

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

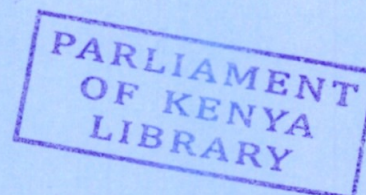
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 JUN 2026	DAY: Wed
REPORT BY:	Hon. Owen Yaa Deputy Majority Leader
CLERK-AT-THE-TABLE:	Mado Atabo

REPORT

OF

THE AUDITOR-GENERAL

ON



KIHEO
SECONDARY SCHOOL

FOR THE SIX (6) MONTHS'
PERIOD ENDED 30 JUNE, 2021

NYANDARUA COUNTY



KIHEO SECONDARY SCHOOL

REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED
30TH JUNE 2021

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

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Table of Contents	Page
I. Key School Information And Management.....	1
II. Summary Report Of Performance Of The School.....	viii
III. Statement Of School Management Responsibility.....	xiii
IV. Report Of The Independent Auditors (<i>To be attached</i>)	xiv
V. Statement Of Receipts And Payments Period To 30 th June 2021	1
VI. Statement Of Financial Assets And Financial Liabilities As At 30 th June 2021	2
VII. Statement of Cash Flows for The Period Ended 30 th June 2021	3
VIII. Statement Of Budgeted Versus Actual Amounts for The Period Ended 30 th June 2021	5
IX. Significant Accounting Policies.....	8
X. Notes To The Financial Statements	10

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Key School Information and Management (Continued)

The function of the School Board of Management include:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School(CEB).
- 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	Dr. Joseph Kamau Mr. Stephen Kimani Mrs. Mary Ndung'u Mdm. Beth Njeri	Chairman Secretary Member PA Chair	2
2	Audit Committee	Mr. Moses Munene Mr. Stephen Kimani Mr. Peter Wahome Mrs. Naomi Kabacho	Chairman Secretary Member Member	2
3	Finance, procurement and general-purpose Committee	Mr. Moses Mureithi Mr. Moses Munene Mrs. Mary Ndung'u Mr. Jimmy Annan	Chairman Secretary Member Member	2

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

4	Development Committee	Mr. Peter Muiruri Mr. Stephen Kimani Mr. Peter Wahome Mrs. Mary Ndung'u	Chairman Secretary Member Member	2
5	Academic Committee	Dr. Peris Kamau Mr. John Kamuto Mr. Stephen Kimani	Chairman Secretary Member	2
6	Discipline and welfare Committee	Dr. Joseph Kamau Mr. Cleophas Kiragu Fr-in-Charge-Fr. Karatu Area assistant Chief	Chairman Secretary Member Member	2

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

(d) School operation Management

For the six month period ended 30th June 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Mr. Stephen Kimani	337099
2	Deputy Principal	Mr. Cleophas Kiragu	336596
3	School Bursar	Miss Mary Njeri	-

(e) Schools contacts

Post Office Box: 2228-20300; Nyahururu
Telephone: 0726492193
E-mail: kiheosecondaryschl@gmail.com
Website: none
Facebook: none
Twitter: none

(f) School Bankers

The following school operated 5 number of bank accounts in the following bank: (Ensure all accounts including CDF accounts are included)

1.	Name of Bank:	Equity Bank	Account Name
	Branch:	Nyahururu.	
	Account Number: 1	0160262316687	School Fund A/c
	:2	0160262288306	Operations A/c
	:3	0160262288338	Tuition A/c
	:4	0160264930294	Building Fund A/c
	:5	0160277423735	CDF A/c
	:6	0160262316558	County fund A/c

2. MPESA Pay Bill No.

(g) Independent Auditors

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

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

II. 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 SIX MONTH PERIOD		
SNO	ACCOUNTS	2021
		Kshs
1	School Fund Account	178,590
2	Operations Account	467,387
3	Tuition Account	218,797
4	Infrastructure Account	290,000
	TOTAL	1,154,774

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE SIX MONTH PERIOD		
SNO	ACCOUNTS	2021
		KSHS
1	Operations Account	993,848
2	Tuition Account	271,981
	Total	1,265,829
	Increase/Decrease	
	No of Students	180
	Ratio of Capitation per student	

