	0	0	0	0	0%
TOTAL INCOME	23,409,920.00		23,409,920.00	10,638,228.00	45%
(6) Expenditure For Tuition					
Textbooks	215,500.00	0	215,500.00	0	0%
Reference Materials	134,500.00	0	134,500.00	0	0%
Exercise Books	256,500.00	0	256,500.00	63,000.00	24.6%
Laboratory Equipment	591,020.00	0	591,020.00	366,910.00	78%
Internal Exams	300,000.00	0	300,000.00	86,568.00	89%
Teaching / Learning Materials	441,000.00	0	441,000.00	177,181.00	64%
Chalks	30,000.00	0	30,000.00	14,000.00	46.7%
Exams And Assessment	135,600.00	0	135,600.00	0	0%
Teachers Guides	0	0	0	0	0%
Creditors paid	0	0	0	149,250.00	
Bank Charges	0	0	0	468.00	0%
(7) Expenditure For Operations					

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

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
Personnel Emoluments	2,742,000.00	0	2,742,000.00	1,104,100.00	63%
Local Transport / Travelling	212,000.00	0	212,000.00	154,000.00	77.8%
Electricity, Water and Conservancy	602,200.00	0	602,200.00	563,750.00	107%
Medical/Insurance	250,000.00	0	250,000.00	30,000.00	44%
Administration Costs	662,000.00	0	662,000.00	581,060.00	88.9%
Activity Expenses	415,000.00	0	415,000.00	201,000.00	42.5%
Gratuity	472,000.00	0	472,000.00	0	0
Creditors paid				928,900.00	
Bank charges	0	0	0	12,153.00	0
(8) Expenditure For infrastructure					
Renovation of 5 No. Classrooms with tiled floors	2,400,000.00	0	2,400,000.00	1,834,830.00	76%
Construction of LAB	0	0	0	0	0
Construction of DORMS	0	0	0	0	0
Purchase of furniture	0	0	0	0	0
Purchase of equipment	0	0	0	0	0
Purchase of machinery	0	0	0	0	0

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

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
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	476,000.00	0	476,000.00	44,000.00	9.2%
Repairs, Maintenance and Improvements	496,000.00	0	496,000.00	39,170.00	24.8%
Local Transport / Travelling	512,000.00	0	512,000.00	158,860.00	31%
Electricity, Water and Conservancy	563,500.00	0	563,500.00	92,810.00	16.4%
Administration Costs	512,000.00	0	512,000.00	110,230.00	21.5%
Activity	210,300.00	0	210,300.00	105,550.00	50%
Lunch programme	3,276,000.00	0	3,276,000.00		16.5%
Boarding Equipment and Stores	7,119,800.00	0	7,119,800.00	2,702,930.00	34.8%
Expenditure For Income Generating Activity	235,000.00	0	235,000.00	0	
Insurance/Medical Costs	150,000.00	0	150,000.00	0	0
Creditors of Paid		0	0	211,910.00	
Bursary	0	0	0	0	0
Bank Charges	0	0	0	2,880.00	0
Loan Principal Repayment	0	0	0		0
Acquisition Of Assets	0	0	0	0	0
Totals	23,409,920.00	0	23,409,920.00	9,735,510.00	42%

- i. Fees payment was poor, The school being in local region where parents are not exposed to fees payment, Most of them tend to have negative attitude towards Education.
- ii. MOE disbursed less funds compared to expected figure –Its due to incomplete student registration on NEMIS, Some students did not have documents that are required for registration.

9. 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 various sources when the event occurs, and the related cash has been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has 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

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

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 2024.

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

10. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2023/2024	2022/2023
	Kshs	Kshs
Reference Materials	0	0
Exercise Books	200,000.00	241,000.00
Laboratory Equipment	400,000.00	400,000.00
Internal Exams	240,000.00	140,000.00
Teaching / Learning Materials	353,156.00	531,194.00
Chalk	28,938.20	8,687.50
Total	1,222,094.20	1,320,881.50

2 Government Grants for Operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Personnel Emoluments	2,635,600.00	2,114,410.00
Repairs And Maintenance	0	0
Local Transport / Travelling	177,025.02	233,694.81
Electricity And Water	234,800.70	517,750.00
Medical	224,775.00	98,700.00
Administration Costs	381,473.00	527,329.05
Activity	398,595.23	267,600.00
Total	4,052,268.95	3,759,483.86

3 Government Grants for infrastructure

Description	2023/2024	2022/2023
	Kshs	Kshs
Maintenance &Improvement	1,852,700.00	1,976,000.00
Transition infrastructure grants	0	0
Administration Block	0	0
Economic stimulus grants	0	0
Total	1,852,700.00	1,976,000.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

