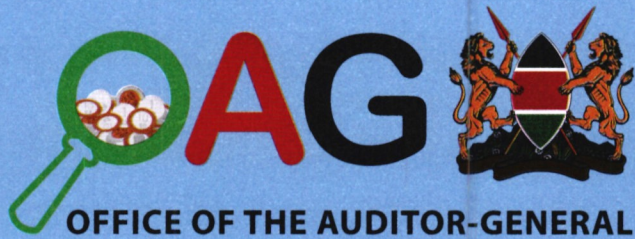


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
P.O. BOX 34470  
NAIROBI

DATE: 08 NOV 2023

DAY: Wednesday

OFFY:

Hon. Silvanus Osiro  
Majority Party Whip

CLERK-AT-THE-TABLE:

A. Shibuske

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**MUHOHO HIGH SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**KIAMBU COUNTY**

Revised 30<sup>th</sup> June 2021.



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**MUHOHO HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2022**

---

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

**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

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**MUHOHO HIGH SCHOOL  
PUBLIC SECONDARY SCHOOLS  
Reports and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

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**I. KEY SCHOOL INFORMATION AND MANAGEMENT**

**(a) Background information**

Muhoho High school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Kiambu County, Gatundu South Sub-County. The school was registered in 16/5/2017 under registration number 22500300294 and is currently categorized as an Extra County public school established, owned or operated by the Government.

The school is a boys boarding school and had 919 number of students as at 30<sup>th</sup> June 2022. It has 5 streams and 45 teachers of which 4 teachers are employed by the School Board Of Management.

**(b) School Board of Management - Board Members**

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

<b>Ref:</b>	<b>Name of Board Member</b>	<b>Designation</b>	<b>Date of appointment</b>
1	Mrs Jean N. Muhoho	Chairman	7th March 2022
2	Mr. Peterson Nyaga	Secretary - Principal	7th March 2022
3	Mr. Edward Njoroge Mbugua	Member	7th March 2022
4	M/s Felistas Chege	Member	7th March 2022
5	Mr. Martin Gathecha	Member	7th March 2022
6	Mr. Timothy Chege	Member	7th March 2022
7	Mr. Fredrick Kimani Kimemia	Member	7th March 2022
8	Mr. Timothy Wachira Gitau	Member	7th March 2022
9	Mr. Peter Kimanga	Member	7th March 2022
10	Dr. Julius Kabubi	Member – Rep CEB	7th March 2022
11	Mr. Mourice Kagwe Ndung'u	Member Rep Teachers	7th March 2022
12	Rev Fr. Peter Kaigwa	Members - Sponsor	7th March 2022
13	Rev. Fr. Martin Kimama	Members - Sponsor	7th March 2022
14	Mr. David Muhoho Kenyatta	Members - Sponsor	7th March 2022
15	Dr. Eng. Joseph Njoroge	Member - Community	7th March 2022
16	Mr. Samuel Gatama Njuguna	Member Special Interests	7th March 2022
17	Brian Ngige Muiruri	Rep Students	7th March 2022

**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
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**For the year ended 30<sup>th</sup> June 2022**

**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.
- 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	<b>Executive Committee</b>	Mrs Jean N. Muhoho	Chairperson	2/2
		Mr. Muhoho Kenyattaa	Vice Chairperson	0/2
		Mr. Peterson Nyaga	Secretary	2/2
		Mr. Samuel Gatama Njuguna	Member	2/2
		Eng. Timothy Wachira	Member	1/2
2	<b>Audit Committee</b>	Mrs. Jean Muhoho	Chairperson	
		Mr. Peterson Nyaga	Member	0/0
		Mr. Samuel Gatama	Member	
		Mr. Martin Gathecha	Member	0/0
3	<b>Finance, procurement and general purposes Committee</b>	Mr. David Muhoho	Chairperson	0/1
		Mr. Peterson Nyaga	Member	
		Mr. Gatama	Member	1/1
		Dr. Eng. Joseph Njoroge	Member	0/1
4	<b>Academic Committee</b>	Dr. Julius Kabubi	Chairperson	2/2
		Mr. Peter Kimanga	Member	2/2
		Mr. Fredrick Kimani K	Member	2/2
		Mr. Samuel Gatama	Member	
		Mr. Timothy Chege	Member	2/2
		Mr. Robert Ngugi	Member	2/2
5	<b>Development Committee</b>	Mr. David Muhoho	Chairperson	0/2
		Mr. Edward Mbugua	Member	2/2
		Mr. Samuel Gatama	Member	
		Mr. Peter Kimanga	Member	2/2

**MUHOHO HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

		Dr. Eng. Joseph Njoroge	Member	0/2
6	<b>Discipline and welfare Committee</b>	Mr. Samuel Gatama	Chairperson	0/0
		Mr. Edward Njoroge Mbugua	Member	0/0
		Mr. Peter Kimanga	Member	0/0
		Mr. Robert Ngugi	Member	0/0
		Mr. Peterson Nyaga	Member	0/0
		Mr. Mourice Kagwe	Member	0/0
7	<b>Adhoc Committee (if any during the year)</b>	N/A		

**(c) School operation Management**

For the financial year ended 30<sup>th</sup> June 2022 the School day-to-day management was under the following persons:

<b>Ref:</b>	<b>Designation</b>	<b>Name</b>	<b>TSC Number</b>
1	Principal	Mr. Peterson Nyaga	363605
2	Deputy Principal	Mr. Robert Ngugi	336911
3	School Bursar	M/s Irene Kariuki	30689/ICPAK

**MUHOHO HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

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**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(d) Schools contacts**

Post Office Box: 278  
Telephone: 0202179286  
E-mail: info@muhohohigh.co.ke  
Website: muhohohigh.co.ke  
Facebook:  
Twitter:

**(e) School Bankers**

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

1. Name of Bank: Kenya Commercial Bank  
Branch :Gatundu  
Account Number:1102757667
2. Name of Bank: Standard Chartered Bank  
Branch :Thika  
Account Number:0102067731200
3. MPESA Pay Bill No.:522123 Account no 31686k attached to KCB bank.
4. Name of Bank: Equity Bank (Tuition Account )  
Branch :Gatundu  
Account Number:0660291737086
5. Name of Bank: Equity Bank (Operations Account )  
Branch :Gatundu  
Account Number:0660291737054
6. Name of Bank: Equity Bank (Infrastructure Account)  
Branch :Gatundu  
Account Number:0660268540878