OVERVIEW OF GROWTH IN INCOME OF THE SCHOOL		
SNO	ACCOUNTS	2021
		Kshs
1	School Fund Account	1,430,161
2	Operations Account	993,848
3	Tuition Account	271,981
4	Infrastructure Account	574,000
	Total	3,269,990
	Increase/Decrease	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

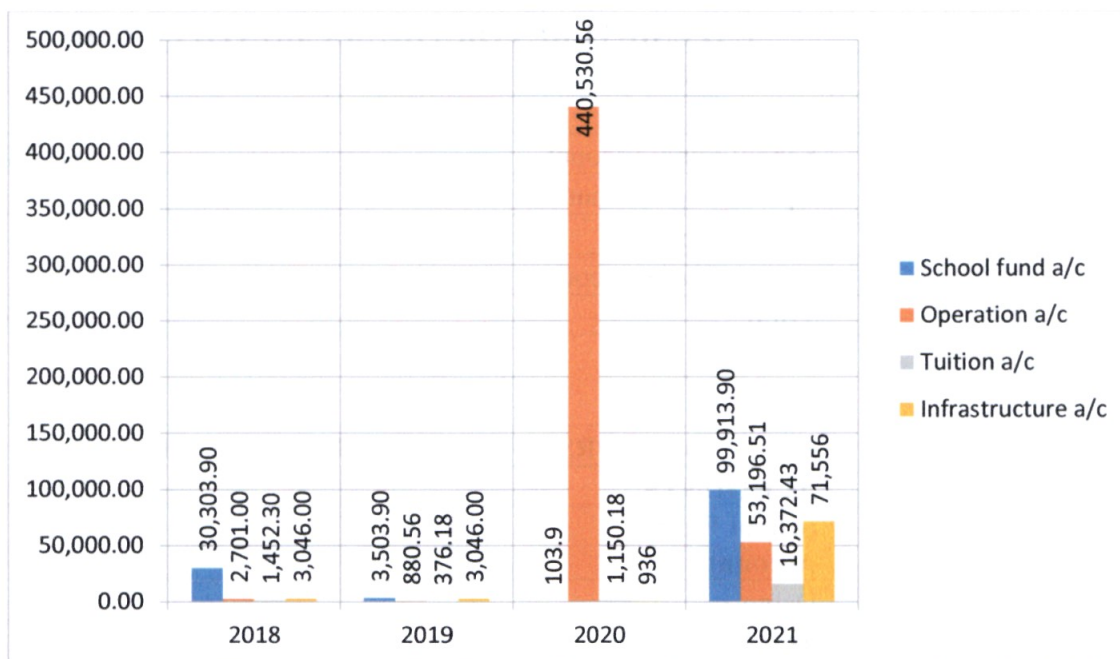
EXPENDITURE FOR THE SIX MONTH PERIOD		
SNO	ACCOUNTS	2021
		Kshs
1	School Fund Account	1,251,571
2	Operations Account	526,461
3	Tuition Account	53,184
4	Infrastructure Account	284,000
	Total	2,115,216

DEBTORS OF THE SIX MONTH PERIOD		
SNO	ACCOUNTS	2021
	School Fund Account	KSHS
1		
a	Debtors	570,977
	Total	570,977

CREDITORS OF THE SIX MONTH PERIOD		
SNO	ACCOUNTS	2021
	All Accounts(Tuition,operations,School fund & Infrastructure.	KSHS
1		
a	Creditors	1,322,966
	Total	1,322,966

MOVEMENT OF CASH AND BANK BALANCES					
SNO	ACCOUNTS	2021	2020	2019	2018
		KSHS	KSHS	KSHS	KSHS
1	School Fund Account	99,914	104	3,504	30,304
2	Operations Account	53,197	40,531	881	2,701
3	Tuition Account	16,372	1,150	376	1,452
4	Infrastructure Account	71,556	936	3,046	3,046
	Total	241,039	42,721	7,807	37,503
	Increase/Decrease	198,318	34,914	(29,696)	21,645

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021



Teacher Student ratio:

Between the month of January 2021 and June 2021, the status of the teaching staff is as follows:

There are 6 teachers posted by the Teachers Service Commission and 3 recruited by the Board of Management.

