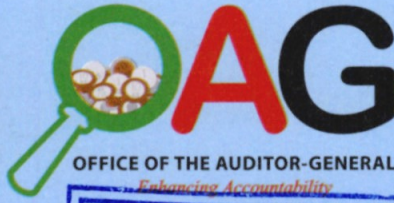


REPUBLIC OF KENYA



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 JUN 2026	DAY: <u>Thursday</u>
TABLED BY:	Hon. Samuel Chepkong'o (on behalf of leader of Majority)
CLERK-AT-TABLE:	<u>Loraine</u>

THE AUDITOR-GENERAL

ON

**FRIENDS SCHOOL KIKAI
BOYS SECONDARY
FOR THE SIX MONTHS
PERIOD ENDED
30 JUNE 2021**

BUNGOMA COUNTY



**FRIENDS SCHOOL KIKAI BOYS SECONDARY SCHOOL.
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2021**

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

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I. 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 located in Bungoma County, Bungoma West Sub-County

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

The school is a day/boarding school and had 328 number of students as at 30th June 2021. It has 2 streams and 18 teachers of which One teacher is employed by the School Board Of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	ISAYA MASINDE	Chairman	23/04/2019
2	BONFACE WANGILA	Secretary - Principal	-
3	PETER LUNGWANYI	Member	23/04/2019
4	MESHACK WATAKA	Member	23/04/2019
5	VIOLET MULANDAFU	Member	23/04/2019
6	DISMAS NDAMWE	Member	23/04/2019
7	CHEMASUET MASUTI	Member	23/04/2019
8	REUBEN RUTO	Member – Rep CEB	23/04/2019
9	PENINAH WEKESA	Member Rep Teachers	23/04/2019
10	-MARGARET MAMAI -ELCAH WAWIRE -PHILIP MALEMO	3 Members - Sponsor	23/04/2019
11	EDITH WEPUKHULU	Member - Community	23/04/2019
12	CHRISTOPHER NYONGESA	MemberSpecial Needs	23/04/2019
13	CHRISPUS MURUNGA	Rep Students	23/04/2019

KEY SCHOOL INFORMATION AND MANAGEMENT.

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	Executive Committee	a).Isaya Masinde b).Bonface Wangila c).Josephat Makhanu d).Margaret Mamai e).Edith Wepukhulu	Chairman Secretary Member Member Member	3
2	Audit Committee	a).Philip Malemo b).Edith Wepukhulu c).Margaret Mamai	Chairman Member Member	3
3	Finance,procurement and general purposes Committee	a).Peter Lungwanyi b).Chemasuet Masuti c).Violet Mulandafu d).Bonface Wangila	Chairman Member Member Member	2/3
4	Academic Committee	a).Reuben Ruto b).Philip Malemo c).Elicah Wawire d).Meshack Wataka	Chairman Member Member Member	3
5	Development Committee	a).Philip Malemo b).Edith Wepuhulu c).Meshack Wataka d).Isaya Masinde e).Bonface Wangila	Chairman Member Member Member Member	3
6	Discipline and welfare Committee	a).Josephat Makhanu b).Dismas Ndamwe c).Meshack Wachemba d).Peninah Wekesa e).Christopher Nyongesa f).Margaret Mamai	Chairman Member Member Member Member Member	2/3
7	Adhoc Committee	a).Robert Mamai b).Concephta Wasike c).Dorcas Wakhungu d).Departmental Heads	Chairman Accounts clerk Storekeeper Members	4

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Bonface Wangila	351024
2	Deputy Principal	Robert Mamai	395949
3	School Bursar	Concephta Wasike	N/A

KEY SCHOOL INFORMATION AND MANAGEMENT

(e) Schools contacts

Post Office Box: 345-50202, Chwele.
Telephone: 0710702705
E-mail: friendskikai3@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 5 number of bank accounts in the following banks:

1. Name of Bank: Co-operative (Tuition).
Branch: Bungoma
Account Number: 01139049936000
2. Name of Bank: Co-operative (Operation).
Branch: Bungoma.
Account Number: 01139049936001
3. Name of Bank: Co-operative (M&I).
Branch: Bungoma
Account Number : 01139049936002
4. Name of Bank: National (School fund).
Branch: Bungoma
Account Number 01021054619700
5. Name of Bank: Co-operative (CDF).
Branch: Bungoma
Account Number: 01141049936000

6. MPESA Pay Bill No. 7230546 attached to 01021054619700 bank account

(g) 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:

Year	Moe capitacion	Ratio of grant/student	Movement Of		Bank balances	Expenditure	Other incomes
			Debtors	Creditors			
2018	6,491,465.	18,600	1,432,808	2,236,704	7,772.50	8,723,490	200,000
2019	9,343,380.	18,875	2,131,418	2,192,341	9,149.60	15,735,248	139,554
2020	6,538,888.	15,680	1,025,428	2,087,521	34,477.1	9,647,504	74,572

b) Teacher Student ratio:(CBE 27).

