

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 JUN 2026

DAY.

WEDNESDAY

TABLED

BY:

REPORT

CLERK AT
THE-TABLE:

HON. OWEN BATA, MP

DEPUTY MAJORITY LEADER

ESTHER NGINYO

OF

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

LUNGA-LUNGA SECONDARY SCHOOL

FOR THE YEAR ENDED

30 JUNE, 2025

KWALE COUNTY



LUNGALUNGA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR

THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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2. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

3. Key School Information and Management

(a) Background information

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

The school was registered in **15TH April 1988** under registration number **02S30000001** and re-registered on **27TH January 2017** under registration number **KWL/S/02/123/596** and is currently categorized as a **Sub-County public school** established, owned and operated by the Government.

The school is a **Boy's Day/Boarding school** and had **507** number of students as at **30th June 2025**. It has **5 (Five)** streams and **23** teachers of which **3** teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Prof. Balozi Bekuta Kirongo	Chairman	2.9.2022
2	Ngana K. Rocha	Secretary - Principal	2.9.2022
3	Salma A. Boga	Member	2.9.2022
4	Daniel Bazo John	Member	2.9.2022
5	Grace Nthenya Samuel	Member	2.9.2022
6	Mdzomba Samuel Tsuma	Member	2.9.2022
7	Joseph Nyae Chiguzo	Member	2.9.2022
8	Nicodemus Kioko Musembi	Member – Rep CEB	2.9.2022
9	Dorah Chari Mwang'ombe	Member Rep Teachers	2.9.2022
10	Francis Mutunga Timothy	3 Members - Sponsor	2.9.2022
11	George Chombo Lugogo	Member - Community	2.9.2022
12	Riziki Ali Mwero	Member Special Needs	2.9.2022
13	Sadah A. Boga	Member - Community	2.9.2022
14	Tsingwa T. Ndurya	Member	2.9.2022
15	Ali Azwaj Shali	Member	2.9.2022
16	Abubakar Bosso Dzombo	Member	2.9.2022
17	Bakari Shee	Member	2.9.2022

The functions of the School Board of Management are to:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, of 2013.
- Ensure and assure the provision of proper and adequate facilities for the School.
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils' discipline and make reports to the CEB.
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB.
- Administer and manage the resources of the School.
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Pro. Balozi Bekuta Kirongo 2. Salma A. Boga 3. Ngana K. Rocha 4. Daniel Bazo John 5. Grace Nthenya Samuel	Chairman Vice Chair Secretary PA Chair Member	3 out of 4 4 out of 4 3 out of 4 4 out of 4 4 out of 4
2	Audit Committee	1. Ngana K. Rocha 2. Daniel Bazo John 3. Dorah Chari Mwang'ombe 4. Abubakar Bosso Dzombo 5. Tsingwa T. Ndurya	Secretary Chair Member Mmember Mmember	2 out of 2 2 out of 2 1 out of 2 2 out of 2 2 out of 2
3	Finance, procurement and general purposes Committee	1. Ngana K. Rocha 2. Daniel Bazo John 3. George Chombo Lugogo 4. Dorah Chari Mwang'ombe 5. Bakari Shee	Secretary PA Chair Member Member Member	1 out of 1 1 out of 1 1 out of 1 1 out of 1 1 out of 1
4	Academic Committee	1. Nicodemus Kioko Musembi 2. Ngana K. Rocha 3. Joseph Nyae Chiguzo	Chair Secretary Member	1 out of 3 3 out of 3 2 out of 3

LUNGALUNGA SECONDARY SCHOOL

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

		4. Grace Nthenya Samuel 5. Francis Mutunga Timothy 6. Riziki Ali Mwero	Member Member Member	3 out of 3 2 out of 3 2 out of 3
5	Development Committee	1. Daniel Bazo John 2. Ngana K. Rocha 3. Dorah Chari Mwang'ombe 4. George Chombo Lugogo 5. Bakari Shee 6. Abubakar Bosso Dzombo	Chair Secretary Member Member Member Member	2 out of 2 2 out of 2 2 out of 2 0 out of 2 1 out of 2 2 out of 2
6	Discipline and welfare Committee	1. Nicodemus Kioko Musembi 2. Ngana K. Rocha 3. Joseph Nyae Chiguzo 4. Grace Nthenya Samuel 5. Francis Mutunga Timothy 6. Riziki Ali Mwero	Chair Secretary Member Member Member Member	1 out of 1 1 out of 1 1 out of 1 1 out of 1 1 out of 1 1 out of 1

(d) School operation Management

For the financial year ended 30th June, 2025 the school's day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Ngana K. Rocha	TSC No. 387762
2	Deputy Principal	Samuel A. Luseno	TSC No. 450507
3	School Bursar	Simon Wanje Riko	ID. 13143892

(e) Schools contacts

Post Office Box: 9 – 80402, LUNGALUNGA.
Telephone: 0733151301
E-mail: lungalungasecondary@gmail.com
Website: NONE
Facebook: NONE
Twitter: NONE

(f) School Bankers

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School TUITION ACCOUNT
Account Number : 1108604862

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School OPERATIONAL ACCOUNT
Account Number : 1108603645

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School BOARDING ACCOUNT
Account Number : 1108605060

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School INFRASTRUCTURE ACCOUNT
Account Number : 1212770285

