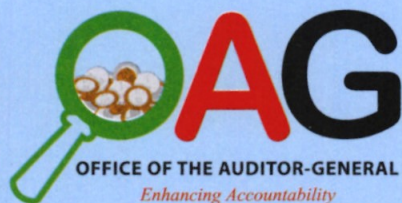


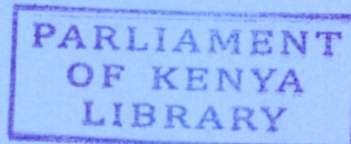
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	DATE: 18 JUN 2026
	DAY: Thursday
TABLED BY:	Hon. Samuel Chepkong'a
OF	(on behalf of leaders of majority)
CLEAR AT THE-TABLE:	hon. a/c

THE AUDITOR-GENERAL

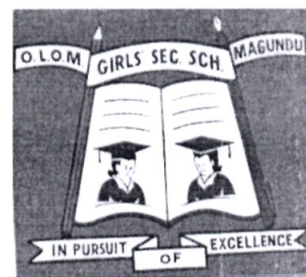


ON

**OUR LADY OF MERCY HIGH
SCHOOL - MAGUNDU**

**FOR THE YEAR ENDED
30 JUNE, 2025**

THARAKA NITHI COUNTY



OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2025**

Transitional financial statement Prepared under the International Public Sector Accounting Standards
(IPSAS)

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

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1. Acronyms and Glossary of Terms

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 School
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary School Education

B. Definition of key terms

Comperative year –Means prior period

2.KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in THARAKA NITHI County, MAARA Sub-County

The school was registered in 30/1/2019 under registration number 13S00300499 and is currently categorized as a Extra County, public school established, owned or operated by the Government.

The school is a boarding school and had 824 number of students as at 30th June 2025. It has 6 streams and 48 teachers of which no 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	PROF JUSTUS MBAE	Chairperson	1/7/2022
2	MRS CATHERINE K MUTEMBEI	Secretary - Principal	„ „
3	REV FR PETER GICHUNGE	Member sponser rep	„ „
4	MS SUSAN GATWIRI NKONGE	Member - sponser rep	„ „
5	MR PAUL ARIMI MWAKI	Member - community rep	„ „
6	MRS MONICAH KANINI NJAGI	Member - community rep	„ „
7	MR PHINEAS KIRAI MARETE	Member -community rep	„ „
8	MR JAPHET NJAGI BENARD	Member -community rep	„ „
9	MR BENSON NJUE NYAGA	Member -community rep	„ „
10	MR MORRIS META MIRITI	Member -community rep	„ „
11	MS NANCY MAKENA MURIITHI	Member – Rep CEB	„ „
12	MR BATISTA MIRITI MNANU	Member -Special interest rep	„ „
13	MR ALEXIUS MIRITI NJUE	Member-Special Needs	„ „
14	MS FRIDAH NTIYARI KIRAGU	Member -Rep Teachers	„ „
15	MS YNONNE MUTHONI	Member-Rep Students	„ „
16	MR DANIEL MASYUKI	Coopted parent rep	„ „
17	MR DICKENS KIMATHI	Coopted parent rep	„ „
18	MRS MERCY MUTEGI	Coopted parent rep	„ „

The function 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, 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	PROF. JUSTUS MBAE MRS CATHERINE KEMUTEMBEI MR MR PAUL MWAKI REV. DR. FR PETER GICHUNGE MR DICKENS KIMATHI	CHAIRMAN SECRETARY MEMBER MEMBER MEMBER	6
2	Audit committee	MR PAUL MWAKI MR ALEXIUS MIRITI NJUE MR PHINEAS KIRAI MARETE	CHAIRMAN MEMBER " "	
3	Finance, procurement and general purposes Committee	MR PAUL MWAKI MRS MONICAH KANINI NJAGI MR JAPHET NJAGI BENARD MS NANCY MAKENA MURIITHI MR BENSON NJUE NYAGA	CHAIRMAN MEMBER " " " " " "	2
4	Academic Committee	MR PHINEAS KIRAI MARETE MS NANCY MAKENAMURIITHI MS FRIDAH NTIYARI KIRAGU MR MORRIS META MIRITI MR PAUL MWAKI	CHAIRMAN " " " " " " " " " "	2

5	Development Committee	MR BATISTA MIRITI MNANU MRS LUCY NTWIGA PROF JUSTUS MBAE MRS CATHERINE K MUTEMBEI REV. DR. FR PETER GICHUNGE SCDE-MAARA SUB COUNTY MR PHINEAS KIRAI MARETE	CHAIRMAN SECRETARY " " " " " " " "	7
6	Discipline and welfare Committee	MR DICKENS KIMATHI MR BENSON NJUE NYAGA MS SUSAN GATWIRI NKONGE REV. DR. FR PETER GICHUNGE MR ALEXIUS MIRITI NJUE	CHAIRMAN " " " " " " " "	2
7	Adhoc Committee (Tender and procurement committee)	MR SIMON KIRATU M/S ESTHER KIENDI MR EVANS KAIMENYI MR MBIU MR JOSES MWANDIKI	CHAIRMAN " " " " " " " "	

(d) School operation Management

For the financial year ended 30th June 2025 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	MRS CATHERINE K MUTEMBEI	381890
2	Deputy Principal	MRS LUCY NTWIGA MRS ANET KIBAARA	393812 323108
3	School Bursar	MR JOSES MWANDIKI	ID :23818890

•
(e) Schools contacts

Post Office Box: 138 CHUKA
Telephone: 0701476622/0721426310
E-mail: olomghs@gmail.

(f) School Bankers

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1.SCHOOL FUNDS ACCOUNT

Name of the bank =Co-operative bank
Branch =Chuka
Account Number =01129057830200

MPESA PAY BILL NO=400222 Account no= 664#

2.SCHOOL OPERATION ACCOUNT

Name of the bank =Equity Bank
Branch =Chuka
Account Number =0210291771230

3.SCHOOL TUITION ACCOUNT

Name of the bank =KCB
Branch =Chuka
Account Number =1103682385

4.SCHOOL INFRASTRUCTURE ACCOUNT

Name of the bank =Equity bank
Branch =Chuka
Account Number =0210277659923

•
(g)Independent Auditors

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

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

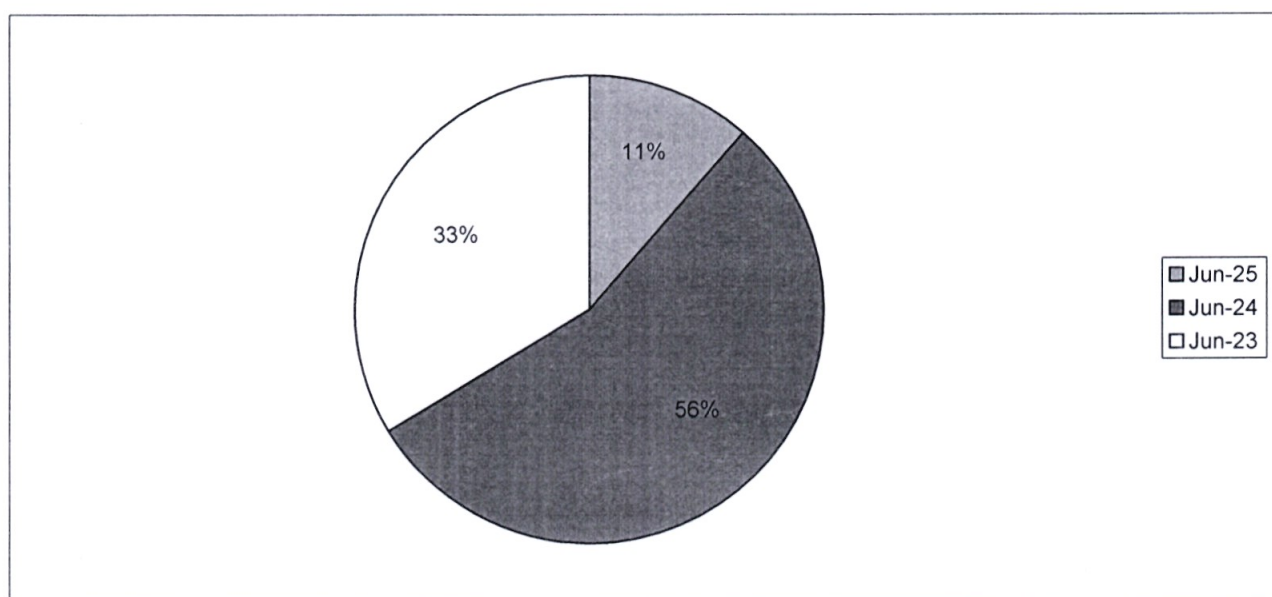
3. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a).financial performance