Year	Teachers posted	Teachers transferred/retired	TSC Teachers	BOM Teachers	Students enrolment
2018	0	0	1	0	349
2019	0	0	2	0	349
2020	0	0	1	0	470

c) Mean score in the 2020 KCSE:

Year	Mean Score	University entry	Enrolment of candidates
2018	3.236	4	55
2019	3.00	2	74
2020	3.40	2	69

d) Capacity of the school:

Year	Land	Classes	Adm block	Dorm	Lab	Dining hall	toilets	library	Generators	Vehicles
2019	5	8	0	2	1	0	6	1	1	1
2020	5.5	8	0	2	1	0	10	1	1	1
2021	7.45	8	1	2	1	1	16	1	3	1

e) Development projects carried out by the school: renovation of 14 classrooms with floor tiles

S/N	ITEM	QUANTITY	UNIT PRICE	AMOUNT
1	Floor tiles	714 boxes	1,000	714,000.00
2	Cement	480 bags	600	288,000.00
3	Grout, Filler & Corner strips	90kgs, 45kgs & 60pcs		45,000.00
4	Sand	90 tonnes	1,000	90,000.00
5	Labour			120,000.00
6	Window panes			66,840.00
8	Paint			96,500.00
	TOTAL			1,420,340.00

Sign

School Principal.

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of Friends School Kikai Boys Sec. 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, 2021, and of the school's financial position as at that date.

Name: Habakkuk Nakiboli
Designation: Chairman, School Board of Management
Sign: 
Date: 15/2/2023.

Name: Saul Kimakuti Kituyi.
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 15/2/2023.



Name: Conceptha Wasike.
Designation: Bursar
Sign: 
Date: 15/2/2023.

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON FRIENDS SCHOOL KIKAI BOYS SECONDARY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2021 – BUNGOMA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Friends School Kikai Boys Secondary set out on pages 9 to 25, which comprise of the statement of financial assets

Report of the Auditor-General on Friends School Kikai Boys Secondary for the Six months period ended 30 June, 2021 – Bungoma County

and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Friends School Kikai Boys Secondary as at 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards Cash Basis and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances Between Financial Statements and Ledger Amounts

Review of amounts disclosed in the statement of receipts and payments and supporting ledgers revealed variances as detailed in Appendix 1. However, the variances have not been reconciled or explained.

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

2. Unconfirmed Accounts Payables Balance

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.2,453,451. However, Annex 1 to the financial statements on analysis of pending accounts payables reflects a balance of Kshs.1,169,900, resulting to unexplained variance of Kshs.1,283,551.

In the circumstances, the accuracy and completeness of accounts payables balance of Kshs. 2,453,451 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipt budget of Kshs.14,517,715 compared to actual receipts of Kshs.6,751,442, resulting in an under-funding of Kshs.7,766,273 or 53% of the approved budget. Further, the School spent Kshs.7,579,430 against actual receipts of Kshs.6,751,441 resulting in an over-utilization of Kshs.827,988 or 12% of actual receipts.

In the circumstances, while the school largely implemented the planned programmes, the under-funding and slight over-utilization of available funds point to weaknesses in budgeting accuracy, resource allocation and financial planning processes.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unaudited Comparative Balances

I draw attention to the fact that prior to the 2020/2021 financial year, Public Secondary Schools in Kenya did not prepare financial statements for audit. Consequently, the Public Sector Accounting Standards Board prescribed 30 June, 2021 as the first-time adoption of the International Public Sector Accounting Standards (IPSAS) – Cash Basis of Accounting by Public Secondary Schools.

The financial statements for the six (6) months period ended 30 June, 2021 include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information. My audit opinion on the current period financial statements is not modified in respect of this matter.