**(f) Independent Auditors**

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

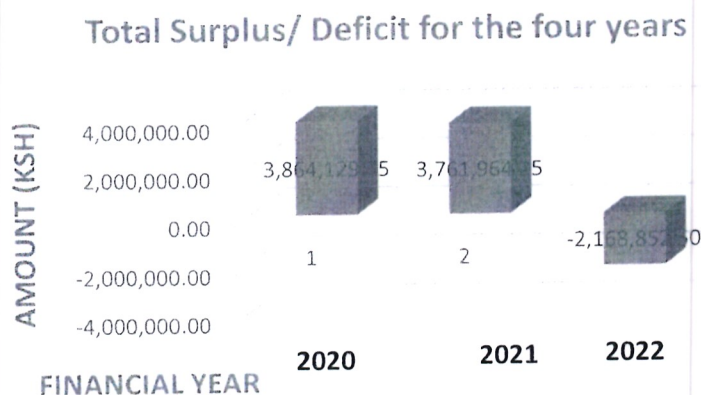
**II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL**

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

a) **Financial performance:**

(i) *Surplus/ Deficit for the year and a comparison of the same for the last three years.*

YEAR	2020	2021	2022
Boarding A/c	10,190,904.50	-	
Tuition A/c	-332,812.80	-	
Operations A/c	-221,755.75	-	
Infrastructure A/C	-5,772,206.00	-	
<b>TOTALS</b>	<b>3,864,129.95</b>	<b>3,761,964.25</b>	<b>-2,168,852.50</b>

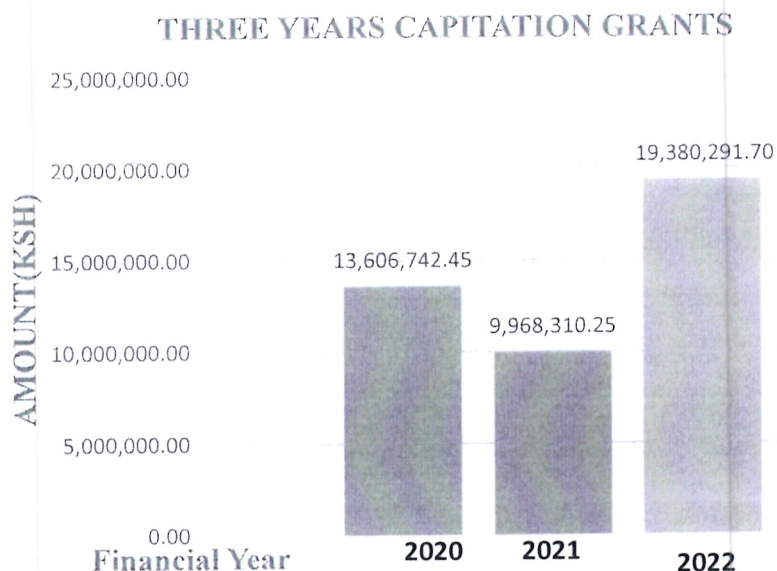


The School Experienced a deficit of Kes 2,168,852.50 in the year 2022, whereas there was a surplus in the years 2019,2020, and 2021.

(ii) **Capitation Grants from the Ministry of Education for the last three years**

YEAR	2020	2021	2022
Tuition A/C	2,609,959.20	1,253,808.50	3,047,760.40
Operations A/C	10,996,783.25	8,714,501.75	16,332,531.30
<b>TOTALS</b>	<b>13,606,742.45</b>	<b>9,968,310.25</b>	<b>19,380,291.70</b>

**MUHOHO HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**



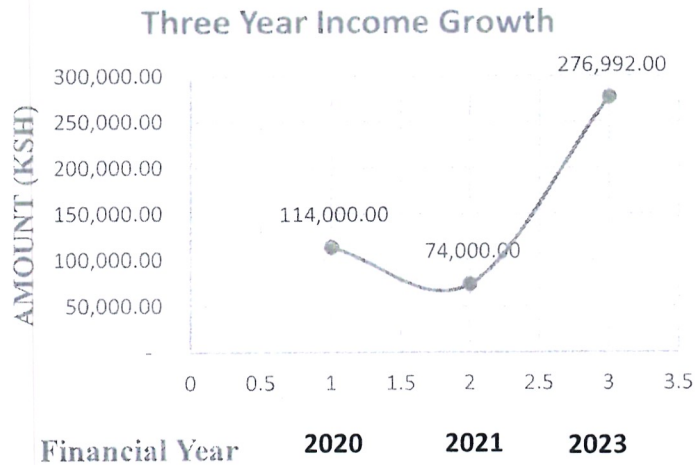
*(iii) Ratio of capitation Grant per student over the last three years.*

YEAR	2020	2021	2022
Amount Received	13,606,742.45	9,968,310.25	13,331,491.70
No. of Students	965	957	915
Amt Per Student	14,100.25	10,416.21	14,569.94
Moest Funds	22,224.00	11,112.00	22,224.00
Ratio	1:1	1:1	1:1

*(iv) - A three-year overview of growth of other income(s) earned by the school.*

YEAR	2020	2021	2022
Bus Hire	25,000.00	48,000.00	189,000.00
Farm A/C	89,000.00	26,000.00	87,992.00
<b>TOTAL</b>	<b>114,000.00</b>	<b>74,000.00</b>	<b>276,992.00</b>

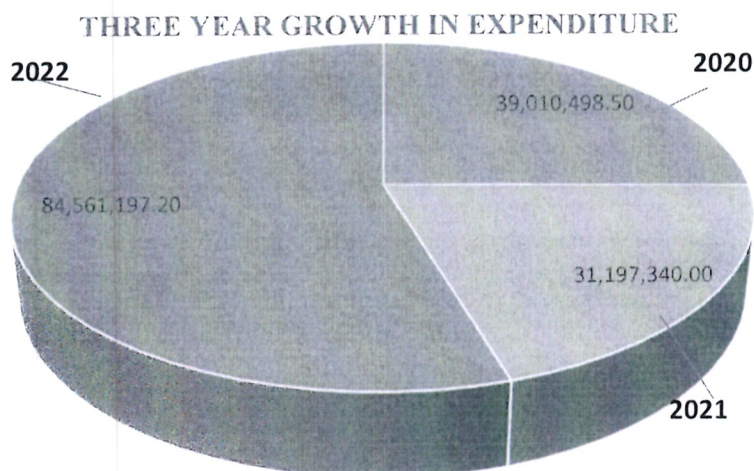
**MUHOHO HIGH SCHOOL  
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For the year ended 30<sup>th</sup> June 2022**



The School has been making an increase in other income from the bus hire and farming activities. This was due to purchasing of an extra cow which has been producing milk.