	DETAILS		YEARS			TOTALS
			Jun-25	Jun-24	Jun-23	
1	SURPLUS/DEFICINT		3,313,023.95	16,038,278.16	-9,742,659.35	9,608,642.76

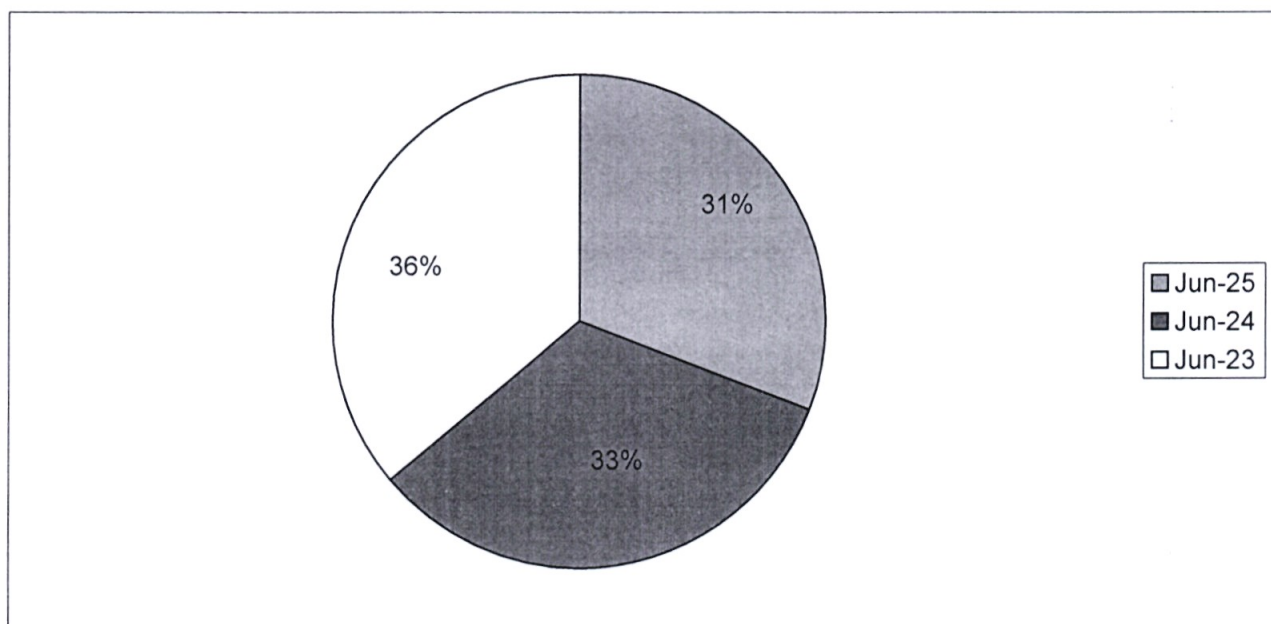
SURPLUS



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

	DETAILS	YEARS			TOTALS
		Jun-25	Jun-24	Jun-23	
2	CAPITATION GRANTS	13,256,556.24	14,310,044.41	15,521,180.99	43,087,781.64

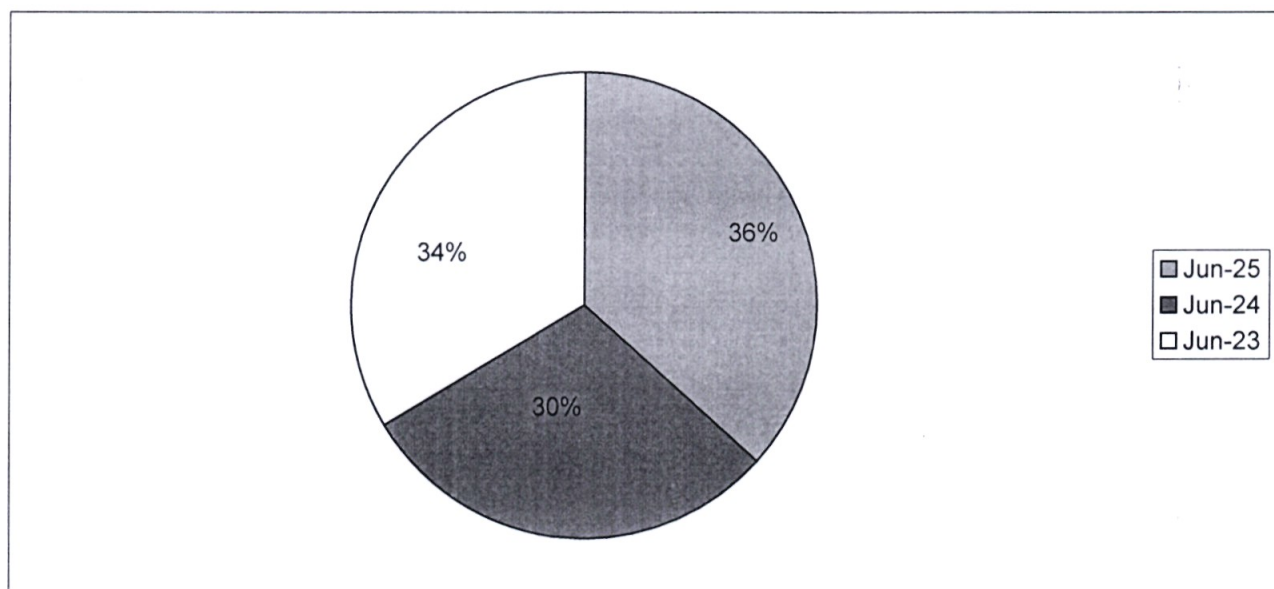
CAPITATION GRANTS



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

DETAILS		YEARS			TOTALS
		Jun-25	Jun-24	Jun-23	
RATIO OF CAPITATION 3 PER STUDENTS		16,088.00	13,032.00	14,824.00	43,944.00