Other Information

Management is responsible for the Other Information set out on page 2 to 7 which comprise of Key School Information and Management, Summary Report of Performance

of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement Plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

2. Non-Compliance with Transition Guidelines on Reporting Periods and Disclosures

Review of the financial statements for the period ended 30 June, 2021 revealed that Management presented financial statements covering only six (6) months. This was contrary to Part 5.3 of the Guidelines on Implementation of International Public Sector

Accounting Standards (IPSAS) by Public Secondary Schools in Kenya, issued by the Public Sector Accounting Standards Board, which required the first set of financial statements to be prepared for eighteen (18) months ended 30 June, 2021. Further, comparative balances were presented for 1 January, 2020 to 31 December, 2020, instead of 1 January, 2019 to 31 December, 2019 period, as directed by the Guidelines.

Additionally, Management did not disclose in the financial statements that the financial statements were prepared for a shorter period of six (6) months instead of twelve (12) months. Also, Management did not disclose in the financial statements that the comparative information may not be comparable due to the shorter period covered by the current financial period.

In the circumstances, the preparation and presentation of the financial statements did not comply with the transitional IPSAS guidelines issued by the Public Sector Accounting Standards Board (PSASB).

3. Irregular Payments to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations amount of Kshs.1,967,523 as disclosed under Note 6 to the financial statements. Included, in this is an administration cost of Kshs.356,225 that includes a payment of Kshs.30,000 to Bungoma County Kenya Secondary Schools Heads (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.30,000 could not be confirmed.

4. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

Review of the annual report and financial statements provided for audit revealed inaccuracies and non-compliance with the International Public Sector Accounting Standards (IPSAS) financial reporting template for 2020/2021 financial year, as detailed below:

- (i) Page numbering was not in the prescribed format. Additionally, the page numbering from page 10 onwards in not sequential.
- (ii) Under the table of contents, page numbering was erroneously captured for statement of cash flows and statement of budgeted versus actual amounts.
- (iii) Annex 2 on summary of fixed assets register lack the total historical cost amount as at 30 June 2021. Further, textbooks balances have been captured as textbook count in pieces and not the actual costs.

In the circumstances, the annual report and financial statements do not comply with the reporting template prescribed by the Public Sector Accounting Standards Board.

5. Long Outstanding Accounts Payables

The statement of financial assets and financial liabilities as disclosed in Note 12 to the financial statements reflects accounts payables balance of Kshs.2,453,451. Included in this balance is Kshs.1,062,836 relating to payables that have been outstanding for a period exceeding one year, exposing the School to the risk of loss of public funds through litigations, interests and penalties.

This was contrary to Regulation 42 (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

6. Unconfirmed Students Enrollment Data

Review of documents provided for audit revealed that, the National Education Management Information System (NEMIS) indicated enrollment numbers of four hundred and seventeen (417) students as at 5 August 2020, four hundred and seventeen (417) students as at 7 December 2020, four hundred and twenty (420) students as at 11 February 2021, and four hundred and twenty-two (422) students as at 15 April 2021. Schools are required to maintain accurate and up-to-date student attendance registers to verify actual learner presence and ensure alignment between physical attendance records, enrollment registers, and the National Education Management Information System (NEMIS).

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

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

7. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 16 February, 2023 instead of the statutory deadline of 30 September 2021. This was contrary to the Ministry of Education Circular Ref. MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which directed the public secondary schools' financial statements to be ready by 30 September, 2021.

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

8. Non-Compliance with Infrastructure Funds Transfer Requirements

The statement of receipts and payments reflects school fund-other receipts amounting to Kshs.1,968,472 as disclosed under Note 4 to the financial statements. Included in the amount is Kshs.1,809,500 in respect of infrastructure grants, from the Ministry of Education credited in the operations bank account which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities.

Although this amount was received in the operations account, Management was required to transfer the funds to the infrastructure account within 15 days in accordance with the disbursement schedules. However, verification of the bank statements provided for audit revealed that the school did not comply with the 15-day transfer requirement, and the amounts transferred also showed variances. Specifically, the School was required to transfer Kshs.208,500 received on 9 October 2020 but instead transferred Kshs.215,000 on 28 October 2020, resulting in a 19-day delay. Similarly, Kshs.633,000 received on 28 April, 2021 was transferred as Kshs.625,000 on 27 May, 2021, reflecting a 16-day delay.