*(v) A Three year overview of growth in expenditure of the School*

YEAR	2020	2021	2022
School Fund	17,371,428.50	19,193,033.00	65,111,636.00
Tuition	2,365,195.00	1,370,915.00	2,010,856.00
Operations	11,001,839.00	3,302,165.00	12,658,116.00
Infrastructure Account	8,272,036.00	7,331,227.00	4,780,589.20
<b>TOTALS</b>	<b>39,010,498.50</b>	<b>31,197,340.00</b>	<b>84,561,197.20</b>

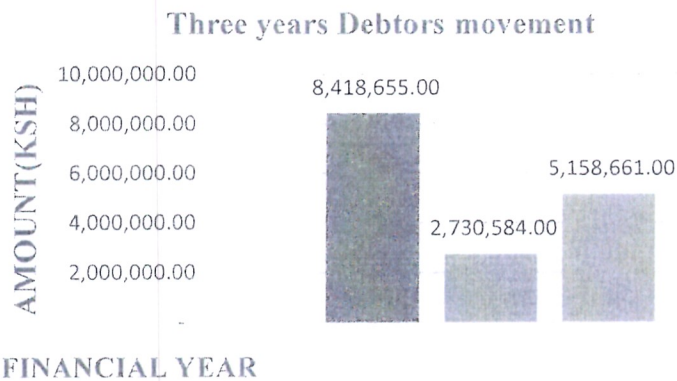


**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

(vi) *Movement of debtors and creditors of the school over the last three years*

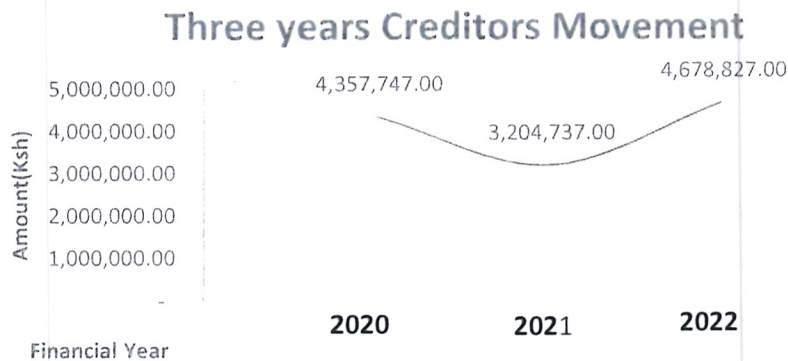
(a) *A movement of Debtors over the last three years*

YEAR	2020	2021	2022
School Fund	8,418,655.00	2,730,584.00	5,158,661.00
Tuition A/C	-	-	-
Operations A/C	-	-	-
<b>TOTALS</b>	<b>8,418,655.00</b>	<b>2,730,584.00</b>	<b>5,158,661.00</b>



(b) *A movement of Creditors over the last three years*

YEAR	2020	2021	2022
School Fund	2,017,855.00	2,646,736.00	2,822,912.00
Tuition A/C	2,123,192.00	558,001.00	1,855,915.00
Operations A/C	216,700.00	-	-
<b>TOTALS</b>	<b>4,357,747.00</b>	<b>3,204,737.00</b>	<b>4,678,827.00</b>

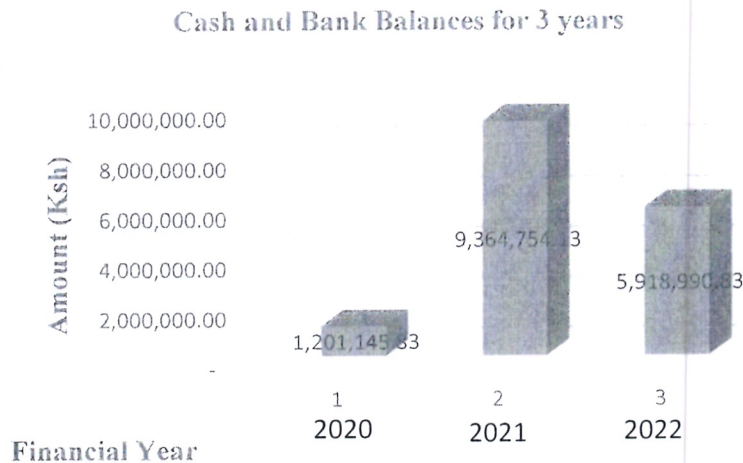


**MUHOHO HIGH SCHOOL  
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For the year ended 30<sup>th</sup> June 2022**

There is an increase in Sundry Creditors in the year 2022 compared to the year 2021. This was as a result of the increase in fees debtors, that is, poor fees payment which made the School unable to make payments to its suppliers promptly.

**(vii) Movement of Cash and Bank balances over the last three years.**

YEAR	2020	2021	2022
School Fund	1,131,986.15	7,176,858.20	5,733,455.20
Tuition A/C	140,889.93	23,783.43	38,842.83
Operations A/C	(71,730.25)	2,164,112.50	146,692.80
Infrastructure Account	6,112,156.75	2,010,929.75	3,287,840.55
<b>TOTALS</b>	<b>1,201,145.83</b>	<b>9,364,754.13</b>	<b>5,918,990.83</b>



Cash and Bank Balances are still high. This was due to the fact that The term was still new and in the beginning of the Financial year and bankings had not been done.

**b) Teacher Student ratio:**

The school had 44 teachers of which 6 were BOM teachers in the year 2021/2022 and the students population was 919. Therefore, the teacher student ratio was 1: 21. There was only 1 teacher who was posted to the school and 1 transferred from the school.

**C) Mean score in the 2021 KCSE:** Year 2021 KCSE will be taken for the year 2022.

YEAR	2019	2020	2021
KCSE Performance	6.43	7.23	6.72
Target MSS	7.00	7.30	7.50
No. of students to Institutions of higher learning	71 ( 40%)	119 (70%)	108 (50%)

There has always been a target score for each particular year which is normally based on the previous years performance . The school has only managed to attain it's target in the year 2020.

**a) Number of Candidates in the 2021 KCSE:**

YEAR	2019	2020	2021
No. of Students	159	181	207

**b) Capacity of the school:**

**Students population :** 919 Students

**No. of Dormitories :** 7 which can accommodate 1,200 students.

**Dinning Hall :** 1 with a capacity of 1,000 students.

**Laboratories :** 6 Laboratories with a capacity of 1,400 students.

**Toilets/ Wash rooms :** 1 ablution Block with 12 doors, 15 Pit latrines and 40 toilets inside the dormitories and 60 bathrooms.

*The school has enough amenities for expansion.*

**F) Development projects carried out by the school.**

PROJECT	COST	STATUS	SOURCE OF FUNDS
School Generator	2,481,258.20	Complete	MIF Funds
Ablution Block	1,000,000.00	Complete	MIF Funds
Laboratory	322,231.00	Complete	MIF Funds
Classrooms	359,000.00	Complete	MIF Funds
Copy printer Machine	616,540.00	Complete	MIF Funds

Sign

School Principal

11  
PRINCIPAL

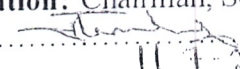
II. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

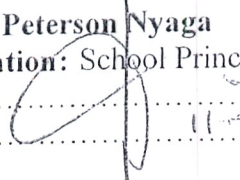
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

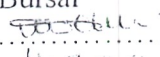
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30<sup>th</sup> June, 2022, and of the school's financial position as at that date.