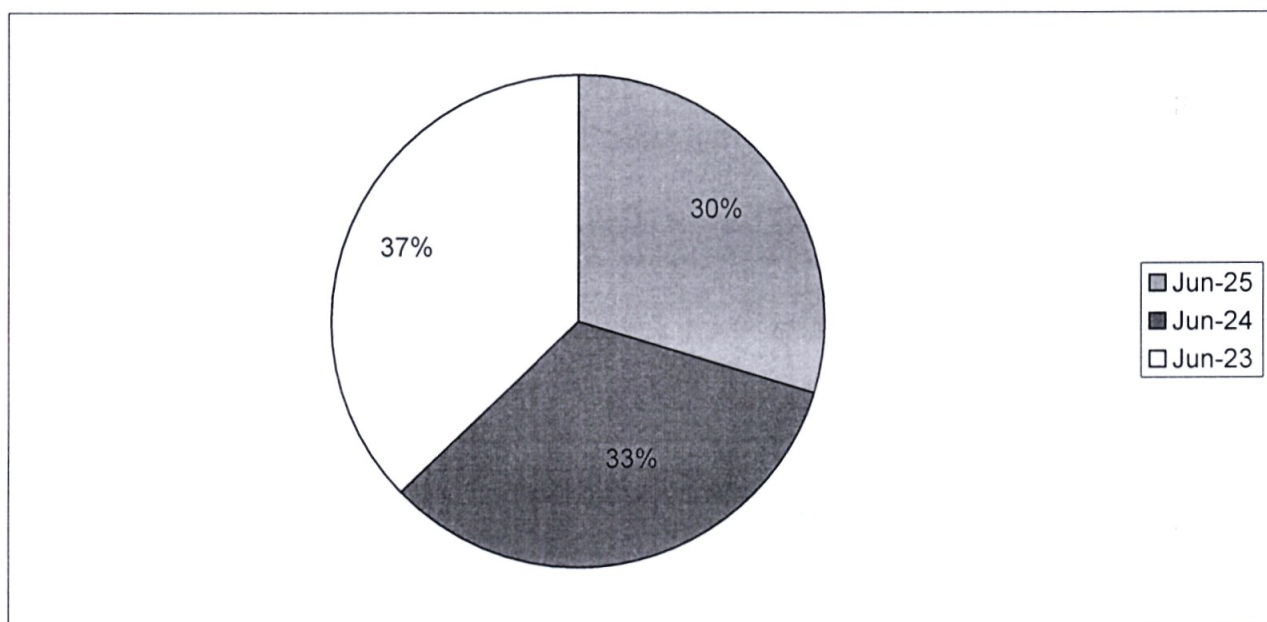
RATIO OF CAPITATION PER STUDENTS



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

	DETAILS		YEARS			TOTALS
			Jun-25	Jun-24	Jun-23	
4	OTHER INCOMES		27,078,601.00	30,004,439.65	33,672,242.91	90,755,283.56

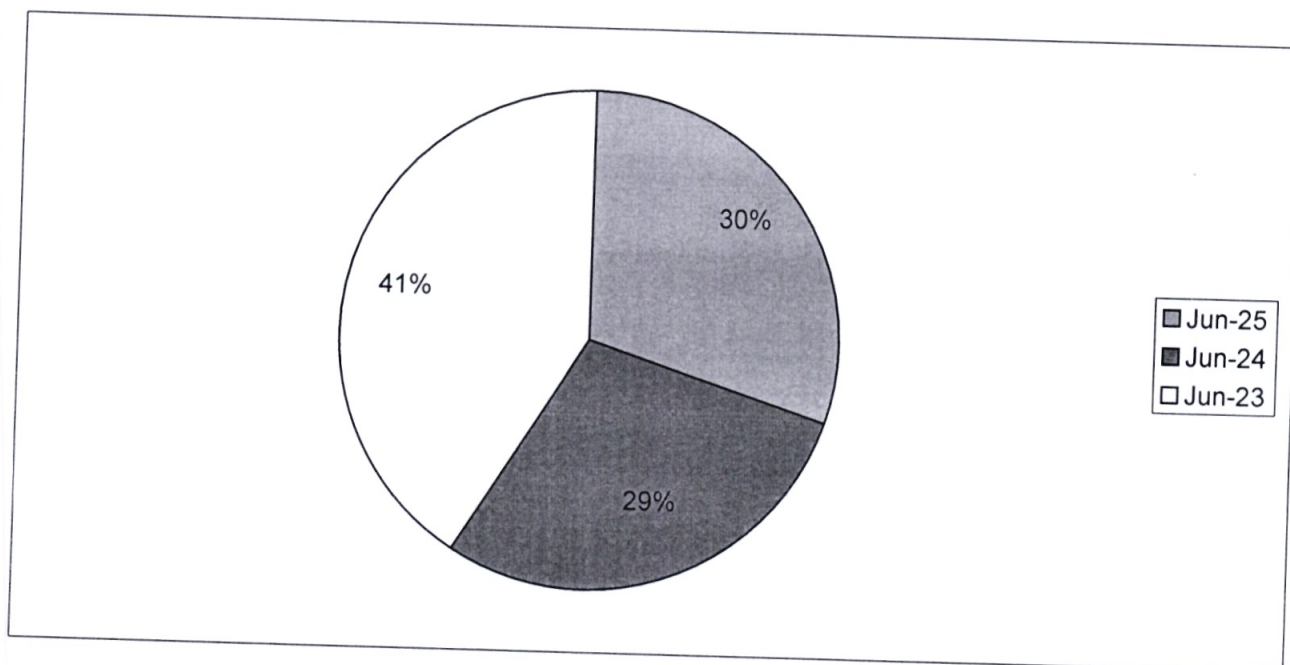
OTHER INCOMES



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

DETAILS	YEARS			TOTALS
	Jun-25	Jun-24	Jun-23	
5 GROWTH IN EXPENDITURE	24,018,846.00	23,285,469.10	33,041,209.00	80,345,524.10