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School PTA FUND ACCOUNT
Account Number : 1109900562

(g) Independent Auditors

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

4. Summary Report of Performance of The School

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

a) Financial performance:

Surplus/ deficit for the year and a comparison of the same for the last three years

S/No	Year	Amount	Surplus / Deficit
1	2024 - 2025	206,317	Surplus
2	2023 - 2024	83,864	Surplus
3	2022 - 2023	710,006	Surplus

Capitation grants from the Ministry of Education for the last three years

Financial Year		2024-2025	2023-2024	2022-2023
S/No	Name Of Account	Amount	Amount	Amount
1	Tuition Account	1,555,328	2,135,696	2,441,888
2	Operational Account	8,965,124	9,169,643	7,667,524
3	Infrastructure Account	2,082,650	4,738,057	3,566,000
	TOTAL	12,603,102.00	16,043,396	13,675,412

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

Financial Year		2024-2025	2023-2024	2022-2023
S/No	Name Of Account	Amount	Amount	Amount
1	Parents Contribution - Fees	15,858,213	29,119,221	26,939,153
2	PTA Fund – Bus Hire	0	113,000	0.00
3	Tender Fees	0.00	0	2,000.00
4	Hire of Classrooms - Retooling	216,400	0	0
	TOTAL	16,074,613	29,232,221	26,941,153

LUNGALUNGA SECONDARY SCHOOL

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

A three-year overview of the growth in expenditure of the school

2024-2025:

Total expenditure decreased by 37% to **Kshs.28,471,398** (2025) from **Kshs. 45,191,753** (2024) due to decreased Student Enrolment, resulting from the CBC Transitional Gap.

2023 – 2024:

Total expenditure increased by 13% to **Kshs.45,191,753** (2024) from **Kshs.39,904,559** (2023).

2022-2023:

Total expenditure decreased by 3% to **Kshs.39,904,559** (2023) from **Kshs.41,165,656** (2022).

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

S/No	Year	Debtors (Kshs)	Creditors (Kshs)
1	2024 - 2025	10,624,018	1,175,707
2	2023 - 2024	10,317,268	2,160,503
3	2022 - 2023	11,250,376	1,107,755

b) Teacher Student ratio:

- The teacher-to-student ratio, = 1:22
- Number of teachers recruited and posted to the school within the year, = 2
- Number of teachers that were transferred = 3
- Number of teachers that retired during the period = 0
- Number of teachers employed by TSC, = 20
- Number employed by BOM. = 3

Number of teachers for each subject

1. English = 3

2. Kiswahili	=	5
3. Mathematics	=	8
4. Chemistry	=	3
5. Biology	=	3
6. CRE	=	2
7. IRE	=	1
8. History	=	2
9. Geography	=	3
10. Business Studies	=	2
11. Agriculture	=	2
12. Physics	=	2

c) The mean score in the 2024 KCSE:

KCSE YEAR	NO. OF CANDIDATES	MEAN SCORE	MEAN DEVIATION	TRANSITION TO HIGHER LEARNING
2024	147	3.177 (D)	+ 0.461 (Positive)	65
2023	197	2.7157 (D)	- 0.484 (Negative)	72
2022	160	3.200 (D)	- 0.112 (Negative)	59

d) Number of Candidates in the 2025 KCSE:

KCSE YEAR	NO. OF CANDIDATES
2025	128
2024	147
2023	197
2022	160

e) The capacity of the school:

• 150 Students	:	One Dormitory
• 507 Students	:	No Dining Hall
• 507 Students	:	One Kitchen
• 507 Students	:	Two Laboratories
• 507 Students	:	Seven Toilets (6 Way)
• 507 Students	:	Nineteen Classrooms
• 507 Students	:	One Administration Block

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****f) Development projects carried out by the school:**

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Ablution Chambers Construction	GOK Grants	In-complete	450,000	200,000	August 2025
Fire Extinguisher Equipment	GOK Grants	Complete	180,000	112,500	N/A
Closed – Circuit Television System	GOK Grants	Phase I	400,000	384,000	N/A


..... Ngang K. Racha
School Principal 16.3.2026

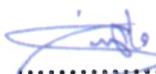
5. Statement of School Management Responsibility

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.

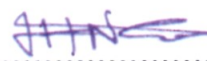
The Board of Management of **Lungalunga Secondary School** accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended **30th June, 2025** and of the school's financial position as at that date.


.....
Name: Balon K. B

Designation: Chairman, School Board of Management

Date:


.....
Name: Ngara K. Rocha
Designation: School Principal & Secretary to Board of Management
Date: 16.3.2026


.....
Name: Simon Riko Wanjie
Designation: Bursar/ Finance Officer
Date: 16/3/2026

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON LUNGA-LUNGA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 - KWALE 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 transitional IPSAS financial statements of Lunga-Lunga Secondary School set out on pages 1 to 25, which comprise of the statement of assets

and liabilities as at 30 June, 2025 and the statement of financial performance, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Lunga-lunga Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Basic Education Act, (Cap. 211) 2013 and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Variances in Revenue and Unsupported Revenue and Expenses

The statement of financial performance reflects total revenue of Kshs.28,677,715. However, the revenue items were not supported with schedules indicating revenue stream, transaction date, amount/fees being paid, the school term being invoiced, among other details. Further, the statement reflects total expenses of Kshs.28,471,398 out of which only Kshs.13,349,321 was supported with schedules resulting to unsupported amount of Kshs.15,122,077. In addition, the amount includes Government grants of Kshs.12,603,102 being the amount from National Education Management and Information System (NEMIS) data while the school records indicated Kshs.7,785,486 resulting to unexplained variance of Kshs.4,817,616.