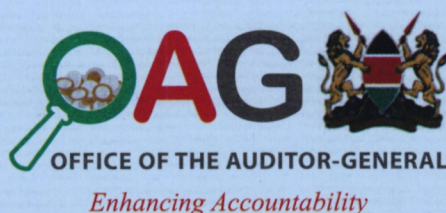
Name: **Jean N. Muhoho**  
Designation: Chairman, School Board of Management  
Sign:   
Date: 11-7-2023

Name: **Peterson Nyaga**  
Designation: School Principal & Secretary to Board of Management  
Sign:   
Date: 11-7-2023

Name: **Irene Kariuki**  
Designation: Bursar  
Sign:   
Date: 11-7-2023

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: 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 MUHOHO HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - KIAMBU COUNTY**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Muhoho High School – Kiambu County set out on pages 14 to 25, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and 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 Muhoho High School – Kiambu County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects amounts of Kshs.89,455,441 and Kshs.91,624,294 in respect of receipts and payments respectively while the statement of budgeted versus actual amounts reflects amounts of Kshs.75,862,985 and Kshs.69,863,551 resulting to variances of Kshs.13,592,456 and Kshs.21,760,742 for receipts and payments respectively.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

#### **2. Unsupported Payments**

The statement of financial performance reflects total payments amounting to Kshs.91,624,293. However, the supporting schedules were not provided for audit.

In the circumstances, the accuracy and fair statement of total payments of Kshs.91,24,293 for the year ended 30 June, 2022 could not be confirmed.

#### **3. Unsupported Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.9,206,831 which includes Kshs.9,022,152 and Kshs.184,679 relating to bank and cash balances respectively. However, the bank reconciliation statement for the school fees account presented for audit reflected unrepresented cheques amounting to Kshs.2,225,271 and unreceipted Mpesa deposits amount of Kshs.845,019 which had not been cleared as at the time of audit in June, 2023. Further, Management did not provide a board of cash survey report as at the year end to support the cash in hand.

In the circumstances, the accuracy and fair statement of the cash and cash equivalents balance of Kshs.9,206,831 as at 30 June, 2022 could not be confirmed.

#### **4. Unsupported Accounts Payables**

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.9,602,210 as disclosed in Note 12 to the financial statements. However, detailed creditors ledger or schedules were not provided for audit.

In the circumstances, the accuracy, completeness and existence of accounts payables balance of Kshs.9,602,210 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Muhoho Boys High School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects total budgeted income of Kshs.71,642,700 against actual receipts of Kshs.75,862,985 resulting to excess income of Kshs.4,220,285. The statement also reflects final expenditure budget of Kshs.71,652,700 against actual expenditure of Kshs.69,863,551 resulting to budget under absorption of Kshs.1,789,149. Further, the budget was unbalanced with a variance of Kshs.10,000.

The under expenditure may have negatively affected the school programmes and service delivery.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.61,027,886 in respect of fees arrears as disclosed in Note 11 to the financial statements. However, there was no evidence of a recovery process despite the school having rendered the services.

In the circumstances, the efficiency in recoverability of accounts receivables balance of Kshs.61,027,886 as at 30 June, 2021 could not be confirmed.

## **2. Lack of an Approved Procurement Plan**

During the year under review, the School did not have in place an approved annual procurement plan contrary to Sections 53(2) and (5) of the Public Procurement and Asset Disposal Act, 2015 which requires entities to have in place procurement and asset disposal plans that are based on indicative or approved budgets which shall be integrated with the applicable budget process.

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

## **3. Non-Maintenance of Fixed Assets Register**

As disclosed in Annex 2 to the financial statements, the summary of fixed assets register reflects assets with a historical cost balance of Kshs.17,060,138. However, the Management did not maintain an asset register during the year under review to keep track of the assets contrary to Regulation 143(1) of the Public Finance Management Regulations, 2015 which requires the Accounting Officer to be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. Further, assorted assets amounting to Kshs.6,970,416 were omitted from the summary of fixed assets.

In the circumstances, the security and fair statement of the assets could not be confirmed.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Segregation of Duties**

Records provided for audit revealed that the cash book and bank reconciliation statements were prepared by one officer thereby resulting to override of controls.

In the circumstances, the effectiveness of the checks and balances built within the cash management internal controls could not be confirmed.

## **2. Lack of Inventory Control, Asset and Stores Management**

Records provided for audit revealed that no requisition, store receipt and issue forms are used in the procurement process and inventory management. Further, Management did not carry out stock take on a quarterly basis and no stock/Inventory policy has been developed.

In the circumstances, the effectiveness of inventory control, asset and store management procedures and internal controls could not be confirmed.

## **3. Inconsistent Board of Management Meetings**

The Board of Management only held two meetings during the financial year under review whereas financial statements indicate the Board had thirteen (13) meetings thereby resulting to inconsistent information. Further, no annual work plan or schedule of activities for the Board were provided for audit.

In the circumstances, the effectiveness of the Board oversight role during the year under review could not be confirmed.

## **4. Ineffective Management of Text Books**

Records provided for audit revealed that unvalued Kiswahili text books could have been supplied in excess of the required quantities whereas the English literature set books were under supplied without any reasonable explanation. Further, there was no standard operating procedure manual for the management of books and library and a review of library records revealed that books supplied and issued to students were untraceable in some instances.

In the circumstances, effectiveness of the internal controls and procedures on books requisition, supply, receipt, management and control 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

13 October, 2023

Public Reporting Group  
 Annual Report and Financial Statements  
 For the year ended 30<sup>th</sup> June 2022

STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2022.

DESCRIPTION OF VOTE HEAD	Note	Year 2021- 2022	Jan – Jun 2021
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	3,047,760.40	1,253,808.50
Capitation grants for operations	2	16,332,531.30	8,714,501.75
School Fund Income- Parents' Contributions	3	53,853,726.00	16,395,178.00
School Fund Income- Other receipts	4	16,221,423.00	9,258,746.00
Proceeds from borrowings		-	-
<b>TOTAL RECEIPTS</b>		<b>89,455,440.70</b>	<b>35,622,234.25</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	2,010,856.00	1,370,915.00
Payments for operations	6	17,518,473.20	10,322,432.00
Boarding and school fund payments	7	72,094,964.00	19,869,319.00
<b>TOTAL PAYMENTS</b>		<b>91,624,293.20</b>	<b>31,562,666.00</b>
<b>SURPLUS/DEFICIT</b>		<b>-2,168,852.50</b>	<b>4,059,568.25</b>

The school financial statements were approved on \_\_\_\_\_ 2022 and signed by:

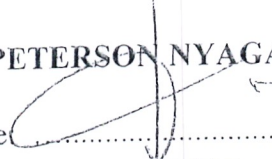
Name : **JEAN-N. MUHOHO**

Signature: 