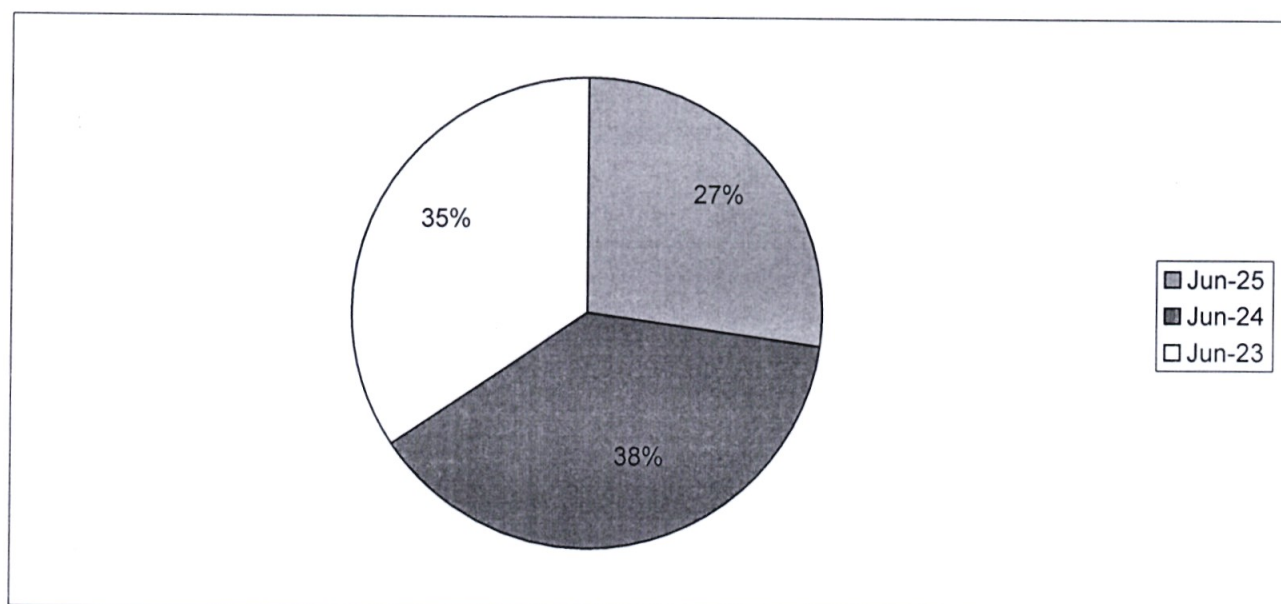
GROWTH IN EXPENDITURE



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

	DETAILS		YEARS			TOTALS
			Jun-25	Jun-24	Jun-23	
6	DEBTORS		5,281,367.00	7,372,770.00	6,688,192.00	19,342,329.00

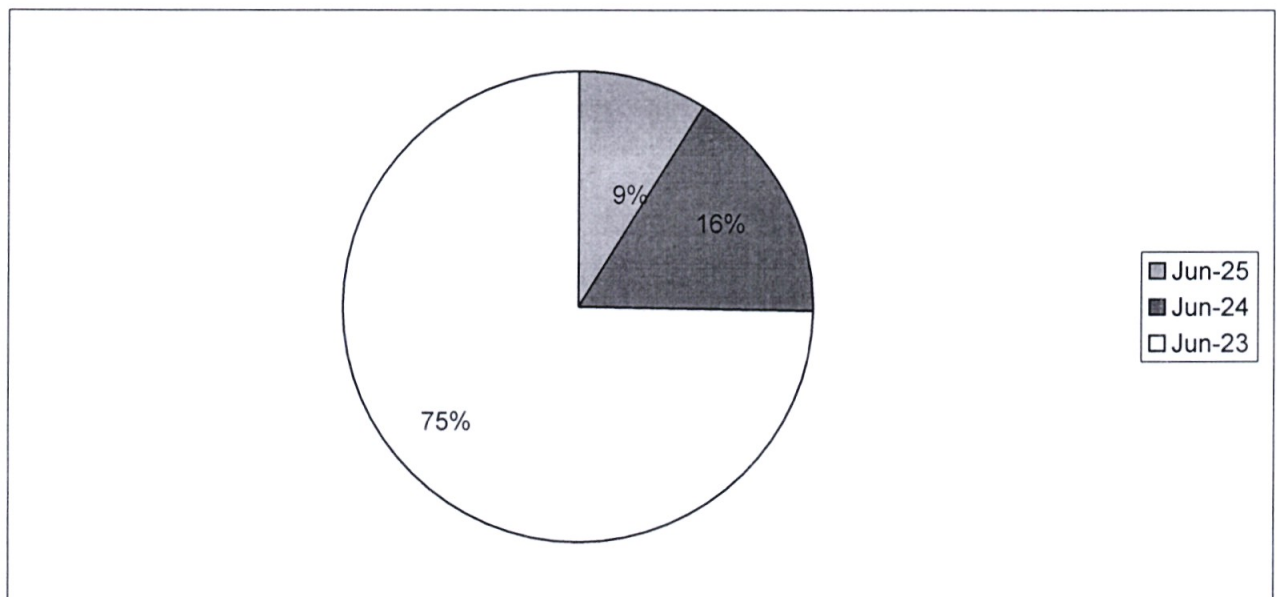
DEBTORS



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

	DETAILS		YEARS			TOTALS
			Jun-25	Jun-24	Jun-23	
7	CREDITORS		515,915.00	932,924.00	4,267,689.00	5,716,528.00

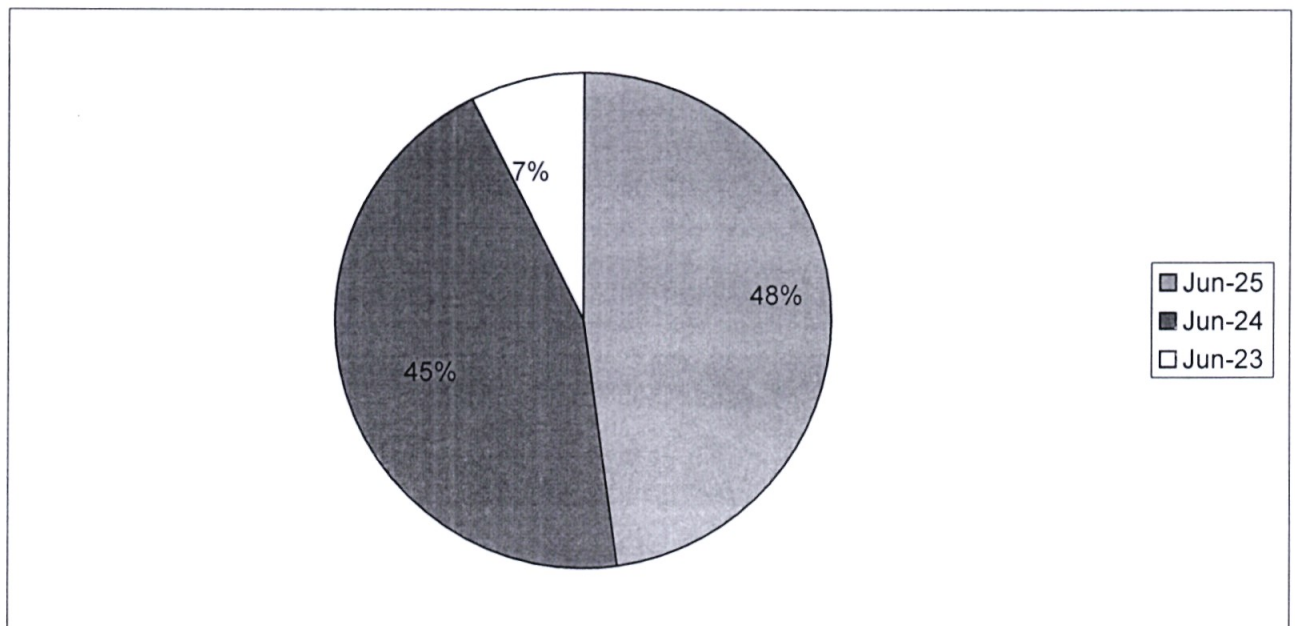
CREDITORS



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

	DETAILS		YEARS			TOTALS
			Jun-25	Jun-24	Jun-23	
8	CASH AND BANK BALANCES		11,813,255.22	11,129,917.27	1,852,131.11	24,795,303.60

CASH AND BANK BALANCES



Annual Report and Financial Statements
 OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
 For the year ended 30th June 2025

b) Teachers student ratio

TOTAL ENROLMENT	NO OF TEACHERS RECRUITED	NO OF TEACHERS TRANSFERED	NO OF TEACHERS RETIRED	NO OF TEACHERS DEPLOYED	TOTAL BOM TEACHERS	TOTAL TSC TEACHERS	TOTAL NO OF TEACHERS	RATIO
824	2	3	1	0		48	48	1:17

c) Mean score in the 2021-2023 KCSE

YEAR	ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MEAN SCORE	GRADE
2024	217			5	8	22	25	48	45	40	19	5		5.5899	c
2023	227	0	2	5	10	10	35	53	47	44	18	30	0	5.6211	C
2022	271	0	0	0	0	6	14	44	77	75	49	6	0	4.6273	C-

d) Number of Candidates in the 2021-2023

YEAR	TOTAL REGISTERED CANDIDATES	NO, THAT DID KCSE	% TRANSITION TO MIDDLE COLLEGES & UNIVERSITIES
2024	220	217	71%
2023	227	227	71.40%
2022	274	271	52%