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

2. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities and as disclosed in Note 10 and Note 11 to the financial statements reflects cash and cash equivalents balance of Kshs.612,134. Included in the balance is an amount of Kshs.105,678 in respect to cash balance which was not supported by board of survey certificate. Further, the balance includes an amount of Kshs.506,457 in respect to bank balances out of which an amount of Kshs.66,890 was extracted from certificate of bank balances for two (2) accounts which was not supported with cashbooks and bank reconciliation statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.612,134 could not be confirmed.

3. Unsupported Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects accounts receivables balance of Kshs.10,624,018. However, the balance was not supported by schedules detailing outstanding amount owed by the Government as well as the list of students with their outstanding fees, due dates and ageing analysis. Further, included in the balance is Kshs.7,137,268 which has remained outstanding for a period exceeding one (1) year without evidence of recovery measures put in place.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivables balance of Kshs.10,624,018 could not be confirmed.

4. Unsupported Accounts Payable

The statement of assets and liabilities and as disclosed in Note 14 to the financial statements reflects accounts payable balance of Kshs.1,175,708. However, the amount was not supported with a ledger, invoices, delivery notes, or payment vouchers to confirm that the goods were supplied or the services were rendered to the school.

In the circumstances, the accuracy and completeness of the accounts payable balance of Kshs.1,175,708 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lunga-lunga 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

1. Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget of Kshs.37,023,250 and actual on a comparable basis of Kshs.28,677,715 resulting to an under collection of Kshs.8,345,535 or 23%. Similarly, the School had a final expenditure of Kshs.28,471,398 against actual receipts of Kshs.28,677,715 resulting to under absorption of Kshs.206,317 or 1%.

The undercollection may negatively impact the school's ability to effectively deliver services and meet its operational obligations.

2. Delays in Release of School Capitation Funds

The statement of financial performance reflects the total receipts amount of Kshs.28,677,715 out of which Kshs.12,603,102 relates to Government grants. However,

review of the bank statements, cashbooks and funds release letters revealed that capitation disbursements were received approximately one month after the official school opening dates.

In the circumstances, the delays in disbursement of school capitation funds may adversely affect the smooth running of school activities and the timely delivery of educational services.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

The Significant Exemptions by the Public Sector Accounting Standards Board in the Financial Reporting Template

The financial statements have been prepared using the financial year 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full International Public Sector Accounting Standards (IPSAS) transition. These omissions include the opening statement of financial position, the statement of changes in net assets/equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

The Management is responsible for the Other Information set out on pages iii to xiii which comprise of Key School Information and Management, Summary Report of the Performance of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Operate an Income-Generating Activity and Savings Account

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects miscellaneous income amount of Kshs.216,400. However, Management did not open an income-generating activities account to manage income from school activities and savings account for banking funds from boarding account that cannot be put to immediate use. This was contrary to the Ministry of Education Circular Ref. No. MOE.HQS/3/10/18 Vol. II/(33) on the Guidelines on Implementation of Free Day Secondary Education for 2024 dated 7 March, 2024, which requires schools to operate separate accounts for Income Generating Activities and savings to ensure proper management and accountability of funds.

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

2. Late Submission of the Financial Statements

The annual reports and financial statements for the year under review were submitted on 28 November, 2025 instead of 31 August, 2025. This was contrary to circular number AG.3/88 Vol.VIII (41) issued on 4 December, 2024, which required the financial reports to be submitted by 31 August, 2025.

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

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

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects boarding and school fund payments of Kshs.13,218,507. The payment includes an amount of Kshs.398,875 transferred to Kenya Secondary School Heads Association (KESSHA) a welfare organization which is not defined in Government Funding system. This was contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which requires that an

Accounting Officer shall, before transferring any funds to an entity within or outside the Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems.

In the circumstances, the legality and value for money transferred to KESSHA, amounting to Kshs.398,875 could not be confirmed.

4. Unbalanced Budget

The statement of budgeted versus actual amounts reflects total revenue budget of Kshs.37,023,250 and total expenditure budget of Kshs.55,586,950 resulting to an unbalanced budget of Kshs.18,563,700. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015, which states that the budget should be balanced.

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

5. Lack of Approved Procurement Plan

The statement of financial performance reflects total payments of Kshs.28,471,398. However, the school did not have an Approved Procurement Plan. This was contrary to Regulation 71(1) of Public Procurement and asset disposal Regulations, 2020, which requires that Pursuant to Section 73 of the Act, the head of the user department shall initiate the procurement process through a requisition as per the approved procurement plan. In addition, Management had not made training arrangements to capacity build the storekeeper.