In total, only Kshs.840,000 was transferred to infrastructure account, leaving a balance of Kshs.969,500 as at 30 June, 2021. This was contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 directing that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen days upon receipt of the funds in the operations account.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

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

2. Inadequate Internal Control on Receipts

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

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

3. Incomplete Fixed Assets Register

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

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

4. Unconfirmed Accounts Receivables Balance

The statement of financial assets and financial liabilities reflects a balance of Kshs.13,286,125 in respect to accounts receivables as disclosed under Note 11 to the financial statements. The balance includes fees arrears amounting to Kshs.12,251,347 that had been outstanding for over two (2) years as indicated in Note 11 on ageing analysis, without clear strategy to ensure recovery of the same. Additionally, there was no policy on the impairment of long outstanding accounts receivables casting doubt on the fair statement of accounts receivables balance.

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

In the circumstances, the accuracy, defectiveness of the Schools internal control and governance could not be confirmed.

5. Failure to Maintain Procurement Records

The statement of receipts and payments reflects boarding and school fund expenditure amounting to Kshs.4,626,610 as disclosed under Note 7 to the financial statements. The payments include Kshs.2,166,465 on boarding equipment and stores, and Kshs.1,811,450 on acquisition of assets.

However, review of documents provided for audit revealed that stock records for boarding equipment and stores, such as bin cards and store ledgers, were either not maintained or were not up to date. Periodic stock counts were not conducted and reconciliations between physical stock balances and ledger records were not provided for audit verification.

Further, the expenditure on acquisition of assets of Kshs.1,811,450 was not supported by adequate documentation, including procurement documents such as quotations, inspection and acceptances reports and professional opinions.

In the circumstances, the effectiveness of internal controls 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 Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Cash Basis and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going, 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.

Those charged with governance are responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 April, 2026

Appendix 1: Variances Between Financial Statements and Ledger Amounts

Component	Amount in the Financial Statements (Kshs)	Amount in the Ledger (Kshs)	Variance (Kshs)
Capitation grants for operation			
Personnel Emoluments	1,098,600	981,400	117,200
Local transport / Travelling	227,759	409,421	181,662
Electricity and Water	335,760	314,260	21,500
Administration Costs	378,659	335,697	42,962
Capitation Grants for Tuition			
Exercise books	40,000	-	40,000
Laboratory Equipment	150,525	100,525	50,000
Internal Exams	153,865	100,000	53,865
Teaching / Learning Materials	202,443	346,308	143,865
School Fund Income-Other Receipts			
Income from Posho Mill	52,760	-	52,760
Income from Bus Hire	37,000	89,760	52,760
Payments for Tuition			
Laboratory Equipment	542,217	502,217	40,000
Internal Exams	102,000	142,000	40,000
Payments for Operations			
Personnel Emoluments	1,223,160	617,738	605,422
Administration Cost	356,225	203,745	152,480
Local Transport / Travelling	22,500	24,700	2,200
Electricity and Water	214,000	128,440	85,560
Insurance Cost	151,638	62,700	88,938
Transfers to Infrastructure	-	2,559,500	2,559,500
Boarding and School Fund Payments			
Personnel emoluments	6,000	10,500	4,500
Repairs and Maintenance and Improvements	90,590	71,430	19,160
Local Transport / Travelling	65,770	84,800	19,030
Electricity and Water	125,820	58,580	67,240
Medical Expenses	5,600	-	5,600
Administration Costs	263,865	285,370	21,505
Bank Charges	4,320	-	4,320
Expenses on Income Generating Activities	72,230	27,200	45,030
Fee on Boarding Equipment and Stores	2,166,465	1,912,580	253,885
Acquisition of Assets (Renovation of Classrooms)	1,811,450	-	1,811,450
Transfers to Maintenance and Improvement	-	2,559,500	2,559,500

Report of the Auditor-General on Friends School Kikai Boys Secondary for the Six months period ended 30 June, 2021 – Bungoma County

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020-2021 Kshs	2019-2020 Kshs
RECEIPTS			
Capitation grants for tuition	1	546,833.00	914,550.00
Capitation grants for operations	2	2,040,778.00	5,523,447.00
School Fund Income- Parents' Contributions	3	2,195,359.00	2,778,569.00
School Fund Income- Other receipts	4	1,968,472.00	145,580.00
Proceeds from borrowings		00	00
TOTAL RECEIPTS		6,751,442.00	9,362,146.00
PAYMENTS			
Payments for Tuition	5	985,297.00	1,069,014.00
Payments for operations	6	1,967,523.00	4,917,861.00
Boarding and school fund payments	7	4,626,610.00	3,607,865.00
TOTAL PAYMENTS		7,579,430.00	9,594,740.00
SURPLUS/DEFICIT		(827,988.00)	232,594.00