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU

For the year ended 30th June 2025

e) Capacity of the school

FACILITIES	QUANTITY	CAPACITY TO ACCOMODATE	REMARKS
DORMITORY BEDS	550	1100	
CLASSES	28	1300	
LABORATORY	6	250	
TOILETS	101	1100	More days sanitation block needed
DINNING HALL	1	800	shortage
LIBRARY	1	80	shortage
WORKSHOPS	1	45	2 more required
COMPUTOR ROOM	1	31	shortage
STAFFROOM	1	ALL SEATED	Administration block needed
TEXTBOOKS	23714pcs		<u>sufficient</u> English , Mathematics,Kishwahili, Biology, Chemistry, Physics,History, CRE <u>Insufficient</u> Geography F3,Geography F4,Home science F4, Agriculture F4 ,Computer F4,Business studies F4, <u>Not available</u> Agriculture F3 ,Computer F3,Business studies F3, Home science F3,French F1-F4
WATER	ADEQUATE		More storage water tanks needed
ELECTRICITY	ADEQUATE		

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

e)Development projects carried out by the school:

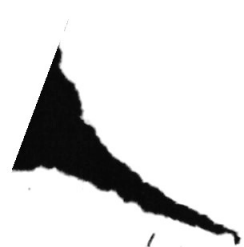
YR	PROJECT	NO	DATE OF APPROVAL	APPROVED BY	SOURCE OF FUNDS	AMOUNT	STATUS
2024/2025	RE-ROOFING AND REPAIR OF CLASSROOMS.	10	31/7/2024	CDE	RMI	3,054,300.00	COMPLETED
2024/2025	ROOFING OF THE TANK AREA IN NEW DORMITORY BLOCK 2ND FLOOR		31/7/2024	CDE	RMI	667,720.00	COMPLETED
2024/2025	INSTALLATION OF CCTV CAMERAS		31/7/2024	CDE	RMI	906,700.00	COMPLETED

[Handwritten Signature]

Sign

School Principal





4 STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with the 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 Our Lady of Mercy Girls High School-Magundu 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: Prof Justus Mbae
Designation: Chairperson, School Board of Management

Sign: 

Date: 

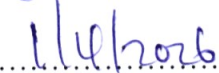
Name: Mrs Catherine k Mutembei
Designation: School Principal & Secretary to Board of Management

Sign: 

Date: 

Name: Mr Joses Mwandiki
Designation: Bursar/ Finance Officer

Sign: 

Date: 



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON OUR LADY OF MERCY GIRLS HIGH SCHOOL - MAGUNDU FOR THE YEAR ENDED 30 JUNE, 2025 - THARAKA NITHI 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 for Our Lady of Mercy Girls High School - Magundu - Tharaka Nithi County set out on pages 1 to 16,

Report of the Auditor-General on Our Lady of Mercy Girls High School - Magundu for the year ended 30 June, 2025 - Tharaka Nithi County

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 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the transitional financial statements present fairly, in all material respect, the financial position of Our Lady of Mercy Girls High School – Magundu 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 Public Finance Management Act, 2012, the Basic Education Act, 2013 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

Unreconciled Differences Between School Collections and Bank Account

The statement of financial performance reflects receipts amounting to Kshs.14,735,847 for school income—parents' contributions and Kshs.27,078,601 for other receipts, all totalling Kshs.41,814,448, as disclosed in Note 3 and Note 4 to the financial statements. However, a review of the bank statement for the collection account reflected total collection of Kshs.39,525,318 for the year, resulting in an unexplained variance of Kshs.2,289,130 between the receipts reported in the financial statements and the bank statements. Management did not provide bank reconciliation statements or other supporting documentation explaining the variance for audit review.

In the circumstances, the accuracy and completeness of Kshs.14,735,847 on parents' contribution and Kshs.41,814,448 for other receipts could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.61,175,724 and Kshs.49,789,636 respectively, resulting in an under-funding of Kshs.11,386,087 or 19% of the budget. However, the School spent an amount of Kshs.51,218,374 against actual receipts amounting to Kshs.49,789,636 resulting in an over-utilization of Kshs.9,957,350 or 16% of actual receipts.

The under-funding may have affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, there were no other key audit matters to report in the year under review.

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the FY 2024/25 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 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 xx which comprises, which comprises the Key Entity Information and Management, The Board of Governance, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's transitional IPSAS 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. Under Funding of Capitation Grants and Unconfirmed Students Enrolment Data

The statement of financial performance reflects capitation grants for tuition and capitation grants for operations amounts of Kshs.2,539,601 and Kshs.10,716,955 respectively as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, National Education Management Information System (NEMIS) reported a total number of two thousand seven hundred and fifty-four (2,754) students while the enrolment records provided by the School indicated a total number of three thousand (3,000) students, resulting in an unexplained variance of two hundred and forty-six (246) students. As a result of the variances, the School was under-funded by an amount of Kshs.846,471 using a rate of Kshs.3,440.94 per student.

In the circumstances, the under-funding of the School may have affected service delivery to the students.

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

The statement of financial performance reflects boarding and school fund payments amount of Kshs.35,848,502 as disclosed in Note 8 to the financial statements. Included in the expenditure is an amount of Kshs.1,095,754 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money of the funds transferred to KESSHA amounting to Kshs.1,095,754 could not be confirmed.

3. Late Transfer Infrastructure Funds from the Operations Bank Account

The statement of financial performance reflects operations grants amount of Kshs.10,716,955 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.2,285,501 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, the amount of Kshs.2,285,501 was transferred on various dates, none of which

were within the stipulated period of 15 days from the date of receipt. This was contrary to the Ministry of Education Circular Ref. MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

4. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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

5. Non-Deduction of Capacity Building Levy

The statement of financial performance reflects total operations expenditure amount of Kshs.12,799,109 as disclosed in Note 7 to the financial statements which includes an amount of Kshs.1,192,900 in respect of procurement of stationeries and contracts signed with the School's contractor. Review of payments for goods and services revealed that there was no deduction of the public procurement capacity building levy of 0.03% on the contracts, contrary to the Levy Order 2023 issued by the Public Procurement Regulatory Authority.

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

6. Non-Adherence to Affordable Housing Levy Act, 2024

Review of the payroll records revealed that the School had not implemented the provisions of the Affordable Housing Levy as required under the Affordable Housing Levy Act, 2024, which requires both the employer and employee to contribute the prescribed percentage of the employee's gross salary towards the Housing Levy. As a result, the required deductions and remittances were not affected during the year under review.

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

7. Excess Supply of Textbooks

During the year under review, it was noted that the School had not received any textbook distributions from the Ministry of Education through the Kenya Institute of Curriculum Development (KICD) for the year 2024/2025. Further examination of stores records and stock registers revealed that thirteen thousand three hundred and thirty-one (13,331) textbooks were in excess for the financial year 2024/2025 as at the time of audit in March, 2026.

In the circumstances, value for money on the excess thirteen thousand three hundred and thirty-one (13,331) textbooks could not be confirmed.

8. Incomplete Construction of Dormitory Block

Review of procurement documents and physical inspection of a two-storey phased dormitory block project revealed that the construction of the second-floor dormitory block, which commenced in the 2022/2023 financial year, remained incomplete as at the 2024/2025 financial year. The ground floor and first floor are already in use by students; however, the second floor remains incomplete despite payments amounting to Kshs.5,988,728 having been made to the contractor and the works remaining incomplete which indicates weak contract management and may have exposed public funds to the risk of non-use of the facility.

In the circumstances, value for money on funds paid so far could not be confirmed.