Although the teacher student ratio lies at 1: 18. We have a shortage of 3 teachers from the given CBE.

b) Mean score in the 2018,2019 and 2020 KCSE:

YEAR	ENROLMENT	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2020	37	2.917	36	97.0	3.50	Negative deviation of 0.401 in the mean grade.
2019	23	3.318	22	97.0	3.00	Positive deviation of 0.611 in the mean grade.
2018	42	2.707	42	100	3.00	Positive deviation from the previous year.

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

c) Number of Candidates in the 2021 KCSE:

YEAR	2021	2020	2019	2018
KCSE CANDIDATES	42	37	23	42

d) Capacity of the school:

NO.OF STUDENT	DORMITORIES	DINING HALL	LABORATORIES	TOILETS
180	DAY SCHOOL	NONE	NONE	8

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Summary Report of the Performance of the School (Continued)

e) Development projects carried out by the school:

Sno.	Project	Year	Status	Amount	Fund Source
1.	Construction of 2 Classrooms	2020-2021	On-going	2,600,000	Maintenance & Improvement from G.O.K


.....
School Principal

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

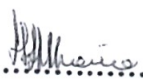
III. Statement Of School Management Responsibility

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board (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 Kiheo 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, 2022, and of the school's financial position as at that date.

.....


Name: MACMATIENE W. GICHINI

Designation: Chairman, School Board of Management

Date: 14/04/2026

.....


Name: STEPHEN KIMANI

Designation: School Principal & Secretary to Board of Management

Date: 14/04/2026

.....


Name: MARY NJERI

Designation: Bursar/ Finance Officer

Date: 14/4/2026.

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIHEO SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 – NYANDARUA 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 Kiheo Secondary School set out on pages 1 to 20, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of

*Report of the Auditor-General on Kiheo Secondary School for the six (6) months' period ended 30 June, 2021-
Nyandarua County*

cash flows and statement of budgeted versus actual amounts for the six (6) months period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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 Kiheo Secondary School at 30 June, 2021 and of its financial performance and its cash flows for the six (6) months period 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. Undisclosed Bank Account

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.239,299 as disclosed in Notes 9 and 10 to the financial statements. However, review of records revealed that the school operated an active bank account, Kiheo Secondary School - County Fund account with a closing balance of Kshs.4,660 which was not disclosed in the financial statements together with the related transactions.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.239,299 could not be confirmed.

2. Unsupported Accounts Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.1,322,966 as disclosed in Note 12 to the financial statements. However, supporting documents including invoices, payment vouchers, delivery notes and contracts were not provided for audit.

In the circumstances, the accuracy, existence and completeness of accounts payables balance of Kshs.1,322,966 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kiheo 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.2,748,960 and Kshs.3,269,990 respectively, resulting in an overcollection of Kshs.521,030 or 19% of the budget. However, the School spent an amount of Kshs.2,115,216 against actual receipts amounting to Kshs.3,269,990 resulting in an under-utilization of Kshs.1,154,774 or 35% of actual receipts.

The over-collection of receipts implies that the School's budgetary process may not have been realistic and the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. 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 Matter

Unaudited Opening Balances

I draw your attention to the opening balances for the 2020/2021 financial year. The opening balances as at 1 January, 2021 were based on unaudited figures. Consequently, I was unable to obtain sufficient and appropriate audit evidence regarding the accuracy and completeness of the opening balances. My audit procedures were, therefore, limited to the current period transactions and balances.

My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the Other Information set out on pages iv to xiii which comprise of Key Entity Information and Management, Summary Report of Performance 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations amount of Kshs.526,461 as disclosed in Note 7 to the financial statements. The payments include an amount of Kshs.338,400 transferred to Kenya Secondary School Heads Association (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.338,400 could not be confirmed.

2. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects capitation grants for operations and infrastructure income of Kshs.993,848 and Kshs.574,000 respectively and as disclosed in Notes 2 and 5 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.655,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.574,000 was transferred to infrastructure account, leaving a balance of Kshs.81,000 not transferred as at 30 June, 2021. Further, an amount of Kshs.244,500 was transferred thirty-five (35) days after receipt. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

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

3. Long Outstanding Payables

The statement of assets and liabilities reflects accounts payables balance of Kshs.1,322,966 as disclosed in Note 12 to the financial statements. However, included in the balance are trade payables amounting to Kshs.554,260 which had been outstanding for more than two (2) years, exposing the school to the risk of loss of public funds through litigations, interests and penalties. This was contrary to Section 74(4d) of the Public Finance Management Act, 2012 which requires accounting officers to promptly pay eligible and approved bills where funds are provided for.

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 effects of the matter 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

Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.570,977 in respect of fees arrears as disclosed in Note 11 to the financial statements. The receivables include a balance of Kshs.101,942 which had been outstanding for more than two (2) years. However, there was no 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 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

18 May, 2026

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

V. Statement Of Receipts And Payments for the Period ended 30th June 2021

Description Of Vote Head	Note	2021-2021
		Kshs
Receipts		
Capitation grants for tuition	1	271,981
Capitation grants for operations	2	993,848
School fund income- parents' contributions	3	1,430,161
School fund income- other receipts	4	-
Infrastructure Income	5	574,000
Proceeds from borrowings		-
Total Receipts		3,269,990
Payments		
Payments for tuition	6	53,184
Payments for operations	7	526,461
Boarding and school fund payments	8	1,251,571
Payment for infrastructure		284,000
Total Payments		2,115,216
Surplus/Deficit		1,154,774

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

.....

Name: MAGDALENE GICHA

Chair BOM

Date: 14/04/2026

.....

Name: STEPHEN KIMANI
 School Principal/ Secretary to
 BOM

Date: 14/04/2026

.....

Name: MART NGERI
 Bursar/ Finance Officer

Date: 14/4/2026.

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

VI. Statement Of Financial Assets And Financial Liabilities As At 30th June 2021

Description	Note	2021-2021 Kshs
Financial Assets		
Cash and cash equivalents		
Bank balances	9	211,599
Cash balances	10	27,700
Short term investment	-	-
Total cash and cash equivalent		239,299
Account's receivables	11	570,977
Total financial assets		810,276
Financial liabilities		
Accounts payables	12	1,322,966
Net financial assets		(512,690)
Represented by		
Accumulated fund b/fwd	13	(1,667,464)
Surplus/deficit for the year		1,154,774
Net financial position		(512,690)

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

..... Name: MAGDALENE GICHIRI Chair BOM Date: 14/04/2026	 Name: STEPHEN KIMANI School Principal/ Secretary to BOM Date: 14/04/2026	 Name: MARY NJERI Bursar/ Finance Officer Date: 14/4/2026
---	---	---

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

VII. Statement of Cash Flows for The Period Ended 30th June 2021

Description	Notes	2021-2021
		Kshs
Operating activities		
Receipts		
Capitation grants for tuition	1	213,406
Capitation grants for operations	2	763,178
School fund income- parents contributions/ fees	3	1,493,651
School fund income- other receipts	-	-
Infrastructure Income	4	574,000
Total receipts		3,044,235
Payments		
Payments for tuition	5	298,184
Payments for operations	6	582,937
Boarding and school fund payments	7	1,388,556
Payment for Infrastructure	8	577,860
Total payments		2,847,537
Net cash flow from operating activities		196,698
Cashflow from investing activities		
Proceeds from sale of assets		-
Acquisition of assets		-
Proceeds from investments		-
Purchase of investments		-
Net cash flows from investing activities		196,698
Cashflow from borrowing activities		
Proceeds from borrowings/ loans		-
Repayment of principal borrowings		-
Net cash flow from financing activities		-
Net increase in cash and cash equivalents		196,698
Cash and cash equivalent at beginning of the year		42,601
Cash and cash equivalent at end of the year		239,299

The above presentation of cash flow statement uses the direct method of cash flow presentation.

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

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

		
.....		
Name: MAGDALENE GICHIA	Name: STEPHEN KIMANI	Name: MARY NJERI
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date: 14/04/2026	Date: 14/04/2026	Date: 14/4/2026.