The school financial statements were approved on 15/2/2023 and signed by:

Sign: 

Name: Habakkuk Nakiboli

Chair BOM

Date: 15/2/2023

Sign: 

Name :Saul Kituyi

School Principal/
Secretary to BOM

Date: 15/2/2023

Sign: 

Name:Concephta Wasike

Bursar

Date: 15/2/2023

PUBLIC SECONDARY SCHOOL**Annual Report and Financial Statements****For the year ended 30th June 2021****VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021**

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	69,468.60	43,417.90
Cash Balances	9	936.45	363.45
Short term Investment	10	-	-
Total Cash and cash equivalent		70,405.05	43,781.35
Account's receivables	11	13,286,125.00	12,808,963.00
TOTAL FINANCIAL ASSETS		13,356,530.05	12,852,744.35
FINANCIAL LIABILITIES			
Accounts Payables	12	2,453,451.00	1,121,677.00
NET FINANCIAL ASSETS		10,903,079.05	11,731,067.35
REPRESENTED BY			
Accumulated Fund b/fwd	13	11,731,067.35	11,963,661.35
Deficit for the year		(827,988.30)	(232,594.00)
NET FINANCIAL POSSITION		10,903,079.05	11,731,067.35

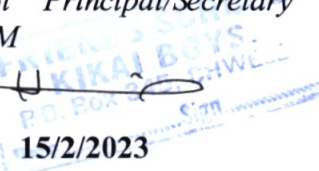
The School's financial statements were approved on 15/2/2023 and signed by:

Name: Habakkuk Nakiboli
Chairman, BoM

Sign: 

Date: 15/2/2023

Name: Saul Kituyi
School Principal/Secretary
to BoM

Sign: 


Date: 15/2/2023

Name: Concephta Wasike
Bursar/Finance

Sign: 

Date: 15/2/2023

FRIENDS SCHOOL KIKAI BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	546,833.00	914,550.00
Capitation grants for operations	2	2,040,777.70	5,523,447.00
School fund income- Parents contributions/ fees	3	2,195,359.00	2,778,569.00
School fund income- other receipts	4	1,968,472.00	145,580.00
Total receipts		6,751,441.70	9,362,146.00
Payments			
Payments for Tuition	5	985,297.00	1,069,014.00
Payments for operations	6	1,967,523.00	4,917,861.00
Boarding and school fund payments	7	4,626,610.00	3,607,865.00
Total payments		7,579,430.00	9,594,740.00
Cash flow from operating activities before		(827,988.00)	(232,594.00)
Add/Less decrease /increase in receivables		(477,162.00)	(73,148.10)
Add/Less increase /decrease in payables		1,331,774.00	340,055.35
Net cash flow from operating activities		26,623.70	34,313.25
CASHFLOW FROM INVESTING ACTIVITIES		-	-
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES		-	-
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,623.70	34,313.25
Cash and cash equivalent at BEGINNING of the year2020		43,781.35	9,468.10
Cash and cash equivalent at END of the year2021		70,405.05	43,781.35

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 cash flow as recommended by PSASB.

The School's financial statements were approved on 15/2/2023 and signed by:

Name: Habakkuk Nakiboli

Chairman, BoM

Sign: 

Date: 15/2/2023

Name: Saul Kituyi

Principal/Secretary BOM

Sign: 

Date: 15/2/2023

Name: Concepta Wasike

Bursar

Sign: 

Date: 15/2/2023

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
	A	b	c=a+b	d	
	Kshs.	Kshs.			
RECEIPTS					
(1) CAPITATION GRANT ON TUITION					
Textbooks and reference materials	225,000.00	0	225,000.0	0	0
Exercise books	256,500.00	63,000.00	319,500.00	40,000.00	12%
Laboratory equipment	353,915.00	150,000.00	503,915.0	150,525.00	30%
Internal exams	553,000.00	23,700.00	576,700.0	153,865.00	27%
Teaching / learning materials	476,700.00	23,300.00	500,000.00	202,443.00	40%
Chalks	18,000.00	0	18,000.00	-	
Exams and assessment	86,000.00	0	86,000.00	-	
Teachers guides	-	-	-		
				546,833.00	
(2) CAPITATION GRANT ON OPERATIONS					
Personnel emoluments	1,250,000.00	144,000.00	1,394,000.00	1,098,600.00	79%
Local transport / travelling	462,000.00	0	462,000.00	227,759.00	49%
Electricity and water	532,000.00	0	532,000.00	335,760.00	63%
Medical	156,800.00	0	156,000.00	-	
Administration costs	462,000.00	0	462,000.00	378,658.70	82%
Activity	439,800.00	0	439,800.00	-	
Insurance	192,000.00	0	192,000.00	-	
SMASSE	-	-	-		
				2,040,777.70	