Date : 11-7-23

**Chairperson Board of Management**

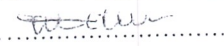
Name : **PETERSON NYAGA**

Signature: 

Date : 11-7-23

**Principal/Secretary BOM**

Name : **IRENE W. KARIUKI**

Signature: 

Date : 11-7-23

**Bursar / Accounts Clerk**

Annual Report and Financial Statements  
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STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT  
30<sup>th</sup> JUNE 2022

	Note	Year 2021- 2022	Jan - June 2021
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	9,022,152.28	7,948,440.78
Cash Balances	9	184,679.10	3,427,243.10
Short term Investment	10	-	-
<b>Total Cash and Cash Equivalents</b>		<b>9,206,831.38</b>	<b>11,375,683.88</b>
Account's receivables	11	61,027,886.45	58,088,740.45
<b>TOTAL FINANCIAL ASSETS</b>		<b>70,234,717.83</b>	<b>69,464,424.33</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable	12	9,602,210.00	6,742,832.00
<b>NET FINANCIAL ASSETS</b>		<b>60,632,507.83</b>	<b>62,721,592.33</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	62,721,592.33	58,662,024.08
Surplus/Deficit for the year		(2,168,852.50)	4,059,562.25
<b>NET FINANCIAL POSITION</b>		<b>60,632,507.83</b>	<b>62,721,592.33</b>

The School Financial statements were approved on ..... 2022 and signed by :

Name : **JEAN N. MUHOHO**

Signature:  Date : 11-7-23

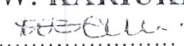
**Chairperson Board of Management**

Name : **PETERSON NYAGA**

Signature:  Date : 11-7-23

**Principal/Secretary BOM**

Name : **IRENE W. KARIUKI**

Signature:  Date : 11-7-23

**Bursar / Accounts Clerk**

**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

		Kshs	Kshs
<b>VI. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2022</b>			
		Year 2021-2022	Jan- June 2021
		Kshs	Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	3,047,760.40	1,253,808.50
Capitation grants for operations	2	16,332,531.30	8,714,501.75
School fund income- Parents contributions/ fees	3	53,853,726.00	16,395,178.00
School fund income- other receipts	4	16,221,423.00	9,258,746.00
<b>Total receipts</b>		<b>89,455,440.70</b>	<b>35,622,234.25</b>
<b>Payments</b>			
Payments for Tuition	5	2,010,856.00	1,370,915.00
Payments for operations	6a	12,737,884.00	3,302,165.00
Boarding and school fund payments	7	72,094,964.00	19,869,319.00
<b>Total payments</b>		<b>86,843,704.00</b>	<b>24,542,399.00</b>
<b>Net cash flow from operating activities</b>		<b>2,611,736.70</b>	<b>11,079,835.25</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			-
Acquisition of Assets	6b	4,780,589.20	7,020,267.00
Proceeds from investments			-
Purchase of investments			-
<b>Net cash flows from Investing Activities</b>		<b>-4,780,589.20</b>	<b>-7,020,267.00</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>			-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,168,852.50)</b>	<b>4,059,568.25</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>11,375,683.88</b>	<b>7,316,115.63</b>
<b>Cash and cash equivalent at END of the year</b>		<b>9,206,831.38</b>	<b>11,375,683.88</b>

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

**MUHOHO HIGH SCHOOL**  
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**Reports and Financial Statements**  
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**VII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

Receipt/expenses Item	a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipment	1,060,235.40	-	1,060,235.40	1,060,235.40	-	100%
Internal exams	-	-	-	-	-	-
Teaching / learning materials	1,987,525.00	-	1,987,525.00	1,987,525.00	-	100%
Chalks	-	-	-	-	-	-
Exams and assessment	-	-	-	-	-	-
Teachers guides	-	-	-	-	-	-
<b>TOTALS</b>	<b>3,047,760.40</b>	<b>-</b>	<b>3,047,760.40</b>	<b>3,047,760.40</b>	<b>-</b>	<b>100%</b>
<b>(2) CAPITATION GRANT ON OPERATIONS</b>						
Personnel emoluments	7,275,113.20	-	7,275,113.20	7,275,113.20	-	100%
Repairs and maintenance	-	-	-	-	-	-
Local transport / travelling	456,386.00	-	456,386.00	456,386.00	-	100%
Electricity and water	1,426,742.90	-	1,426,742.90	1,426,742.90	-	100%
Medical	200,000.00	-	200,000.00	200,000.00	-	100%
Administration costs	203,553.70	-	203,553.70	203,553.70	-	100%
Activity	721,935.50	-	721,935.50	721,935.50	-	100%
Gratuity	-	-	-	-	-	-

**MUHOHO HIGH SCHOOL**

**PUBLIC SECONDARY SCHOOL**

Receipt/expenses Item	a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
SMASSE	-	-	-	-	-	-
<b>(3) FEES CHARGED ON PARENTS</b>	<b>10,283,731.30</b>	-	<b>10,283,731.30</b>	<b>10,283,731.30</b>	-	<b>100%</b>
Boarding Fees	35,433,000.00	-	35,433,000.00	38,656,523.00	(3,223,523.00)	109%
Repairs and maintenance	2,842,200.00	-	2,842,200.00	3,051,145.00	(208,945.00)	107%
Local transport / travelling	877,500.00	-	877,500.00	1,384,800.00	(507,300.00)	158%
Administration costs	2,497,500.00	-	2,497,500.00	2,670,161.00	(172,661.00)	107%
Electricity and water	6,300,000.00	-	6,300,000.00	6,387,983.00	(87,983.00)	101%
Activity	337,500.00	-	337,500.00	384,359.00	(46,859.00)	114%
Personal Emolument	4,185,000.00	-	4,185,000.00	4,740,589.00	(555,589.00)	113%
<b>OTHER INCOME</b>						
School Programme	16,470,000.00	-	16,470,000.00	16,014,792.00	455,208.00	97%
Development Projects	2,700,000.00	-	2,700,000.00	2,572,633.00	127,367.00	95%
Damages	-	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>71,642,700.00</b>		<b>71,642,700.00</b>	<b>75,862,985.00</b>	<b>(4,220,285.00)</b>	<b>110%</b>
<b>(1) EXPENDITURE FOR TUITION</b>						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipment	1,060,235.40	-	1,060,235.40	552,725.00	507,510.40	52%
Internal exams	-	-	-	-	-	-
Teaching / learning materials	1,987,525.00	-	1,987,525.00	1,458,131.00	529,394.00	73%
Chalks	-	-	-	-	-	-
<b>(2) EXPENDITURE FOR OPERATIONS</b>	<b>3,047,760.40</b>	-	<b>3,047,760.40</b>	<b>2,010,856.00</b>	<b>1,036,904.00</b>	<b>66%</b>
Personnel emoluments	7,275,113.20	-	7,275,113.20	8,077,404.00	(802,290.80)	111%