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. Lack of an Internal Audit Function

During the year under review, the School had not constituted an Audit Committee and an Internal Audit Unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which states that, the Internal Audit Unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

2. Weaknesses in Management of Assets

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.512,585,463 in respect of fixed assets which includes land with a balance of Kshs.19,200,000. However, the School occupies 13.4 hectares, but with no ownership documents.

In the circumstances, the existence of effective measures in the management of assets could not be confirmed.

3. Non-Valuation of Biological Assets

Note 15 to the financial statements reflects a balance of Kshs.1,712,000 in respect to biological assets which includes cattle, pigs, trees, banana plantation and poultry. However, Management did not engage the services of a Sub County Agricultural Officer to value the cattle, goats and poultry as well as the forester to value the trees owned by the School.

In the circumstances, effective management of biological assets could not be confirmed.

4. Inadequate Safekeeping of Textbooks

Physical inspection during the year under review, revealed that textbook storage facilities were inadequate resulting to the School storing the remaining textbooks in unsafe conditions such as on top of desks exposing the textbooks to damages. It was explained by the School Management that inadequate storage facilities were attributed to inadequate space in the library.

In the circumstances, the existence of effective measures in the management of text books could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 May, 2026

*Report of the Auditor-General on Our Lady of Mercy Girls High School - Magundu for the year ended 30 June, 2025
- Tharaka Nithi County*

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

6. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30TH JUNE 2025

DESCRIPTION OF VOTE HEAD	Note	2024-2025	2023-2024
		Kshs	Kshs
RECEIPTS			
Government grants for tuition	1	2,539,600.90	2,445,668.80
Government grants for operations	2	10,716,955.34	11,864,375.61
Operation account-others receipts	2a	41,672.00	806,640.00
School Fund Income- Parents' Contribution	3	14,735,847.00	17,763,039.00
School Fund Income- Other receipts	4	27,078,601.00	30,004,439.65
Government grant for Infrastructure account	5	4,060,222.00	3,943,108.00
TOTAL RECEIPTS		59,172,898.24	66,827,271.06
PAYMENTS			
Payments for Tuition	6	2,153,756.00	949,350.00
Payments for operations	7	12,799,109.00	10,431,055.30
Boarding and school fund payments	8	35,848,501.79	38,901,297.10
Infrastructure account	9	5,058,507.50	507,290.50
TOTAL PAYMENTS		55,859,874.29	50,788,992.90
Surplus /Deficit for the year		3,313,023.95	16,038,278.16

The school financial statements were approved on 30/8/ 2025 and signed by:

SIGN.....
NAME Prof Justus Mbari
CHAIRMAN BOM

DATE 1/4/2026

SIGN.....
NAME CATHERINE K. MUTENBO
PRINCIPAL/SECRETARY BOM

DATE 1/4/2026

SIGN.....
NAME JOSEPH MURUNDIKI
BURSAR

DATE 1/4/2026



Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

7.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	11,797,040.47	11,067,157.52
Cash Balances	11	16,214.75	62,759.75
Short term Investment		0.00	0.00
Total Cash and cash equivalent		11,813,255.22	11,129,917.27
Account's receivables	12	28,907,103.75	25,404,285.75
TOTAL FINANCIAL ASSETS		40,720,358.97	36,534,203.02
FINANCIAL LIABILITIES			
Accounts Payables	13	1,806,056.00	(3,340,688.00)
NET FINANCIAL ASSETS		38,914,302.97	33,193,515.02
REPRESENTED BY			
Accumulated Fund b/fwd	14	35,601,279.02	17,155,236.86
Surplus/Deficit for the year	v	3,313,023.95	16,038,278.16
NET FINANCIAL POSSITION		38,914,302.97	33,193,515.02

The School's financial statements were approved on 30/8/2025 and signed by:

SIGN.....
NAME.....
CHAIRMAN BOM

DATE.....

SIGN.....
NAME.....
PRINCIPAL/SECRETARY BOM

DATE.....

SIGN.....
NAME.....
BURSAR

DATE.....

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

8. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2025

	Note	2024-2025	2023-2024
		Kshs	Kshs
Receipts for operating income			
Government grants for tuition	1	2,539,600.90	2,445,668.80
Government grants for operations	2	10,716,955.34	11,864,375.61
Operation account-others receipts	2a	41,672.00	806,640.00
School fund income- Parents contributions/ fees	3b	15,830,620.00	18,954,501.00
School fund income- other receipts	4b	23,771,151.00	25,387,250.65
Government grant for Infrastructure account	5	4,060,222.00	3,943,108.00
Total receipts		56,960,221.24	63,401,544.06
Payments			
Cash outflow for Tuition	6	2,153,756.00	
Cash outflow for Tuition	6b	0.00	1,449,350.00
Cash outflow for operations	7	12,799,109.00	10,431,055.30
Cash outflow Boarding and school fund	8b	36,265,510.79	41,736,062.10
Cash outflow for Infrastructure account	9	5,058,507.50	507,290.50
Total payments		56,276,883.29	54,123,757.90
Net cash flow from operating activities		683,337.95	9,277,786.16
CASHFLOW FROM INVESTING ACTIVITIES		0.00	0.00
Proceeds from Sale of Assets		0.00	0.00
Acquisition of Assets		0.00	0.00
Proceeds from investments		0.00	0.00
Purchase of investments		0.00	0.00
Net cash flows from Investing Activities		0.00	0.00
CASHFLOW FROM BORROWING ACTIVITIES		0.00	0.00
Proceeds from borrowings/ loans		0.00	0.00
Repayment of principal borrowings		0.00	0.00
Net cash flow from financing activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		683,337.95	9,277,786.16
Cash and cash equivalent at BEGINNING of the year		11,129,917.27	1,852,131.11
Cash and cash equivalent at END of the year		11,813,255.22	11,129,917.27

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

The School's financial statements were approved on 30/8/ 2025 and signed by:

SIGN. [Signature]
NAME Prof. Dennis Nkomo
CHAIRMAN BOM

DATE 1/4/2026

SIGN. [Signature]
NAME CATHERINE K. MURUMBA
PRINCIPAL/SECRETARY BOM

DATE 1/4/2026

SIGN. [Signature]
NAME JOSEPH MURUMBA
BURSAR

DATE 1/4/2026

For the year ended 30th June 2025

9. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNT FOR THE YEAR ENDING 30TH JUNE 2025

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Exercise books	1,928,928.00	0.00	1,928,928.00	1,269,801.00	659,127.00	66%
Laboratory equipment	772,300.00	0.00	772,300.00	508,416.00	263,884.00	66%
Teaching / learning materials	577,776.00	0.00	577,776.00	380,693.00	197,083.00	66%
Chalks	96,724.00	0.00	96,724.00	63,243.00	33,481.00	65%
Exams and assessment	289,316.00	0.00	289,316.00	190,964.90	98,351.10	66%
Teachers guides	190,660.00	0.00	190,660.00	126,483.00	64,177.00	66%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	6,252,600.00	0.00	6,252,600.00	4,346,402.00	1,906,198.00	70%
Repairs and maintenance	4,652,240.00	0.00	4,652,240.00	3,111,502.00	1,540,738.00	67%
Local transport / travelling	614,020.00	0.00	614,020.00	427,102.00	186,918.00	70%
Electricity, water and conservancy	939,800.00	0.00	939,800.00	653,217.00	286,583.00	70%
Medical	1,860,940.00	0.00	1,860,940.00	913,220.00	947,720.00	49%
Administration costs	939,800.00	0.00	939,800.00	653,217.00	286,583.00	70%
Activity	1,395,760.00	0.00	1,395,760.00	612,295.00	783,465.00	44%
totals	20,510,864.00			13,256,555.90		