4 School Fund Income -Parents Contribution/Fees

Description	2023/2024	2022/2023
	Kshs	Kshs
Personnel emoluments	204,475.00	196,240.00
Repairs and maintenance	195,660.00	272,395.00
Local transport / travelling	115,900.00	140,850.00
Electricity and water	210,400.00	280,370.00
Medical	0	0
Administration costs	141,470.00	176,000.00
Activity	54,420.00	49,910.00
Fee on Boarding Equipment and stores	3,116,479.00	3,311,526.00
PA Levies*	0	0
KCSE EXAMS	18,100.00	0
Total	4,056,904.00	4,427,291.00

5 Miscellaneous Incomes

Description	2023/2024	2022/2023
	Kshs	Kshs
Rent Income	0	0
Income From Farming Activities	70,000.00	117,500.00
Insurance Compensation	0	0
Income From Posho Mill	0	0
Income From Bus Hire	51,500.00	25,000.00
Fee For Hire of Ground and Equipment	0	0
Income From Grants and Donations*	0	0
Interest Income	0	0
Dividends Income	0	0
Loans/Borrowings*	0	0
Total	121,500.00	247,500.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024****6 Tuition**

Description	2023/2024	2022/2023
	Kshs	Kshs
Exercise Books	63,000.00	141,880.00
Textbooks	0	0
Reference materials	0	0
Laboratory Equipment	461,000.00	579,320.00
Teaching / Learning Materials	283,081.00	444,662.00
Exams And Assessment	267,668.00	155,068.00
Chalk	14,000.00	6,000.00
Bank Charges	468.00	1,200.00
Others (<i>specify</i>)	0	0
Total	1,089,217.00	1,328,130.00

7 Operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Personnel Emoluments	1,729,160.00	2,089,960.00
Service Gratuity	0	0
Administration Cost	581,060.00	619,780.00
Repairs And Maintenance & Improvements	0	0
Local Transport / Travelling	154,000.00	89,200.00
Electricity And Water	660,620.00	460,000.00
Medical	15,000.00	20,000.00
Activity Expenses	201,000.00	217,450.00
Insurance Cost	95,080.00	300,000.00
Bank Charges	12,153.00	3,540.00
Total	3,448,073.00	3,799,930.00

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8 Infrastructure

Description	2023/2024	2022/2023
	Kshs	Kshs
Renovation of classrooms with floored tiles	1,826,950.00	1,976,000.00
Construction of laboratory		0
Construction of dormitory		0
Purchase of furniture		0
Purchase of equipment		0
Purchase of apparatus		0
Drilling of boreholes		0
Bank charges	7,880.00	0
Total	1,834,830.00	1,976,000.00

9 Boarding and School Fund

Description	2023/2024	2022/2023
	Kshs	Kshs
Personnel Emoluments	44,000.00	27,000.00
Repairs And Maintenance & Improvements	39,170.00	174,455.00
Local Transport / Travelling	158,860.00	183,350.00
Electricity And Water	92,810.00	58,900.00
Medical Expenses	0	0
Administration Costs	110,230.00	252,490.00
Bank Charges	2,880.00	3,450.00
Expenses On Income Generating Activities	40,300.00	70,500.00
Fee On Boarding Equipment and Stores	3,102,970.00	3,270,080.00
Activity Expenses	105,550.00	73,480.00
Insurance Cost (<i>Life Property</i>)	0	0
Loan Principal Repayment	0	0
Loan Interest Repayment	0	0
Acquisition Of Assets	0	0
Bursary	114,000.00	0
KCSE EXAMS	18,100.00	0
Total	3,828,870.00	4,113,705.00

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10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2023/2024	2022/2023
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	01139049936000	370,595.65	5,878.45
Operations Account	Active	01139049936001	521,808.11	4,502.16
School Fund Account/Boarding	Active	01021054619700	3,142.65	722.65
Savings Account	Dormant	324	1000.30	1,000.30
Parent Association Development Account	No.	NO.	0	0
Income Generating Activities Account	No.	NO.	0	0
Infrastructural Account	Active	01139049936002	20,240.50	2,370.50
Total			916,787.21	14,474.06

11 Cash In Hand

Description	2023/2024	2022/2023
	Kshs	Kshs
Operation account	83.00	83.00
Infrastructural account	100.00	100.00
School fund account	311.45	206.45
Total	494.45	389.45

12 Short Term Investments

Description	2023/2024	2022/2023
	Kshs	Kshs
Cooperative Shares	0	0
Treasury Bills	0	0
Fixed Deposit accounts	0	0
Other Investments	0	0
Total	0	0

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13 Accounts Receivable

Description	2023/2024	2022/2023
	Kshs	Kshs
Fees Arrears	15,185,219.00	14,536,080.00
Other Non-Fees Receivables	0	
Salary Advances (list/schedule attached)	0	0
Imprest (list/schedule attached)	0	0
Rent arrears(list/schedule attached)	0	0
Total	15,185,219.00	14,536,080.00