PUBLIC SECONDARY SCHOOL

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For the year ended 30th June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
	A	b	c=a+b	d	
	Kshs.	Kshs.			
(3) FEES CHARGED ON PARENTS					
Personnel emoluments	290,000.00	0	290,000.00	103,500.00	36%
Repairs and maintenance	229,800.00	0	229,800.00	122,156.00	53%
Local transport / travelling	120,000.00	0	120,000.00	65,100.00	54%
Electricity and water	220,000.00	0	220,000.00	125,820.00	57%
Medical	50,800.00	0	50,800.00	32,540.00	64%
Administration costs	150,000.00	0	150,000.00	85,500.00	57%
Activity	79,800.00	0	79,800.00	50,238.00	63%
SMASSE	-	-	-	-	
Fee on Boarding Equipment and Stores	5,013,600.00	0	5,013,600.00	1,610,505.00	32%
				2,195,359.00	
OTHER INCOME					
Rent income	-	-	-		
Income from farming activities	130,000.00	0	130,000.00	69,212.00	53%
Insurance compensation	0	0	0		
Income from Posho mill	106,000.00	-	106,000.00	52,760.00	50%
Income from Bus Hire	60,000.00	0	60,000.00	37,000.00	61%
Fee for hire of ground and equipment	-	-	-		
Income from grants & infrastructure	1,200,000.00	1,000,000.00	2,200,000.00	1,809,500.00	82%
Income from Bursary	-	-	-		
TOTAL INCOME	13,113,715.00	1,404,000.00	14,517,715.00	1,968,472.00	
(1) EXPENDITURE FOR TUITION					

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements

For the year ended 30th June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
	A	b	c=a+b	d	
	Kshs.	Kshs.			
Textbooks and reference materials	225,000.00	0	225,000.0	-	
Exercise books	256,500.00	63,000.00	319,500.00	79,080.00	25%
Laboratory equipment	353,915.00	150,000.00	503,915.0	542,217.00	107%
Internal exams	553,000.00	23,700.00	576,700.0	102,000.00	18%
Teaching / learning materials	476,700.00	23,300.00	500,000.00	262,000.00	52%
Chalks	18,000.00	0	18,000.00	-	
Exams and assessment	86,000.00	0	86,000.00	-	
Teachers guides	-	-	-	-	
Administration costs	-	-	-	-	
Bank Charges	-	-	-	-	
				985,297.00	
(2) EXPENDITURE FOR OPERATIONS					
Personnel emoluments	1,250,000.00	144,000.00	1,394,000.00	1,223,160.00	88%
Local transport / travelling	462,000.00	0	462,000.00	22,500.00	5%
Electricity, water and conservancy	532,000.00	0	532,000.00	214,000.00	40%
Medical	156,800.00	0	156,000.00	-	
Administration costs	462,000.00	0	462,000.00	356,225.00	77%
Activity Expenses	439,800.00	0	439,800.00	-	
Insurance Costs	192,000.00	0	192,000.00	151,638.00	79%
Bank charges	-	-	-	-	
				1,967,523.00	
(3) EXPENDITURE FOR SCHOOL FUND					
Personnel emoluments	290,000.00	0	290,000.00	6,000.00	2%
Repairs, maintenance and improvements	229,800.00	0	229,800.00	90,590.00	39%