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

VIII. Statement Of Budgeted Versus Actual Amounts for The Period Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Receipts						
<i>(1) Capitation Grant on Tuition</i>						
Textbooks And Reference Materials	-	-	-	-	-	-
Exercise Books	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	-
Internal Exams	-	-	-	-	-	-
Teaching / Learning Materials	372,960	-	372,960	271,981	100,979	73.00%
Chalks	-	-	-	-	-	-
Exams And Assessment	-	-	-	-	-	-
Teachers Guides	-	-	-	-	-	-
<i>(2) Capitation Grant on Operations</i>						
Personnel Emoluments	846,000	-	846,000	993,848	(147,848)	117.00%
Repairs And Maintenance	450,000	-	450,000	574,000	(124,000)	128.00%
Local Transport / Travelling	-	-	-	-	-	-
Electricity And Water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Activity	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Smasse	-	-	-	-	-	-
(3) Fees Charged on Parents						
Personnel Emoluments	-	-	-	-	-	-
Repairs And Maintenance	-	-	-	-	-	-
Local Transport / Travelling	-	-	-	-	-	-
Electricity And Water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
Smasse	-	-	-	-	-	-
Lunch Programmes	1,080,000	-	1,080,000	1,430,161	(350,161)	132.00%
Other Income						
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	-	-	-	-	-	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Income From Any Other Investment	-	-	-	-	-	-
Total Income	2,748,960		2,748,960	3,269,990	(521,030)	119.00%
<i>(1) Expenditure For Tuition</i>						
Textbooks And Reference Materials	-	-	-	-	-	-
Exercise Books	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	-
Internal Exams	-	-	-	-	-	-
Teaching / Learning Materials	372,960	-	372,960	53,184	319,776	14.26%
Chalks	-	-	-	-	-	-
Exams And Assessment	-	-	-	-	-	-
Teachers Guides	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
<i>(2) Expenditure For Operations</i>						
Personnel Emoluments	846,000	-	846,000	526,461	319,539	62.00%
Repairs, Maintenance & Improvements	450,000	-	450,000	284,000	166,000	63.00%
Local Transport / Travelling	-	-	-	-	-	-
Electricity, Water and Conservancy	-	-	-	-	-	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Medical	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-
Activity Expenses	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Smasse	-	-	-	-	-	-
(3) Expenditure For School Fund						
Personnel Emoluments	-	-	-	-	-	-
Repairs, Maintenance and Improvements	-	-	-	-	-	-
Local Transport / Travelling	-	-	-	-	-	-
Electricity, Water and Conservancy	-	-	-	-	-	-
Medical Expenses	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Lunch Programme	1,080,000	-	1,080,000	1,251,571	(171,571)	116.00%
Boarding Equipment and Stores	-	-	-	-	-	-
Expenditure For Income Generating Activity	-	-	-	-	-	-
Insurance Costs	-	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Rent Expenses	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-	-
Totals	2,748,960.00	-	2,748,960	2,115,216	633,744	77.00%

- i. The school has only received 119.00% of the total income from 4th January 2021 to 30th June 2021
- ii. The school has only utilized 77.00% of the amount received from 4th January 2021 to 30th June 2021

IX. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

Significant Accounting Policies (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the period ended 30th June 2021.

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

X. Notes To The Financial Statements

1 Capitation Grant for Tuition

Description	2021-2021
	Kshs
Textbooks And Reference Materials	-
Exercise Books	-
Laboratory Equipment	-
Internal Exams	-
Teaching / Learning Materials	271,981
Chalks	-
Exams And Assessment	-
Teachers Guides	-
Total	271,981
Adjustment for cashflow	
Tuition as per statement of receipt and payment	271,981
less:Income for the year	(58,575)
Total	213,406

2 Capitation Grant for Operations

Description	2021-2021
	Kshs
Personnel Emoluments	-
Repairs And Maintenance	-
Local Transport / Travelling	-
Electricity And Water	-
Other voteheads	993,848
Administration Costs	-
Activity	-
Transfer to infrastructure	-
Total	993,848
Adjustment for cash flow	
Operations account as per receipt and payment	993,848
Less:income for the year	(230,670)
cashflow	763,178