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

6. Failure to Transfer Infrastructure Funds

The statement of financial performance reflects total receipts of Kshs.28,677,715. However, review of the bank statements revealed that an amount of Kshs.1,108,750 intended for infrastructure development was not transferred to the infrastructure account. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021, which directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

7. Failure to Collect Capacity Building Levy

The statement of financial performance reflects total expenditure of Kshs.28,471,398. However, there was no evidence to confirm that management deducted and remitted the Capacity Building Levy from payments made to contracted suppliers. This was contrary to Section 3(1) of Public Procurement Capacity Building Levy Order, 2023 which states

that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

8. Stalled Projects

During the year under review, it was noted that the Ministry of Education had initiated the construction of a laboratory within the school through the Secondary Education Equity and Quality Improvement Programme. However, interviews with Management revealed that they did not have key project documentation, including the signed contract agreement, bills of quantities, payment records, certificates of completed works, and details regarding the project commencement and expected completion dates.

Further, physical verification on 12 March, 2026 revealed that the contractor was not on site with pending works of roofing, fitting of doors and windows, electrical works, painting, labelling, and equipping of the laboratory. In addition, there was no evidence of measures put in place by Management to facilitate the completion of the project.

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

9. Non-Submission of Annual Governance Report

Review of the school's governance and reporting records established that Management did not prepare and submit an annual report for the year under review to the Director of Basic Education. This was contrary to Section 60 of the Basic Education Act, 2013. requires that "every public school or institution of basic education shall, on an annual basis, submit a report to the Director of Basic Education.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

3. Lack of Imprest Register

Note 7 and Note 9 to the financial statements reflect expenditure on local travel, transport, and travelling amounting to Kshs.2,233,830. However, examination of expenditure records revealed that the school does not maintain an imprest register to account for imprests issued and surrendered by individual staff members.

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

4. Weaknesses In the Management of Assets

Annex 2 to the financial statements reflects a summary of the fixed assets register historical cost balance of Kshs.122,617,886, which includes the school parcel of land, buildings and structures, motor vehicle, office equipment, furniture and fittings, ICT equipment, tools and apparatus, other machinery and equipment, and intangible assets. However, Management had not maintained a fixed asset register indicating the individual asset description, tag number, and specific asset location.

In addition, the balance includes land valued at Kshs.10,000,000, for which the management did not disclose the basis used in determining the valuation. Further, the School did not have a title deed to prove ownership of the land.

In the circumstances, the effectiveness of internal controls on the management of the school assets could not be confirmed.

5. Use of Manual Systems

The statement of financial performance reflects the total revenue of Kshs.28,677,715 out of which Kshs.15,858,213 relates to school fund income - parents' contributions. However, review of the school's information and technology systems revealed installation of system with finance and academic modules. However, Management continued to collect fees in cash and issue manual receipts instead of utilizing an automated receipting system.

In the circumstances, the effectiveness in the use of the manual system for collecting fees could not be confirmed.

6. Weakness in Textbooks Management

Physical verification and review of textbook issuance records for five (5) sampled streams across various classes for the year 2025 revealed a shortfall of eighty-nine (89) textbooks that had been reported missing but had not been recovered or replaced as at the time of audit in March,2026. Further verification of the school library established that three

hundred and seventy-three (373) textbooks comprising Form 4 Mathematics, Biology, Chemistry, and Form 2 Biology, were delivered on 15 April, 2024 had not been issued to students and remained undistributed in the library. In addition, review of textbook distribution in eight (8) sampled streams revealed that the number of textbooks issued to students was insufficient to achieve the recommended 1:1 textbook-to-student ratio. Analysis further showed that the subjects experiencing shortages did not correspond with the surplus textbooks held in the library, indicating a mismatch between the textbooks supplied to the school and those required by learners.

In the circumstances, the effectiveness of internal controls on textbook management could not be confirmed.

7. Weaknesses of Board of Management Committees

During the year under review, Board of Management (BOM) committees meeting minutes, agendas, notices, or attendance registers were not provided for audit. Further, it was noted that the terms of appointment for all Board members were set to lapse simultaneously in September 2025, indicating the absence of staggered appointments and inadequate succession planning.

In the circumstances, the overall governance mechanisms could not be confirmed.

8. Lack of Information, Communication and Technology and Risk Management Policies

During the year under review, Management had not established Information, Communication and Technology (ICT) policy, Risk Management Policy, or established a risk management framework and a risk register. Further, Management had not undertaken any formal risk assessment and there were no user management standards, or documented procedures, system security, access to ICT environments, and environmental controls.

In the circumstances, the effectiveness of risk management and ICT controls could not be confirmed.

9. Failure to Prepare School Improvement Plan

During the year under review, Management did not have an approved School Improvement Plan (SIP) which is a key strategic planning tool that guides academic performance targets, infrastructure development, resource allocation, and overall institutional growth.