13 b) Ageing Analysis of Accounts Receivable

Description	2023/2024		2022/2023	
	Kshs	% of the total	Kshs	% of the total
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	1,051,880.00	7%	1,359,980.00	9.36%
Between 1- 2 years	957,239.00	6%	1,385,790.00	9.53%
Between 2-3 years	1,385,790.00	9%	3,285,790.00	22.60%
Over 3 years	11,790,310.00	78%	8,504,520.00	58.51%
Total (should tie to note 13 a)	15,185,219.00	100%	14,536,080.00	100%

14 Accounts Payable

Description	2023/2024	2022/2023
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	4,294,041.00	3,312,701.00
Prepaid Fees	0	0
Retention Monies	0	0
Unpaid salaries and statutory deductions	0	688,560.00
Caution money	0	0
Other payables (specify)	0	0
Total	4,294,041.00	4,001,261.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024****14a. Ageing Analysis of Accounts Payable**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	1,582,840.00	37%	2,239,670.00	55.97%
Between 1- 2 years	2,711,201.00	63%	1,426,690.00	35.65%
Between 2-3 years	0	0	224,500.00	5.61%
Over 3 years	0	0	110,401.00	2.77%
Total (should tie to note 14)	4,294,041.00	100%	4,001,261.00	100%

15 Fund Balance Brought Forward

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank Balances	14,474.06	39,507.70
Cash Balances	389.45	393.45
Short Term Investments	0	0
Receivables	14,536,080.00	14,390,059.00
Payables	(4,001,261.00)	(4,283,191.00)
Total	10,549,682.51	10,146,769.15

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024****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	2023/2024	2022/2023
	Kshs	Kshs
Bank Loans	0	0
Outstanding Leases	0	0
Hire Purchase	0	0
Gratuity And Leave Provision	0	0
Others (specify)	0	0
Total	0	0

17 Biological assets

Description	Numbers	2023/2024	2022/2023
		Kshs	Kshs
Cattle	1	40,000.00	108,000.00
Goats	6	33,000.00	13,000.00
Trees	45	94,500.00	99,500.00
Coffee	1460	101,616.00	132,500.00
Poultry	0	0	0
Others (specify)	0	0	0
Total		269,116.00	353,000.00

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0	0
Borrowings during the year	0	0
Repayments during the year	0	0
Balance at the end of the year	0	0

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Other important disclosure notes

19 Stock/ Inventory

Description	2023/2024	2022/2023
	Kshs	Kshs
Food stuffs	223,850.00	6,500.00
Lab consumables	81,490.00	36,350.00
Farm produce	0	2,300.00
Medication	0	0
Construction Materials	0	0
Others (specify)	0	0
	305,340.00	45,150.00

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20 Progress On Follow Up of Auditor Recommendations

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FSKB/24/06/2026	-Inaccuracy in financial statements	Proper & accuracy financial statements should be maintained		
	-Non-compliance	Compliance should be key factor in preparation of financial statements		
	-Huge outstanding fees arrears	-Enhance fees collection policy, to recover fees arrears.		
	-Long lasting creditors	-Pay creditors within financial, make income generating projects to be active, which will also assist the school to offset the creditors.		

Sign and Date
Principal



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11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2023/2024	Outstanding Balance 2022/2023	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. Renovation of 14 Classrooms,Computer lab.Twin Lab and prep offices.	3,979,900.00	02/04/2021	3,979,900.00	0	0	completed
Sub-Total	3,979,900.00		3,979,900.00	0	0	
Supply Of Goods						
2. BES GOODS	3,643,265.00	01/07/2023	3,202,875.00	399,740.00	40,650.00	Fair.
3. OPERATION GOODS	3,682,440.00	01/07/2023	3,505,490.00	176,950.00	0	Fairly done
4. TUITION	857,377.00	01/07/2023	476,287.00	381,090.00	0	Fairly done
Sub- Total	8,183,082.00		7,184,652.00	957,780.00	40,650.00	
SUPPLY OF SERVICES						
5. SALARIES	1,875,180.00	01/7/2023	1,250,120.00	625,060.00	0	Poor
6. LABOUR	28,000.00	25/05/2023	20,000.00	8,000.00	0	Improved
Sub-Total	1,903,180.00		1,270,120.00	633,060.00	.00	
Grand Total	14,066,162.00		12,434,672.00	1,550,190.00	40,650.00	

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Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2024
Land	1,350,000.00	00	0	3,350,000.00
Buildings And Structures	4,800,000.00	00	0	4,800,000.00
Motor Vehicles (BUS KBQ016D)	5,200,000.00	0	0	2,500,000.00
Office Equipment, Furniture and Fittings	990,500.00	00	0	990,500.00
Textbooks	3,991,800.00	00	0	3,991,800.00
ICT Equipment	374,720.00	00	0	374,720.00
Tools And Apparatus	5,200.00	0	0	5,200.00
Other Machinery and Equipment	76,000.00	0	0	76,000.00
Heritage And Cultural Assets	0	0	0	0
Intangible Assets- Soft Ware	5,600.00	0	0	5,600.00
Total	16,793,820.00	00	0	16,093,820.00