**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**

Receipt/expenses Item	a	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	b Kshs	c=a+b	d	e=c-d Kshs	f=d/c % Kshs
Repairs, & Improvements	-	-	-	-	-	-
Local transport / travelling	456,386.00	-	456,386.00	448,486.00	7,900.00	98%
Electricity and water	1,426,742.90	-	1,426,742.90	1,022,362.00	404,390.90	72%
Medical	200,000.00	-	200,000.00	-	200,000.00	-
Administration costs	203,553.70	-	203,553.70	93,356.00	110,197.70	46%
Activity Expenses	721,935.50	-	721,935.50	765,588.00	(43,652.50)	106%
Gratuity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-
	<b>10,283,731.30</b>		<b>10,283,731.30</b>	<b>12,658,116.00</b>	<b>(2,330,732.20)</b>	<b>123%</b>
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						
Boarding fees	35,443,000.00	-	35,443,000.00	33,474,023.00	1,968,977.00	94%
Repairs & Improvements	2,842,200.00	-	2,842,200.00	4,556,880.00	(1,714,680.00)	160%
Local transport / travelling	877,500.00	-	877,500.00	5,055,816.00	(4,178,316.00)	576%
Administration costs	2,497,500.00	-	2,497,500.00	1,398,599.00	1,098,901.00	56%
Electricity & water	6,300,000.00	-	6,300,000.00	3,317,279.00	2,982,721.00	53%
Activity	337,500.00	-	337,500.00	737,698.00	(400,198.00)	219%
Personal Emolument	4,185,000.00	-	4,185,000.00	2,617,915.00	1,567,085.00	63%
School Programme	16,470,000.00	-	16,470,000.00	14,291,140.00	2,178,860.00	87%
Development Projects	2,700,000.00	-	2,700,000.00	3,063,500.00	(363,500.00)	113%
Damages	-	-	-	-	-	-
Boarding Equipment and Stores	-	-	-	-	-	-
Expenditure for Income Generating Activity	-	-	-	-	-	-
Insurance costs	-	-	-	1,350,701.00	(1,350,701.00)	-
Acquisition of Assets	-	-	-	-	-	-
<b>TOTALS</b>	<b>71,652,700.00</b>	<b>-</b>	<b>71,652,700.00</b>	<b>69,863,551.00</b>	<b>1,789,149.00</b>	<b>98%</b>

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**Annual Report and Financial Statements**  
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*[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]*  
**NOTES TO COMPARATIVE BUDGET.**

1. **Income:** In the years 2021/2022, the school had prepared a budget estimate of Ksh 71,642,700.00 for a period of twelve months upon which it's supposed to collect fees based on it. The fees collection was generally good since we attained an overall 110% of the targeted fees. The Ministry of Education also disbursed the money as expected.
    - **Underutilization:** There was no votehead or account that was underutilized. This means that the budgeted figures were all collected.
    - **Overutilization:** Most of the voteheads from the School fund Account had been overutilised. The school collected fees more than the estimated budget at 110%. This resulted due to under estimation on the number of students at 800 instead of 950. Also the fees collection measures were enhanced by frequent fees reminders to the parents.
  2. **Expenditure:** The School is supposed to operate within its budget estimates. In the year 2021/2022.
    - **Underutilisation:**  
*Tuition Account* was underutilised having a 66% on how the amount received was spent. The last tranche was disbursed later in the year and the suppliers had already been paid using the school fund account  
*Operations Account* had Electricity and Water ( 72%) and Administrative costs (46%) which were under utilised.  
*School fund account* was underutilised on 4 voteheads only which are :
      - Administrative costs (56%). Most of the items budgeted for are no longer necessary ie, postage stamps.
      - Electricity and Water (53%). This was because of the new borehole which is efficient.
      - Personal Emolumenr (63%). Most of the salaries are paid through the Operations account
    - **Overutilisation:** There was none in Tuition account. But, the other accounts had it.  
*Operations Account* had two voteheads:
      - Personal Emolument(111%). This was due to making most of the salaries from the Account
      - Activity (106%). The activity levies were huge across all the regions
- School Fund Account.* The percentage was at 98% across all the voteheads. There was a big margin in the overutilization level in the 3 voteheads;

**MUHOHO HIGH SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
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- Repairs, maintenance and improvement(160%). The main reason was the major repairs work which was done in the school to repair broken widow panes and repainting the classrooms.
- Local Travel and Transport (576%). Since activities had picked off very well , fuel consumption was on another level. The fuel prices had also increased and school vehicles are also old which requires mechanical repairs frequently.
- Activity (219%). This was as a result of normal activities back to normal. The sports equipment had to be bought to enable successful participation.
- Development Projects (113%). This votehead was used interchangeably with repairs and maintenance.

## **VIII. 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 year ended 30<sup>th</sup> June 2022.

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**IX. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022**

1	CAPITATION GRANT FOR TUITION		
		Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Textbooks and reference materials	-	
	Exercise books	-	
	Laboratory equipment	1,060,235.40	912,638.00
	Internal exams	-	
	Teaching / learning materials	1,987,525.00	341,170.50
	Chalks	-	
	Exams and assessment	-	
	Library reference	-	
	<b>Total</b>	<b>3,047,760.40</b>	<b>1,253,808.50</b>
2	CAPITATION GRANT FOR OPERATIONS		
		Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Personnel emoluments	7,275,113.20	3,225,162.00
	Repairs and maintenance		550,500.00
	Local transport / travelling	456,386.00	410,904.00
	Electricity and water	1,426,742.90	700,000.00
	Medical	200,000.00	149,300.00
	Administration costs	203,553.70	448,635.75
	borehole (transfer)		
	Transfer from Boarding		
	Infrastructure A/c	6,027,500.00	3,230,000.00
	Advance		
	Activity	743,235.50	-
	<b>Total</b>	<b>16,332,531.30</b>	<b>8,714,501.75</b>
3	PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT		
		Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Boarding Equipment and Stores	36,270,950.00	10,612,245.00
	Repair, & Maintenance	2,988,131.00	1,033,378.00
	Local Travel and Transport	1,378,210.00	541,323.00
	Administration costs	2,398,296.00	689,990.00
	Electricity & Water	6,026,775.00	2,072,772.00
	Activity	365,160.00	102,035.00
	Personal Emolument	4,426,204.00	1,343,435.00
	<b>Total</b>	<b>53,853,726.00</b>	<b>16,395,178.00</b>