In the circumstances, the effectiveness of overall governance and strategic direction of the school 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 Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is 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, GBS
AUDITOR-GENERAL

Nairobi

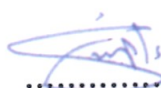
15 May, 2026

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****7. Statement Of Financial Performance for the Year Ended 30th June 2025**

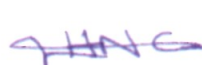
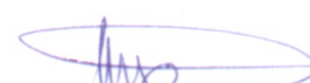
DESCRIPTION OF VOTE HEAD	Note	2024-2025	2023-2024
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1,555,328	2,135,695
Capitation grants for operations	2	8,965,124	9,169,643
Government Grants on Infrastructure	3	2,082,650	4,738,057
School Fund Income- Parents' Contributions	4	15,858,213	29,119,221
Miscellaneous Income	5	216,400	113,000
Proceeds from borrowings		-	-
TOTAL RECEIPTS		28,677,715	45,275,616
PAYMENTS			
Payments for Tuition	6	1,703,570	1,687,359
Payments for operations	7	13,349,321	8,485,838
Payments for Infrastructure	8	200,000	3,859,688
Boarding and school fund payments	9	13,218,507	31,158,868
TOTAL PAYMENTS		28,471,398	45,191,753
SURPLUS/DEFICIT		206,317	83,863

The school financial statements were approved on

2026 and signed by:


Name: Balaz' K.B

Chair BOM

Date: 16/3/2026

Name: Ngana K. Racha
School Principal/ Secretary to
BOMDate: 16/3/2026

Name: Simon RIKOWANT
Bursar/ Finance OfficerDate: 16/3/2026

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****8. Statement of Assets and Liabilities As At 30th June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	506,457	4,940,288
Cash Balances	11	105,678	121,174
Short term Investment	12	-	-
Total Cash and Cash Equivalents		612,134	5,061,462
Account's receivables	13	10,624,018	10,340,868
TOTAL FINANCIAL ASSETS		11,236,152	15,402,330
FINANCIAL LIABILITIES			
Accounts Payable	14	1,175,708	5,410,879
NET FINANCIAL ASSETS		<u>10,060,445</u>	<u>9,991,451</u>
REPRESENTED BY			
Fund balance b/fwd	15	9,854,127	9,907,551
Surplus/Defict for the year		206,317	83,863
NET FINANCIAL POSITION		<u>10,060,445</u>	<u>9,991,451</u>

The school's financial statements were approved on

2026 and signed by:

Name: Balozi

Chair BOM

Date: 16/3/2026Name: NGANA KR
School Principal/ Secretary to
BOMDate: 16.3.2026Name: SIMON LIKO WANJE

Bursar/ Finance Officer

Date: 16/3/2026

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

		2024-2025	2023-2024
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	1,555,328	2,135,695
Capitation grants for operations	2	8,965,124	9,169,643
Government Grants for Infrastructure	3	2,082,650	4,738,057
School fund income- Parents contributions/ fees	4	15,858,213	32,051,509
Miscellaneous Income	5	216,400	113,000
Total receipts		28,677,715	48,207,905
Payments			
Payments for Tuition	6	1,703,570	1,687,359
Payments for operations	7	13,349,321	8,485,838
Payments for Infrastructure	8	200,000	3,859,688
Boarding and school fund payments	9	13,218,507	31,158,868
		28,471,398	45,191,753
Net cash flow from operating activities		206,317	3,016,152
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		(4,655,647)	
Proceeds from investments		-	
Net cash flows from Investing Activities		(4,655,647)	
NET CASHFLOW FROM BORROWING ACTIVITIES			-
Proceeds from borrowings/ loans		-	
Repayment of principal borrowings		-	-
Net cash flows from Investing Activities			

LUNGALUNGA SECONDARY SCHOOL

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

NET INCREASE IN CASH AND CASH EQUIVALENT		(4,449,330)	3,016,152
Cash and cash equivalent at the beginning of the year	15	5,061,643	2,045,311
Cash and cash equivalents at the end of the year		612,133	5,061,463

The school's financial statements were approved on

16/3/2026 and signed by:


Name: Balozi K. B

Chair BOM

Date: 16.3.26


Name: NGANA K. R
School Principal/ Secretary to
BOM

Date: 16.3.2026


Name: Simon RIKO WANJE

Bursar/ Finance Officer

Date: 16/3/2026

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

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Textbooks And Reference Materials	-	-	-	-	
Exercise Books	1,210,200		1,210,200	504,250	42%
Laboratory Equipment	400,400		400,400	347,500	87%
Internal Exams	222,000		222,000	92,500	42%
Teaching / Learning Materials	614,000		614,000	587,581	96%
Chalks			-	23,497	0%
Exams And Assessment			-		0%
Reference/Library			-		0%
Teachers Guides			-		0%
Sub-Totals	<u>2,446,600</u>	<u>-</u>	<u>2,446,600</u>	<u>1,555,328</u>	
<i>(2) Capitation Grant on Operations</i>					

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

Personnel emoluments	4,801,200		4,801,200	2,650,335	55%
Maintenance and Improvement	3,500,000		3,500,000	3,066,850	88%
Local transport/travelling	900,000		900,000	745,500	83%
Electricity and water	687,000		687,000	562,624	82%
Medical	945,000		945,000	718,820	76%
Administration costs	900,000		900,000	745,500	83%
Other overheads	406,800		406,800		0%
SMASSE			-		0%
Activity	500,000		500,000	475,495	95%
Sub-Totals	<u>12,640,000</u>	<u>-</u>	<u>12,640,000</u>	<u>8,965,124</u>	
3) FDSE for infrastructure					
Maintenance and Improvements	3,456,000		3,456,000	2,082,650	60%
Transition Infrastructure Grants			-		0%
Administration block			-		0%
Economic Stimulus Grant			-		0%
Others			-		0%
Sub-Totals	<u>3,456,000</u>	<u>-</u>	<u>3,456,000</u>	<u>2,082,650</u>	