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

3 Parents Contribution/Fees - School Fund Account

Description	2021-2021
	Kshs
Personnel emoluments	-
Lunch Programme	1,406,876
Repairs and maintenance	-
Local transport / travelling	-
Electricity and water	-
Medical	-
Administration costs	23,285
Activity	-
Total	1,430,161
Adjustment for cashflow	
Statement of receipt and payment	1,430,161
Less:receivable paid	(110,160)
Add:prepaid/receivables paid	173,650
Total	1,493,651

4 Government grants for infrastructure

Description	2021-2021
	Kshs
Maintenance and improvement funds	-
Repair and maintenance	574,000
Insurance	-
Local transport / travelling	-
Electricity and water	-
Medical	-
Administration costs	-
Activity	-
Total	574,000

5 Payments For Tuition

Description	2021-2021
	Kshs

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Textbooks And Reference Materials	-
Exercise Books	-
Laboratory Equipment	-
Internal Exams	-
Teaching / Learning Materials	51,384
Chalks	-
Exams And Assessment	-
Teachers Guides	-
Administration Costs	-
Bank Charges	1,800
Total	53,184
Adjustment for cash flow	
Tuition payment as per receipt and payment	53,184
Add:creditors paid over the year	245,000
cashflow	298,184

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Notes To The Financial Statements (Continued)

6 Payments For Operations

Description	2021-2021
	Kshs
Personnel Emoluments	7,870
Other voteheads	-
Administration Cost	414,425
Repairs And Maintenance & Improvements	15,074
Local Transport / Travelling	4,000
Electricity And Water	1,000
Medical	63,732
Activity Expenses	15,200
Smasse	-
Insurance Cost	-
Transfer from Operations	-
Infrastructure expenses	-
Bank Charges	5,160
Acquisition Of Assets	-
Total	526,461
Adjustment for cash flow	
Operations as per receipt and payment	526,461
Add: payables paid	56,476
cash flow	582,937

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Notes To The Financial Statements (Continued)

7 Boarding And School Fund Payments

Description	2021-2021
	Kshs
Personnel Emoluments	424,870
Service Gratuity	-
Repairs And Maintenance & Improvements	21,185
Local Transport / Travelling	23,650
Electricity And Water	-
Medical Expenses	-
Administration Costs	323,070
Lunch Programme	369,421
Transfer to Tuition a/c	-
Bank Charges	2,100
Expenses On Income Generating Activities	-
Fee On Boarding Equipment and Stores	-
Activity	74,845
Farm	12,430
Rent Expenses	-
Insurance Cost (<i>Life Property</i>)	-
Loan Principal Repayment	-
Loan Interest Repayment	-
Acquisition Of Assets	-
Total	1,251,571
Adjustment for cashflow	
Statement of Receipt and payment	1,251,571
Payables paid during the year	136,985
Cashflow	1,388,556

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

8 Payment for Infrastructure

Description	2021-2021
	Kshs
Maintenance and improvement funds	-
Repair and maintenance	284,000
Insurance	-
Local transport / travelling	-
Electricity and water	-
Medical	-
Administration costs	-
Activity	-
Total	284,000
Adjustment for cash flow	
Infrastructure as per receipt and payment	284,000
Add: payables paid	293,860
cashflow	577,860

9 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2021	2020-2020
		Kshs	Kshs
Tuition Account		16,372	1,150
Operations Account		53,197	40,411
School Fund Account/Boarding		99,914	104
Savings Account		-	-
Parent Association Development Account		-	-
Income Generating Activities Account		-	-
Infrastructural Account		42,116	936
Total		211,599	42,601

10 Cash In Hand

Description	2021-2021	2020-2020
	Kshs	Kshs
Tuition Account	-	-
Operation Account	-	-
School Fund account	3,000	-
Infrastructure Account	24,700	-
Total	27,700	-

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

11 Accounts Receivable

Description	2021-2021	2020-2020
	Kshs	Kshs
Fees Arrears	281,732	345,222
Other Non-Fees Receivables(capitation)	289,245	-
Salary Advances	-	-
Imprest	-	-
Total	570,977	345,222

Description	2021-2021	2020-2020
	Kshs	Kshs
Fees Arrears For Current Year	110,160	216,649
Fees Arrears For The Previous Year	243,279	26,630
Fees Arrears For Prior Periods (Over Two Years)	101,943	101,943
Total	455,382	345,222
Less: receivables paid over the year	(173,650)	
Total receivables	281,732	