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<b>4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT</b>			
		<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	School Programme	14,080,280.00	8,179,382.00
	Development Projects	2,141,143.00	1,079,364.00
	Damages		
	Tuition Account		
	Tenders		-
	donations	-	-
	<b>Total</b>	<b>16,221,423.00</b>	<b>9,258,746.00</b>
<b>5 PAYMENTS FOR TUITION</b>			
		<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Textbooks	-	-
	Exercise books	-	-
	Laboratory equipment	552,725.00	830,160.00
	Teaching / learning materials	1,458,131.00	540,755.00
	<b>Total</b>	<b>2,010,856.00</b>	<b>1,370,915.00</b>
<b>6 PAYMENTS FOR OPERATIONS</b>			
		<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>a</b>	Personnel emoluments	8,077,404.00	2,289,020.00
	Repairs & Maintenance	2,250,920.00	145,000.00
	Local Travel and Transport	448,486.00	102,260.00
	EWC	1,022,362.00	396,160.00
	Administration Costs	173,124.00	277,985.00
	Activity	765,588.00	
	Medical	-	91,740.00
		<b>12,737,884.00</b>	<b>3,302,165.00</b>
<b>b</b>	Project - Borehole	-	1,739,140.00
	- Classroom project	359,000.00	2,389,169.00
	- Ablution Block	1,000,000.00	800,000.00
	- Laboratory Completion	322,231.00	1,418,758.00
	- CCTV Installation	-	673,200.00
	- Generator	2,481,258.20	-
	Minor Maintenance costs	618,100.00	
		<b>4,780,589.20</b>	<b>7,020,267.00</b>
	<b>TOTAL</b>	<b>17,518,473.20</b>	<b>10,322,432.00</b>
<b>7 BOARDING AND SCHOOL FUND PAYMENTS</b>			
		<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Boarding equipment and stores	30,521,034.00	9,393,387.00

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	Repair, Maintenance	3,413,630.00	1,564,215.00
	Local Travelling and Transport	4,984,890.00	1,462,246.00
	Administration costs	1,398,599.00	390,335.00
	Electricity & Water	3,284,779.00	935,718.00
	Activity	737,698.00	183,810.00
	Personnel emoluments	2,617,915.00	1,332,830.00
	School Programme	13,747,140.00	3,176,766.00
	Development	3,063,500.00	304,410.00
	Medical/ Insurance	1,342,451.00	462,672.00
	Tuition Account Expenses	5,955,470.00	614,930.00
	Farm Account	413,430.00	21,000.00
	Advances		15,000.00
	Tenders	18,000.00	12,000.00
	Gratuity	200,000.00	-
	Operations Account Expenses	396,428.00	
	transfer to infrastructure	-	-
	<b>TOTAL</b>	<b>72,094,964.00</b>	<b>19,869,319.00</b>
	<i>Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.</i>		
<b>8</b>	<b>BANK ACCOUNTS</b>		
	<b>Name of Bank, Account No. and Currency</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Tuition Account/ Equity Bank - 0660291737086	38,842.83	23,783.43
	Operations Account/ Equity Bank - 0660291737054	146,692.80	2,164,112.50
	School Fund Account/Boarding (1) KCB - 1102757667	839,976.05	2,595,599.05
	School Fund Account/Boarding (2) SCBK - 0102067731200	4,708,800.05	1,154,016.05
	Infrastructural Account/ Equity Bank - 0660268540878	3,287,840.55	2,010,929.75
	<b>Total</b>	<b>9,022,152.28</b>	<b>7,948,440.78</b>
<b>9</b>	<b>CASH IN HAND</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Tuition Account	-	-
	Operation Account	-	-
	School Fund account	184,679.10	3,427,243.10
	<b>Total</b>	<b>184,679.10</b>	<b>3,427,243.10</b>
<b>10</b>	<b>SHORT TERM INVESTMENTS</b>		

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	Description	Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Cooperative shares	-	-
	Treasury Bills	-	-
	Fixed deposit	-	-
	Equity stock	-	-
	Other investments	-	-
	<b>Total</b>	-	-
<b>11</b>	<b>ACCOUNTS RECEIVABLE</b>		
	Description	Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Fees arrears	61,027,886.45	58,088,740.45
	Other non-fees receivables	-	-
	<b>Total</b>	<b>61,027,886.45</b>	<b>58,088,740.45</b>
	[Include an ageing of the fees / non fees arrears below]		
	Description	Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Fees arrears for current year	5,158,661.00	2,730,584.00
	Fees arrears recovered during the year	(1,542,393.00)	(891,732.00)
	Fees arrears for the previous year	2,730,584.00	8,418,655.00
	Fees arrears for prior periods (over two years)	54,681,034.45	47,831,233.00
	<b>Total</b>	<b>61,027,886.45</b>	<b>58,088,740.00</b>
<b>12</b>	<b>ACCOUNTS PAYABLE</b>		
	Description	Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Trade creditors (See ageing below and appendix 1)	5,637,579.00	4,255,539.00
	Prepaid fees	1,929,003.00	629,175.00
	Development Fees		
	Statutories	2,035,628.00	1,858,118.00
	Salary Advance		
	Boarding Account		
	<b>Total</b>	<b>9,602,210.00</b>	<b>6,742,832.00</b>
	[Include an ageing of the creditor's arrears below]		
	Description	Jul 21-June 2022	Year 2021
		Kshs	Kshs
	Trade creditors for current year	4,678,827.00	3,204,737.00
	Trade creditors paid during year	(9,889,847.00)	(2,413,631.00)

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	Trade Creditors for the previous year	3,204,737.00	
	Trade creditors for prior periods (over two years)	7,643,862.00	3,464,433.00
	<b>Total</b>	<b>5,637,579.00</b>	<b>4,255,539.00</b>
<b>13</b>	<b>FUND BALANCE BROUGHT FORWARD</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Bank balances	9,022,152.28	7,948,440.78
	Cash balances	184,679.10	3,427,243.10
	Short Term Investments		-
	Receivables	61,027,886.45	58,088,740.45
	Payables	(9,602,210.00)	(6,742,832.00)
	<b>Total</b>	<b>60,632,507.83</b>	<b>62,721,592.33</b>
	<b>Other important disclosure notes</b>		
<b>14</b>	<b>Non-current Liabilities Summary</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Bank loan(s)	-	-
	Outstanding Leases	-	-
	Hire purchase	-	-
	Gratuity and leave provision	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>15</b>	<b>Biological assets</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	Cattle	-	-
	Pigs	-	-
	Trees	-	-
	Coffee or tea plantation	-	-
	Poultry	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>16</b>	<b>Borrowings</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>KShs</b>	<b>KShs</b>
	<b>a) Borrowings</b>		
	Borrowing at beginning of the year	-	-
	Borrowings during the year	-	-
	Repayments of during the year	-	-

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	<b>Balance at end of the year</b>	-	-
	<b>1 Stock/ Inventory</b>		
	<b>Description</b>	<b>Jul 21-June 2022</b>	<b>Year 2021</b>
		<b>KShs</b>	<b>KShs</b>
<b>17</b>	<b>Stock/Inventory</b>		
	Stock/ inventory at beginning of the year	2,019,490.00	-
	Stock/ inventory purchased during the year	-	-
	Stock/ inventory issued during the year	-	-
	<b>Balance at end of the year</b>	<b>1,116,790.00</b>	<b>2,019,490.00</b>

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**Other important disclosure notes**

IPSAS 1 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.