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

(4) Fees Charged on Parents					
Personnel emoluments	2,149,000		2,149,000	2,107,281	98%
BES/Lunch	10,019,150		10,019,150	8,013,185	80%
PTA Fund			-	85,000	0%
Maintenance and Improvement			-	163,000	0%
Local transport / travelling	1,320,000		1,320,000	1,221,458	93%
Medical			-	12,127	0%
Electricity and water	931,000		931,000	853,070	92%
Bursary			-		0%
Bom teachers			-		0%
Administration costs	3,351,500		3,351,500	3,283,592	98%
Tender			-		0%
Activity	230,000		230,000	119,500	52%
Sub-Totals	<u>18,000,650</u>	<u>-</u>	<u>18,000,650</u>	<u>15,858,213</u>	
5) Miscellaneous Income					
Bus Income	480,000		480,000		0%
Income From Farming Activities			-		0%

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

Bom Teachers			-		0%
Insurance Compensation			-		0%
Renovation			-		0%
Income From Posho Mill			-		0%
Equity			-		0%
Lost Items			-		0%
Infrastructure			-		0%
Income From Bus Hire			-		0%
Fee For Hire Of Ground And Equipment			-		0%
Income From Grants And Donations*			-		0%
Lunch			-		0%
CBC Retooling			-	216,400	0%
Damages			-		0%
Caution Money			-		0%
Dividends Income			-		0%
Sub-Totals	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>216,400</u>	
Total Income	<u>37,023,250</u>	<u>-</u>	<u>37,023,250</u>	<u>28,677,715</u>	
<i>(6) Expenditure For Tuition</i>					

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

Textbooks and reference materials			-		0%
Exercise books			-		0%
Laboratory equipment	1,300,000		1,300,000	1,153,165	89%
Internal exams	60,000		60,000	48,000	80%
Teaching / learning materials	2,646,600		2,646,600	500,990	19%
Chalks			-		0%
Exams and assessment			-		0%
Teachers guides			-		0%
Administration Costs					0%
Reference / Library			-		0%
Bank Charges			-	1,415	0%
Sub-Totals	<u>4,006,600</u>	<u>-</u>	<u>4,006,600</u>	<u>1,703,570</u>	
<i>(7) Expenditure For Operations</i>					
Personnel emoluments	6,670,200		6,670,200	6,511,839	98%
Service Gratuity	35,000		35,000		0%
Administration Cost	2,500,000		2,500,000	2,403,057	96%
Repairs and Maintenance	2,600,000		2,600,000	2,461,220	95%

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

Local transport / travelling	900,000		900,000	816,100	91%
Electricity and water	687,000		687,000	504,190	73%
Medical	45,000		45,000	7,900	18%
Activity Expenses	900,000		900,000	549,915	61%
School Bus			-	95,100	0%
Insurance Cost			-		0%
Co-curricular			-		0%
Bank Charges			-		0%
Others			-		0%
Sub-Totals	<u>14,337,200</u>	<u>—————</u>	<u>14,337,200</u>	<u>13,349,321</u>	
<i>(8) Expenditure For infrastructure</i>			-		0%
Construction of Classrooms			-		0%
Repairs and Maintenance	300,000		300,000	200,000	67%
Toilets Construction			-		0%
Purchase of Equipment			-		0%
Purchase of Apparatus			-		0%
Bank Charges			-		0%

LUNGALUNGA SECONDARY SCHOOL

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

sub-Totals	300,000	-	300,000	200,000	
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments	1,649,000		1,649,000	1,505,823	91%
PTA			-		0%
Bus Repairs	70,000		70,000	54,050	77%
Service Gratuity	35,000		35,000		0%
Maintenance & Improvements	280,000		280,000	207,130	74%
Local Transport / Travelling	1,500,000		1,500,000	1,417,730	95%
Electricity And Water	931,000		931,000	350,558	38%
Administration Costs	21,149,000		21,149,000	2,056,096	10%
BES/Lunch Programme	10,019,150		10,019,150	6,712,170	67%
Damages			-		0%
Equity			-		0%
Bank Charges			-		0%
Expenses On Income Generating Activities	480,000		480,000		0%
Tender			-		0%
Infrastructure			-		0%

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025**

Property Insurance(Bus)			-	200,000	0%
Fee On Boarding Equipment And Stores			-		0%
Activity Expenses	830,000		830,000	714,950	86%
Pocket Money			-		0%
Medical Expenses			-		0%
Loan Interest Repayment			-		0%
Acquisition Of Assets			-		0%
Sub-Totals	<u>36,943,150</u>	<u> -</u>	<u>36,943,150</u>	<u>13,218,507</u>	
Totals	<u>55,586,950</u>	<u> -</u>	<u>55,586,950</u>	<u>28,471,398</u>	51%

11. 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

These financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and the International Public Sector Accounting Standards (IPSAS), as prescribed by the Public Sector Accounting Standards Board (PSASB). The school is currently within the transition period permitted under IPSAS 33 – First-time Adoption of Accrual Basis IPSAS and, accordingly, these financial statements are presented as transitional accrual financial statements.

During the year, and in line with the transitional exemptions allowed under IPSAS 33, the school applied partial recognition and measurement of assets and liabilities. The school recognized cash and cash equivalents, receivables, and validated payables.