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements

For the year ended 30th June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	% of Utilization
	A	b	c=a+b	d	
	Kshs.	Kshs.			
Local transport / travelling	120,000.00	0	120,000.00	65,770.00	55%
Electricity, water and conservancy	220,000.00	0	220,000.00	125,820.00	57%
Medical Expenses	50,800.00	0	50,800.00	5,600.00	11%
Administration costs	150,000.00	0	150,000.00	263,865.00	176%
Activity	79,800.00	0	79,800.00	1,000.00	1%
Gratuity	-	-	-	-	
Boarding Equipment and Stores	5,013,600.00	0	5,013,600.00	2,166,465.00	43%
Expenditure for Income Generating Activity	32,500.00	0	32,500.00	72,230.00	222%
Insurance costs	83,000.00	0	83,000.00	13,500.00	16%
Other expenses on investments	-	-	-		
Rent Expenses	-	-	-		
Bank Charges	9,600.00	-	9,600.00	4,320.00	
Loan Interest Repayment	-	-	-		
Loan Principal Repayment	-	-	-		
Renovation of classrooms	1,200,000.00	1,000,000.00	2,200,000.00	1,811,450.00	82%
				4,626,610.00	
TOTALS	12,942,815.00	1,404,000.00	14,346,815.00	7,579,430.00	

- i. Poor fees collection, parents having negative attitude towards fees payment
- ii. Non compliance of Nemis requirements for registration by students.
- iii. School bus had mechanical problem which resulted to repair expenses.

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0	0
Exercise books	40,000.00	200,000.00
Laboratory equipment	150,525.00	204,000.00
Internal exams	153,865.00	196,000.00
Teaching / learning materials	202,443.00	300,550.00
Chalks		14,000.00
Exams and assessment		
Teachers guides		
Total	546,833.00	914,550.00

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,098,600.00	1,854,030.00
Repairs and maintenance	0	2,048,500.00
Local transport / travelling	227,759.00	374,475.00
Electricity and water	335,760.00	464,042.00
Medical	-	98,800.00
Administration costs	378,658.70	452,000.00
Activity	-	231,600.00
Total	2,040,777.70	5,523,447.00

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	103,500.00	182,140.00
Repairs and maintenance	122,156.00	178,690.00
Local transport / travelling	65,100.00	93,700.00
Electricity and water	125,820.00	176,650.00
Medical	32,540.00	52,028.00
Administration costs	85,500.00	101,500.00
Activity	50,238.00	73,416.00
Fee on Boarding Equipment and stores	1,610,505.00	1,920,445.00
Total	2,195,359.00	2,778,569.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Rent income		
Income from farming activities	69,212.00	
Insurance compensation	0	
Income from Posho mill	52,760.00	86,080.00
Income from Bus Hire	37,000.00	59,500.00
Fee for hire of ground and equipment	-	-
Income from grants and infrastructure	1,809,500.00	
Interest income		
Dividends income		
Total	1,968,472.00	145,580.00

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	79,080.00	283,080.00
Laboratory equipment	542,217.00	213,114.00
Internal exams	102,000.00	429,500.00
Teaching / learning materials	262,000.00	131,500.00
Chalks	-	11,820.00
Exams and assessment	-	-
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	-	-
Total	985,297.00	1,069,014.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,223,160.00	1,314,240.00
Service Gratuity	-	-
Administration Cost	356,225.00	567,151.00
Repairs and maintenance & improvements	0	2,310,500.00
Local transport / travelling	22,500.00	44,100
Electricity and water	214,000.00	245,090.00
Medical	-	-
Activity Expenses	-	-
SMASSE	-	266,080.00
Insurance Cost	151,638.00	170,700.00
Bank Charges		
Acquisition of Assets		
TOTAL	1,967,523.00	4,917,861.00

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	6,000.00	81,500.00
Service Gratuity	-	-
Repairs and maintenance & Improvements	90,590.00	507,440.00
Local transport / travelling	65,770.00	153,100.00
Electricity and water	125,820.00	102,600.00
Medical Expenses	5,600.00	3,400.00
Administration costs	263,865.00	190,030.00
Lunch Programme	-	-
Bank Charges	4,320.00	7,920.00
Expenses on Income Generating Activities	72,230.00	48,000.00
Fee on Boarding Equipment and Stores	2,166,465.00	2,483,855.00
Activity Expenses	1,000.00	29,970.00
Insurance Cost	13,500.00	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Acquisition of Assets(Renovation of Classrooms)	1,811,450.00	-
TOTAL	4,626,610.00	3,607,865.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	01139049936000	45,914.75	15,081.75
Operations Account	01139049936001	10,078.40	5,725.70
School Fund Account/Boarding	01021054619700	6,684.65	13,669.65
Savings Account	1006	1000.30	1000.30
Parent Association Development Account	-	-	-
Income generating activities Account	-	-	-
Infrastructural Account	01139049936002	5,790.50	7,940.50
Total		69,468.60	43,417.90

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	-	-
Operation Account	190.00	290.00
School Fund account	546.45	73.45
Infrastructure	200.00	-
Total	936.45	363.45