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs

(3) FEES CHARGED ON PARENTS						
Personnel emoluments	3,506,440.00	0.00	3,506,440.00	3,210,431.00	1,892,000.00	92%
Repairs and maintenance	1,828,820.00	0.00	1,828,820.00	1,614,440.00	214,380.00	88%
Local transport / travelling	1,226,640.00	0.00	1,226,640.00	1,049,735.00	176,905.00	86%
Electricity, water and conservancy	4,987,460.00	0.00	4,987,460.00	4,397,994.00	589,466.00	88%
Medical	0.00	0.00	0.00	0.00	0.00	0%
Administration costs	2,343,160.00	0.00	2,343,160.00	2,170,437.00	172,723.00	93%
Activity	453,300.00	0.00	453,300.00	318,893.00	134,407.00	70%
Fee on Boarding Equipment and Stores	23,387,040.00	0.00	23,387,040.00	20,789,678.00	2,597,362.00	89%
OTHER INCOME				33,551,608.00		
Rent income	0.00	0.00	0.00	67,050.00	-67,050.00	0%
Income from farming activities	2,932,000.00	0.00	2,932,000.00	891,543.00	2,040,457.00	30%
Income from Bus Hire	0.00	0.00	0.00	836,400.00	-836,400.00	0%
Fee for hire of ground and equipment	0.00	0.00	0.00	0.00		0%
Bakery				1,186,480.00		
OTHER INCOME TOTAL	40,664,860.00			2,981,473.00		
GRAND TOTALS-INCOME			61,175,724.00	49,789,636.00		

**(1) EXPENDITURE FOR
TUITION**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Exercise books	1,928,928.00	0.00	1,928,928.00	681,610.00	1,247,318.00	35%
Laboratory equipment	772,300.00	0.00	772,300.00	994,440.00	-222,140.00	129%
Teaching / learning materials	577,776.00	0.00	577,776.00	384,051.10	193,724.90	66%
Chalks	96,724.00	0.00	96,724.00	15,441.00	81,283.00	16%
Exams and assessment	289,316.00	0.00	289,316.00	46,625.00	242,691.00	16%
Teachers guides	190,660.00	0.00	190,660.00	30,882.00	159,778.00	16%
Bank Charges	0.00	0.00	0.00	706.00	-706.00	0%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	6,252,600.00	0.00	6,252,600.00	3,714,146.00	2,538,454.00	59%
Repairs, maintenance & improvements	4,652,240.00	0.00	4,652,240.00		4,652,240.00	0%
Local transport / travelling	614,020.00	0.00	614,020.00	483,500.00	130,520.00	79%
Electricity, water and conservancy	939,800.00	0.00	939,800.00	1,356,888.00	-417,088.00	144%
Medical	1,860,940.00	0.00	1,860,940.00	913,220.00	947,720.00	49%
Administration costs	939,800.00	0.00	939,800.00	1,487,200.00	-547,400.00	158%
Activity Expenses	1,395,760.00	0.00	1,395,760.00	1,153,793.00	241,967.00	83%
Bank Charges				8,490.00	-8,490.00	0%
Infrastructure				3,667,222.00	-3,667,222.00	
rent				14,650.00	-14,650.00	
totals				12,799,109.00		

**(3) EXPENDITURE FOR
SCHOOL FUND**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Personnel emoluments	3,506,440.00	0.00	3,506,440.00	2,842,660.00	663,780.00	81%
Repairs, maintenance and improvements	1,828,820.00	0.00	1,828,820.00		1,828,820.00	0%
Local transport / travelling	1,226,640.00	0.00	1,226,640.00	1,151,775.00	74,865.00	94%
Electricity, water and conservancy	4,987,460.00	0.00	4,987,460.00	4,131,984.00	855,476.00	83%
Medical Expenses	0.00	0.00	0.00		0.00	0%
Administration costs	2,343,160.00	0.00	2,343,160.00	2,823,920.00	-480,760.00	121%
Activity	453,300.00	0.00	453,300.00	495,520.00	-42,220.00	109%
Boarding Equipment and Stores	23,387,040.00	0.00	23,387,040.00	21,245,414.00	2,141,626.00	91%
Bank Charges		0.00		221,866.79	-221,866.79	0%
Bakery				1,005,380.00	-1,005,380.00	0%
Rent				50,050.00	-50,050.00	0%
Ycs club				4,450.00	-4,450.00	0%
Sundry creditors				932,924.00	-932,924.00	0%
Farm				629,090.00	-629,090.00	0%
Bus expenses				730,477.00	-730,477.00	0%
TOTALS-SCHOOL FUND		0.00		36,265,510.79		0%
GRAND TOTALS			61,175,724.00	51,218,374.00		

Vote heads above 100% utilization was as result of high prices of commodities

Vote heads below 90% utilization was as result of =

- i. There was stock balances which were being used.
- ii. Activities in some vote heads were minimal hence below 90%.
- iii. Due to overbudgeting.

10 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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provision under IPSAS 33, And therefore, these first/second /third/ year financial statements are transitional financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistent throughout the period on an accrual basis otherwise specified (for example, statement of cash flow). Under an accrual basis, revenue are recognized when right to assets, are earned or levied rather than when cash is received, and expenses are recognized 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. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The *school* recognises all revenue from the 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 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 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 service 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 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 event** There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ending 30th June 2025.

Annual Report and Financial Statements
OUR LADY OF MERCY GIRLS HIGH SCHOOL-MAGUNDU
For the year ended 30th June 2025

11. NOTES TO THE FINANCIAL STATEMENTS

GOVERNMENT GRANT FOR TUITION

	2024-2025	2023-2024
	Kshs	Kshs
EXE BOOKS	1,269,801.00	1,222,834.00
LABORATORY EQUIPMENT	508,416.00	489,611.00
EXAM & ASSESSMENTS	190,964.90	183,902.80
TEACHING MATERIALS	380,693.00	366,613.00
CHALKS	63,243.00	60,902.00
REFERENCE/TEACHING GUIDE	126,483.00	121,806.00
TOTALS	2,539,600.90	2,445,668.80

2. GOVERNMENT GRANT FOR OPERATIONS

	2024-2025	2023-2024
	Kshs	Kshs
R.M.I	3,111,502.00	3,867,700.00
LT&T	427,102.00	449,717.00
EW&C	653,217.00	687,804.00
ADM	653,217.00	687,804.00
P.EMOLUMENT	4,346,402.34	4,576,536.11
MEDICALS	913,220.00	803,625.00
ACTIVITY	612,295.00	791,189.50
TOTALS	10,716,955.34	11,864,375.61

2a. OTHER RECEIPT - OPERATION

	2024-2025	2023-2024
	Kshs	Kshs
RENT	14,650.00	8,200.00
OLOM NON TEACHING STAFF WELFARE	27,022.00	10,400.00
CBC CLASSROOM		788,040.00
TOTALS	41,672.00	806,640.00

3. PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2024-2025	2023-2024
	Kshs	Kshs
RMI	1,875,023.00	2,150,773.00
LT&T	1,212,599.00	1,433,579.00
ADM/CONTINGENCIES	2,489,651.00	3,316,121.00
E W & C	5,082,025.00	6,099,564.00
P.EMOLUMENT	3,692,509.00	4,304,531.00
ACTIVITY	384,040.00	458,471.00
TOTALS	14,735,847.00	17,763,039.00

3b. PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2023-2024
	Kshs
RMI	1,614,440.00
LT&T	1,049,735.00
ADM/CONTINGENCIES	2,170,437.00
E W & C	4,397,994.00
P.EMOLUMENT	3,210,431.00
ACTIVITY	318,893.00
SUNDRY DEBTORS(recovery)	1,778,549.00
PRE-PAYMENT	1,290,141.00
TOTALS	15,830,620.00