The following IPSAS-required elements have not yet been fully recognized or measured and therefore remain transitional:

- Full valuation and impairment assessment of property, plant and equipment;
- Inventories and consumable stores;
- Provisions and contingent liabilities as required by IPSAS 19; and
- Full compliance with IPSAS 24 on budget reporting and the related narrative variance explanations.

The school is implementing a phased approach towards full IPSAS accrual compliance. Key activities underway include: undertaking full valuation and impairment assessment of property, plant and equipment and establishing complete inventories and consumable store records.

Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified. Under an accrual basis revenue are received and expenses are recognised when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to

the nearest shilling's accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

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

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits, and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have been rendered and not settled. This is an enhancement to the cash accounting

policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2025

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****12. Notes To the Financial Statements****1 Government Grants for Tuition**

	2024-2025	2023-2024
	Kshs	Kshs
Textbooks And Reference Materials	-	
Exercise Books	504,250	530,874
Laboratory Equipment	347,500	506,627
Internal Exams	92,500	279,927
Teaching / Learning Materials	587,581	708,657
Chalks	23,497	109,610
Exams And Assessment		
Reference/Library		
Teachers Guides		
Total	1,555,328	2,135,695

2 Government Grants for Operations

	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments	2,650,335	4,279,252
Maintenance and Improvement	3,066,850	-
Local transport/travelling	745,500	560,007
Electricity and water	562,624	643,543
Medical	718,820	911,400
Administration costs	745,500	753,000
Other overheads		1,310,490
SMASSE		
Activity	475,495	711,951
Total	8,965,124	9,169,643

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****3 Government Grants for infrastructure**

	2024-2025	2023-2024
	Kshs	Kshs
Maintenance and Improvements	2,082,650	4,738,057
Transition Infrastructure Grants		
Administration block		
Economic Stimulus Grant		
Others		
Total	2,082,650	4,738,057

4 School Fund Income - Parents Contribution/Fees

	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments	2,107,281	1,637,095
BES/Lunch	8,013,185	13,166,838
PTA Fund	85,000	1,194,343
Maintenance and Improvement	163,000	876,065
Local transport / travelling	1,221,458	1,959,822
Medical	12,127	900
Electricity and water	853,070	318,965
Bursary		6,231,570
Bom teachers		
Administration costs	3,283,592	2,371,613
Tender		29,000
Activity	119,500	1,333,010
Total	15,858,213	29,119,221

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****5 Miscellaneous Incomes**

	2024-2025	2023-2024
	Kshs	Kshs
Bus Income	-	113,000
Income From Farming Activities	-	-
Bom Teachers	-	-
Insurance Compensation	-	-
Renovation	-	-
Income From Posho Mill	-	-
Equity	-	-
Lost Items	-	-
Infrastructure	-	-
Lunch	-	-
CBC Retooling	216,400	-
Damages	-	-
Caution Money	-	-
Dividends Income	-	-
Total	216,400	113,000

6 Payments for Tuition

PAYMENTS FOR TUITION	2024-2025	2023-2024
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		464,820
Laboratory equipment	1,153,165	414,410
Internal exams	48,000	
Teaching / learning materials	500,990	526,440
Chalks		100,000
Exams and assessment		181,224
Teachers guides		
Administration Costs		
Reference / Library		
Bank Charges	1,415	465
Total	1,703,570	1,687,359

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****7 Payments for Operations**

	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments	6,511,839	4,243,607
Service Gratuity	-	-
Administration Cost	2,403,057	574,937
Repairs and Maintenance	2,461,220	
Local transport / travelling	816,100	330,125
Electricity and water	504,190	521,000
Medical	7,900	610
Activity Expenses	549,915	500,160
School Bus	95,100	-
Insurance Cost	-	-
Co-curricular	-	-
Bank Charges	-	-
Others	-	2,315,399
TOTAL	13,349,321	8,485,838

8 Payments for Infrastructure

	2024-2025	2023-2024
	Kshs	Kshs
Construction of Classrooms	-	-
Repairs and Maintenance	200,000	3,859,688
Toilets Construction	-	-
Purchase of Equipment	-	-
Purchase of Apparatus	-	-
Bank Charges	-	-
Total	200,000	3,859,688

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****9 Payments for Boarding And School Fund**

	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments	1,505,823	3,677,600
PTA	-	1,139,830
Bus Repairs	54,050	-
Service Gratuity	-	-
Maintenance & Improvements	207,130	872,740
Local Transport / Travelling	1,417,730	2,071,667
Electricity And Water	350,558	986,554
Administration Costs	2,056,096	3,430,467
BES/Lunch Programme	6,712,170	17,453,020
Damages	-	-
Equity	-	-
Bank Charges	-	-
Expenses On Income Generating Activities		161,240
Tender	-	-
Infrastruture	-	-
Property Insurance(Bus)	200,000	-
Fee On Boarding Equipment And Stores	-	-
Activity Expenses	714,950	1,317,750
Pocket Money	-	-
Medical Expenses	-	48,000
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
TOTAL	13,218,507	31,158,868