12 Accounts Payable

Description	2021-2021	2020-2020
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	1,322,966	2,055,287
Other Non-creditors	-	-
Prepaid Fees	-	-
Retention Monies	-	-
Total	1,322,966	2,055,287

Description	2021-2021	2020-2020
	Kshs	Kshs
Trade Creditors for Current Year	-	1,501,027
Trade Creditors for The Previous Year	1,501,027	554,260
Trade Creditors for Prior Periods (Over Two Years)	554,260	-
Total	2,055,287	2,055,287
Less:payables paid over the year	(732,321)	
Total payables	1,322,966	

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Notes To The Financial Statements (Continued)

13 Fund Balance Brought Forward

Description	2021-2021	2020-2020
	Kshs	Kshs
Bank Balances	42,601	7,807
Cash Balances	-	-
Short Term Investments	-	-
Receivables	345,222	203,853
Payables	(2,055,287)	(1,197,492)
Total	(1,667,464)	(985,832)

14 Biological assets

Description	Numbers	2021-2021	2020-2020
		Number	Number
Cattle		1	-
sheep		4	-
Trees		22	10
Coffee Or Tea Plantation		-	-
Poultry		-	-
Ram		1	-
Total		28	10

15 Stock/ Inventory

Description	2021-2021	2020-2020
	Kshs	Kshs
a) Inventory		
Stock/ inventory at beginning of the year	40,120	20,780
Stock/ inventory purchased during the year	580,610	650,000
Stock/ inventory issued during the year	592,000	630,660
Balance at end of the year	28,730	40,120

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

16 Progress On Follow Up Of Auditor Recommendations

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

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



Sign and Date 14/04/2026
Principal

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. KAJA SUPPLIERS ENTERPRISE	486,520	2020	110,000	376,520		
2. NJANDAKAH GLASSMART	24,360	2020	24,360	NIL		
3. ZIWANI TIMBER	16,500	2020	16,500	NIL		
Sub-Total	527,380		150,860	376,520		
Supply Of Goods						
4. CHIEF CEREALS	12,870	2020	12,870	NIL		
5. RUSADIV GEN AGENCIES	498,079	2019	150,000	348,079		
6. CHECK-IT SOLUTIONS	2,400	2020	2,400	NIL		
7.OASIS OF HOPE	55,925	2020	55,925	Nil		
Sub-Total	569,274		221,195	348,079		
Supply Of Services						
7. STEPHEN WACHIRA	125,460	2020	73,000	52,460		
8. PACIS INSURANCE CO. LTD	31,866	2020	31,866	NIL		
9. PICK-MACK ENTERPRISE	95,000	2020	95,000	Nil		
10. WORLDNET ENTERPRISES	131,377	2019	-	131,877		
Sub-Total	383,703		199,866	183,837		

KIHEO SECONDARY SCHOOL**Reports and Financial Statements for the Six Month Period ended 30th June 2021**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstandin g Balance 2021	Outstandin g Balance 2021	Comments
Administration						
BEATRICE NJENGA(WORKSHOP)	85,500	2020	-	85,500		
BOM TEACHING STAFF	214,100	2020	71,400	142,700		
BOM NON-TEACHING STAFF	186,330	2020	-	186,330		
STEPHEN KIMANI(WORKSHOP)	89,000	2020	89,000	Nil		
Sub-Total	574,930		160,400	414,530		
Grand Total	2,055,287		732,321	1,322,966		

KIHEO SECONDARY SCHOOL
Reports and Financial Statements for the Six Month Period ended 30th June 2021

Annex 2 – Summary Of Fixed Assets Register

Asset Class	Items(no)	Location	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022
Land 1	1(3.34Ha)					
Land 2	-					
Buildings And Structures	7					
Motor Vehicles	-					
Office Equipment, Furniture And Fittings	20					
ICT Equipment, And Other ICT Assets	1					
Tools And Apparatus	3,280					
Textbooks	2,945					
Other Machinery And Equipment	-					
Heritage And Cultural Assets	2					
Intangible Assets- Soft Ware	1					
Total	6,257					