**1 Non-current Liabilities Summary**

Description	Year 2021/2022	Jan - June 2021
	Kshs	Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2 Biological assets**

Description	Numbers	Year 2021/2022	Jan - June 2021
		Kshs	Kshs
Cattle	7		0
Goats	0	0	0
Trees			0
Coffee plants	1,600		0
Pigs	18	0	0
<b>Total</b>		<b>0</b>	<b>0</b>

**3 Borrowings**

Description	Year 2021/2022	Jan - June 2021
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

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**Other important disclosure notes**

**4 Stock/ Inventory**

Description	Year 2021/2022	Jan - June 2021
	KShs	KShs
<b>b) Borrowings</b>		
Stock/ inventory at beginning of the year		
Stock/ inventory purchased during the year		
Stock/ inventory issued during the year		
<b>Balance at end of the year</b>		

**5. 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)

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount a Kshs	Date Contracted b Kshs	Amount Paid To-Date c Kshs	Outstanding Balance 2021 d=a-c Kshs	Outstanding Balance 2022 Kshs	Comments
<b>Construction of buildings</b>						
1. N/A						
2.						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4. Dotin Ltd	707,250.00	June 2022	-	-	707,250.00	
5. James Ruoro Macharia	224,000.00	June 2022	-	-	224,000.00	
6. Gathers Sacco	70,926.00	June 2022	-	-	70,926.00	
7. Mary Wanjiku	92,736.00	June 2021	-	-	92,736.00	
8. Tracco Hardware	1,546,926.00	Jan 2022	403,676.00	-	1,143,250.00	
9. Rensha Enterprises	852,000.00	Sept 2021	308,000.00	-	544,000.00	
10. Roshen Laboratory	1,802,725.00	Oct 2021	936,915.00	-	865,810.00	
11. Perfect Step Publishers	345,000.00	Aug 2021	-	-	345,000.00	
12. Berrwar Pharmacy	68,250.00	Feb 2022	60,000.00	-	8,250.00	
13. Chania School Depot	1,900,320.00	July 2021	1,255,215.00	-	645,105.00	
14. Statutories	2,035,628.00	2015	-	-	2,035,628.00	
15. Jachamwa General Agencies	2,002,675.00	Sept 2017	-	2,002,675.00	2,002,675.00	
16. Pengu Traders	1,836,090.00	2016	1,497,800.00	338,290.00	338,290.00	
17. Tuba Enterprises	918,340.00	2017	918,340.00	-	-	<b>Cleared</b>
18. Ellygibor Enterprises	546,790.00	2013	-	546,790.00	546,790.00	
<b>Sub-Total</b>						
	<b>14,949,65.00</b>		<b>5,379,946.00</b>	<b>2,887,755.00</b>	<b>9,569,710.00</b>	
<b>Supply of services</b>						
19. Francis Wainaina	32,500.00	April 2022	-	-	32,500.00	
<b>Sub-Total</b>						
	<b>32,500.00</b>			<b>32,500.00</b>	<b>32,500.00</b>	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
Grand Total	14,982,156.00		5,379,946.00	7,603,082.00	9,602,210.00	

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**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Location	Historical Cost b/f 1 <sup>st</sup> July 2021 (No)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f 30 <sup>th</sup> June 2022 (No)
Land 1	1964	KIGANJO	2	0	0	2
Administration Block/ New	2017	KIGANJO	1			1
Dormitories		KIGANJO	7			7
Old Administration Block		KIGANJO	1			1
Dinning Hall		KIGANJO	1			1
Kitchen		KIGANJO	1			1
Staff Houses		KIGANJO	29			29
Library		KIGANJO	1			1
Workshop		KIGANJO	1			1
Garage		KIGANJO	1			1
Old Laboratory		KIGANJO	4	1		5
Motor vehicles : KAR 364L	2004	KIGANJO		0	0	1,800,000.00
: KBN 552E	2012	KIGANJO		0	0	1,550,000.00
: KCE 188D	2015	KIGANJO		0	0	6,400,000.00
Office equipment, furniture and fittings		KIGANJO	1	0	0	

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Asset class	Date purchased	Location	Historical Cost b/f (No) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (No) 30 <sup>th</sup> June 2022
Laboratory	2017		1			
Ablution Block	2021		1			1,800,000.00
CCTV Camera	2021		1			673,200.00
Borehole	2020		1			1,739,140.00
Classrooms			30			
Copy Printer	2021		1			616,540.00
ICT Equipment, and Other ICT Assets	2001	KIGANJO				
Tools and apparatus	-	KIGANJO				
Textbooks		KIGANJO				
Generator	2021	KIGANJO	1			2,481,258.00
Heritage and cultural assets	1995	KIGANJO	1			1
Intangible assets- soft ware	2008	KIGANJO		0	0	0
<b>Total</b>						

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YEAR 2022 CLOSING STOCK**

<b>KITCHEN</b>		
<b>ITEM</b>	<b>QUANTITY</b>	<b>COST (Ksh)</b>
1 Beans	7 Bags	63,000.00
2 Cadbury Cocoa	3 Tins	1,440.00
3 I.D.P Omo	9 Bags	8,010.00
4 Maize meal	53 Bales	111,300.00
5 Rice	22 Bags	57,200.00
6 Sugar	21 Bags	136,500.00
7 Wheat flour	39 Bales	69,600.00
8 Cooking Fat	23 cartons	39,100.00
9 Cooking Oil	60 Ltr	14,400.00
10 Detergents	20 Jerricans	36,000.00
11 Brooms	20 pcs	5,000.00
12 Mops	15 pcs	3,750.00
<b>Sub total</b>		<b>545,300.00</b>
<b>BOOK STORE</b>		
1 Graph papers	4 reams	3,100.00
2 Whiteboard Markers	57 pcs	4,560.00
3 Foolscaps	13 reams	10,075.00
4 Printing papers	75 reams	63,750.00
5 Masters	28 pcs	168,000.00
6 Exercise Books	4 Grosses	95,040.00
7 Printer Ink	26 pcs	182,000.00
8 Gluestick	28 pcs	8,260.00
9 2 Quire Books	19 pcs	4,750.00
10 Ball pens	5 pkts	2,250.00
11 Dusters	30 pcs	4,500.00
12 Tonners	2 pcs	17,000.00
13 Stapple pins	18 pkts	3,600.00
14 Erasers	23 pcs	920.00
15 Pencils	50 p cs	1,000.00
16 Paper clips	19 pkts	950.00
17 Office glue	2 lts	360.00
18 Manilla Papers	55 pcs	1,375.00
<b>Sub total</b>		<b>571,490.00</b>
<b>TOTALS</b>		<b>1,116,790.00</b>