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****10 Bank Accounts**

Name of Bank, Account No. & currency	Bank Account Number	2024-2025	2023-2024
		Kshs	Kshs
Tuition Account	1108604862	136,246	661,965
Operations Account	1108603645	19,023	2,273,987
School Fund Account/Boarding	1108605060	284,298	15,661
PTA Fund Account	1109900562	52,446	26,586
Income generating activities Account -			
Infrastructural Account	1212770285	14,444	1,962,090
Total		506,457	4,940,288

11 Cash In Hand

CASH IN HAND	2024-2025	2023-2024
	Kshs	Kshs
Tuition Account	-	120,000
Operation Account	2,456	346
School Fund account	103,222	828
Total	105,678	121,174

12 Short Term Investments

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Cooperative Shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed Deposit accounts	0.00	0.00
Other Investments	0.00	0.00
Total	0.00	0.00

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****13 Accounts Receivable**

Description	2024-2025	2023-2024
	Kshs	Kshs
Fees Arrears	10,624,018	10,340,868
Other Non-Fees Receivables	-	-
P.A.Y.E	-	-
RD Cheque	-	-
Salary Advances(List Attached)	-	-
Rent Arrears(List Attached)	-	-
Imprest (List Attached)	-	-
Total	10,624,018	10,340,868

13 b) Ageing Analysis of Accounts Receivable

Description	2024 - 2025		2023 - 2024	
	Kshs		Kshs	
	2024 - 2025	% of the total	2023 - 2024	% of the total
Less than 1 year	3,486,750	33%	10,317,268	100%
Between 1- 2 years	6,500,000	61%	23,600	0%
Between 2-3 years	637,268	6%	0	%
Over 3 years	0	0%	0	%
Total	10,624,018	100%	10,340,868	100%

14 Accounts Payable

ACCOUNTS PAYABLE	2024-2025	2023-2024
	Kshs	Kshs
Trade Creditors (See Ageing Below And Appendix 1)	1,175,708	5,410,879
Prepaid Fees		
Retention Monies		
Statutory Deductions		
Unpaid Salaries		
Other Payables		
Total	1,175,708	5,410,879

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****14a. Ageing Analysis of Accounts Payable**

Description	2024-2025		2023-2024	
			Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	940,008	40%	2,160,503	40%
Between 1- 2 years	235,700	60%	3,250,376	60%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total	1,175,708	100%	5,410,879	100%

15. Fund Balance Brought Forward

Description		2024-2025	2023-2024
		Kshs	Kshs
Bank balances	10	506,457	4,940,288
Cash balances	11	105,677	121,174
Short Term Investments	12	-	-
Receivables	13	10,624,018	10,340,868
Payables		1,382,025	5,494,779
Total		9,854,127	9,907,551

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****Other important disclosure notes****16 Non-current Liabilities Summary**

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Bank Loans	0.00	0.00
Outstanding Leases	0.00	0.00
Hire Purchase	0.00	0.00
Gratuity And Leave Provision	0.00	0.00
Others (specify)	0.00	0.00
Total	0.00	0.00

17 Biological assets

Description	Numbers	2024 - 2025	2023 - 2024
		Kshs	Kshs
Cattle	-	0.00	0.00
Goats	12	96,000	0.00
Trees	300	300,000	0.00
Coffee Or Tea Plantation	-	0.00	0.00
Poultry	-	0.00	0.00
Total		396,000	0.00

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments during the year	(0.00)	(0.00)
Balance at the end of the year	0.00	0.00

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****Other important disclosure notes****19 Stock/ Inventory**

Description	2024 - 2025	2023 - 2024
	Kshs	Kshs
Food stuffs	80,000	0.00
Lab consumables	340,000	0.00
Farm produce	0	0.00
Medication	14,500	0.00
Construction Materials	1,500	0.00
Others (specify)	0	0.00
	436,000	0.00

20 Progress On Follow-Up of Auditor Recommendations

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	None	None	None	None

Note

This is the first-time audit, hence there are no pending external audit issues


NGANA K. Rochu

Sign and Date
Principal

16/3/2026

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

13. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2024 - 2025	Outstanding Balance Comparative 2023 - 2024	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
Sub-Total	None	None	None	None	None	
Supply Of Goods						
1. KEMONJIMO ENTERPRISES	685,708	13.5.2025	0	685,708	0	
2. THE COPY CAT	580,000		330,000	250,000	0	
Sub-Total	1,265,708		330,000	935,708	0	
Supply Of Services						
3. SAMIS SOFTWARE SYSTEMS	240,000	8.5.2025	0	240,000	None	
4. NONE	None	None	None	None	None	
5. NONE	None	None	None	None	None	
Sub-Total	None	None	None	None	None	
Grand Total	1,505,708		330,000	1,175,708	0	

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

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2025
Land	10,000,000	0	0	10,000,000
Buildings And Structures	73,299,386	0	0	73,299,386
Motor Vehicle (School Bus)		6,000,000	0	6,000,000
Office Equipment, Furniture and Fittings	8,550,000	0	0	8,550,000
Textbooks	As per T/Bks register		0	As per T/Bks register
ICT Equipment	2,000,000	0	0	2,000,000
Tools And Apparatus	21,500,000	0	0	21,500,000
Other Machinery and Equipment	1,028,500	0	0	1,028,500
Heritage And Cultural Assets		0	0	-
Intangible Assets- Soft Ware		240,000	0	240,000
Total	116,377,886	6,240,000	0	122,617,886