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	13,180,025.00	12,808,963.00
Other non-fees receivables	-	
NHIF	25,750.00	
NSSF	80,350.00	
Total	13,286,125.00	12,808,963.00

[Include an ageing of the fees / non fees arrears below]

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	928,678.00	1,025,428.00
Fees arrears for the previous year	573,912.00	789,635.00
Fees arrears for prior periods (over two years)	11,677,435.00	10,993,900.00
Total	13,180,025.00	12,808,963.00

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	2,453,451.00	1,096,582.00
Prepaid fees	-	25,095.00
Retention monies	-	-
Total	2,453,451.00	1,121,677.00

[Include an ageing of the creditor's arrears below]

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	1,390,615.00	1,087,521.00
Trade creditors for the previous year	498,300.00	9,061.00
Trade creditors for prior periods (over two years)	564,536.00	-
Total	2,453,451.00	1,096,582.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	43,417.90	9,149.65
Cash balances	363.45	318.45
Short Term Investments	-	-
Receivables	12,808,963.00	12,735,841.90
Payables	(1,121,677.00)	(781,648.65)
Total	11,731,067.35	11,963,661.35

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.

14 Non-current Liabilities Summary

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
Total	-	-

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	4	120,000.00	100,000.00
Goats	-	-	-
Trees	39	97,500.00	82,000.00
Coffee or tea plantation	660	231,000.00	208,000.00
Poultry			-
Total		448,500.00	390,000.00

16 Borrowings

Description	2020-2021	2019-2020
	KShs	KShs
a) Borrowings	-	-
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	336,500.00	372,200.00
Stock/ inventory purchased during the year	1,210,400.00	785,120.00
Stock/ inventory issued during the year	1,529,180.00	820,820.00
Balance at end of the year	17,720.00	336,500.00

18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
FSKB/24 /03/2026	-Inaccuracy in financial statements	Proper & accuracy financial statements should be maintained		
	-Non-compliance	Compliance should be key factor in preparation of financial statements		
	-Huge outstanding fees arrears	-Enhance fees collection policy,to recover fees arrears.		
	-Long lasting creditors	-Pay creditors within financial,make income generating projects to be active,which will also assist the school to offset the creditors.		

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
	a	b	c	d = a - c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. Dining Hall	2,500,000.00	16/12/2016	2,300,000.00	200,000.00	-	
2. Renovation of Science Laboratory	2,548,000.00	23/03/2019	2,413,635.00	134,365.00	-	
3. Bio-digester	2,760,000.00	23/03/2020	2,582,080.00	177,920.00	-	
Sub-Total	7,808,000.00		7,295,715.00	512,285.00	-	
Supply of goods						
4. BES Goods	850,220.00	12/01/2021	640,000.00	210,220.00		
5. Tuition Items	768,297.00	16/3/2021	488,000.00	280,297.00		
6. Operation Items	772,098.00	24/2/2021	605,000.00	167,098.00		
Sub-Total	2,390,615.00		1,733,000.00	657,615.00		
Supply of services						
7. Labour	180,000.00	16/7/2021	18,000.00	-		
8.						
9.						
Sub-Total	180,000.00		180,000.00	-		
Grand Total	10,378,615.00		9,208,715.00	1,169,900.00		

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land 1	9/11/2012	kikai	370,000.00	380,000.00	-	750,000.00
Land 2	11/7/2019	kikai	600,000.00	580,000.00	-	1,180,000.00
Buildings and structures	23/5/2004	kikai	3,200,000.00	1,600,000.00	-	4,800,000.00
Motor vehicles	26/11/2010	kikai	5,200,000.00	0	-	5,200,000.00
Office equipment, furniture and fittings	16/5/2019	kikai	540,500.00	0	-	540,500.00
ICT Equipment, and Other ICT Assets	27/3/2021	kikai	234,000.00	0	-	234,000.00
Tools and apparatus	13/4/2021	kikai	5,200.00	0	-	5,200.00
Textbooks	20/1/2021	kikai	10,123 pieces of text books	4,000 pieces added during the year.	-	14,123 pieces.
Other Machinery and Equipment	-	kikai			-	
Heritage and cultural assets	-	kikai			-	
Intangible assets- soft ware	25/05/2021		5,600.00		-	
Total			10,155,300.00	2,560,000.00	-	

(The School should ensure that a detailed fixed assets register is maintained).