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4 .OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2024-2025	2023-2024
	Kshs	Kshs
BES	24,097,128.00	28,165,214.65
FARM	891,543.00	1,114,275.00
RENT	67,050.00	79,450.00
BUS HIRE	836,400.00	645,500.00
CLUB (Y.C.S)		0.00
BAKERY	1,186,480.00	
TOTALS	27,078,601.00	30,004,439.65

4b .OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2024-2025	2023-2024
	Kshs	Kshs
BES	20,789,678.00	23,548,025.65
FARM	891,543.00	1,114,275.00
RENT	67,050.00	79,450.00
BUS HIRE	836,400.00	645,500.00
CLUB (Y.C.S)		
BAKERY	1,186,480.00	
TOTALS	23,771,151.00	25,387,250.65

5.GOVERMENT GRANT FOR INFRASTRUCTURE

	2024-2025	2023-2024
	Kshs	Kshs
INFRASTRUCTURE	4,060,222.00	3,943,108.00
TOTALS	4,060,222.00	3,943,108.00

6.PAYMENTS FOR TUITION

	2024-2025	2023-2024
	Kshs	Kshs
EXE BOOKS	681,610.00	354,860.00
LABORATORY EQUIPMENT	994,440.00	98,391.00
EXAM & ASSESMENTS	46,625.90	124,340.00
TEACHING MATERIALS	384,051.10	247,876.00
CHALKS	15,441.00	41,177.00
REFERENCE/TEACHING GUIDE	30,882.00	82,356.00
BANK CHARGES	706.00	350.00
TOTALS	2,153,756.00	949,350.00

6b.PAYMENTS FOR TUITION

	2024-2025	2023-2024
	Kshs	Kshs
EXE BOOKS	681,610.00	354,860.00
LABORATORY EQUIPMENT	994,440.00	98,391.00
EXAM & ASSESMENTS	46,625.90	124,340.00
TEACHING MATERIALS	384,051.10	247,876.00
CHALKS	15,441.00	41,177.00
REFERENCE/TEACHING GUIDE	30,882.00	82,356.00
BANK CHARGES	706.00	350.00
SUNDRY CREDITORS		500,000.00
TOTALS	2,153,756.00	1,449,350.00

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7. PAYMENTS FOR OPERATIONS

		2024-2025	2023-2024
		Kshs	Kshs
LT&T		483,500.00	214,000.00
EW&C		1,356,888.00	774,864.00
ADM		1,487,200.00	1,201,705.00
P.EMOLUMENT		3,714,146.00	2,389,844.00
INFRASTRUCTURE		3,667,222.00	3,636,230.00
MEDICAL		913,220.00	189,277.30
BANK CHARGES		8,490.00	7,325.00
ACTIVITY		1,153,793.00	1,221,390.00
RENT		14,650.00	8,200.00
C.B.C CLASS			788,220.00
TOTALS		12,799,109.00	10,431,055.30

8. BOARDING AND SCHOOL FUND PAYMENTS

		2024-2025	2023-2024
		Kshs	Kshs
BES		21,599,399.00	22,267,100.00
LT&T		1,151,775.00	1,469,470.00
ADM/CONTINGENCIES		2,877,220.00	3,797,394.00
E W & C		4,240,614.00	4,850,342.00
P.EMOLUMENT		2,842,660.00	3,368,292.00
ACTIVITY		495,520.00	748,135.00
BUS HIRE		730,477.00	596,990.00
FARM		629,090.00	398,564.00
BANK CHARGES		221,866.79	122,835.00
RD CHEQUES			30,680.00
BAKERY		1,005,380.00	
YCS CLUB		4,450.00	
RENT		50,050.00	22,815.00
RMI			0.00
PRE-PAYMENT (2023)			1,228,680.00
TOTALS		35,848,501.79	38,901,297.00

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8b.BOARDING AND SCHOOL FUND PAYMENTS

		2024-2025	2023-2024
		Kshs	Kshs
BES		21,245,414.00	21,334,176.10
LT&T		1,151,775.00	1,469,470.00
ADM/CONTINGENCIES		2,823,920.00	3,797,394.00
E W &C		4,131,984.00	4,850,342.00
P.EMOLUMENT		2,842,660.00	3,368,292.00
ACTIVITY		495,520.00	748,135.00
BUS HIRE		730,477.00	596,990.00
FARM		629,090.00	398,564.00
BANK CHARGES		221,866.79	122,835.00
RD CHEQUES			30,680.00
BAKERY		1,005,380.00	0.00
YCS CLUB		4,450.00	0.00
RENT		50,050.00	22,815.00
RMI			0.00
SUNDRY CREDITOR		932,924.00	3,767,689.00
PRE-PAYMENT (2023)			1,228,680.00
TOTALS		36,265,510.79	41,736,062.10

9.INFRASTRUCTURE PAYMENTS

		2024-2025	2023-2024
		Kshs	Kshs
MATERIAL COST		2,863,220.00	
LABOUR COST		947,957.50	200,000.00
BANK CHARGES		755.00	412.50
CCTV INSTALLATION		1,246,575.00	
P.EMOLUMENT			306,878.00
TOTALS		5,058,507.50	507,290.50

10.BANK ACCOUNTS

Name of Bank,	Bank Account	ACCOUNT NO	2024-2025	2023-2024
			Kshs	Kshs
TUITION ACCOUNT	KCB	1103682385	1,416,212.20	1,030,367.30
OPERATION ACCOUNT	EQUITY	0210291771230	1,617,280.58	3,657,842.24
SCHOOL FUND ACCOUNT/BOARDING	CO-OPERATIVE	01129057830200	6,115,608.54	2,732,723.33
INFRASTRUCTURE ACCOUNT	EQUITY	0210277659923	2,647,939.15	3,646,224.65
TOTALS			11,797,040.47	11,067,157.52

11. CASH IN HAND

Description		2024-2025	2023-2024
		Kshs	Kshs
OPERATION ACCOUNT		122.00	42.00
SCHOOL FUND ACCOUNT/BOARDING		16092.75	62,717.75
Total		16,214.75	62,759.75

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12 ACCOUNTS RECEIVABLE

Description	2024-2025	2023-2024
	Kshs	Kshs
Fees arreas	28,907,103.75	25,404,285.75
other non fees receivables		
salary advance		
imprest		
total	28,907,103.75	25,404,285.75

Description	2024-2025	2023-2024
	Kshs	Kshs
Fees arreas for current year	5,281,367.00	7,372,770.00
fees arreas for previous year	7,372,770.00	6,688,192.00
fees arreas for prior period	16,252,966.75	11,343,323.75
total	28,907,103.75	25,404,285.75

12b Ageing Analysis of account receivable

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	5,281,367.00	18.27%	7,372,770.00	29.02%
Between 1-2 years	10,743,134.00	37.16%	11,902,270.00	46.85%
Between 2-3 years	6,753,357.00	23.36%	70,508.00	0.27%
over 3 years	6,129,245.75	21.20%	6,058,737.75	23.85%
Totals	28,907,103.75		25,404,285.75	

13 ACCOUNTS PAYABLE

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade creditors	515,915.00	932,924.00
prepaid fees	1,290,141.00	2,407,764.00
retention money		0.00
total	1,806,056.00	3,340,688.00

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade creditors for current year	515,915.00	932,924.00
Trade creditors for prevoius year	0.00	0.00
trade creditor for prior periods	0.00	0.00
total	515,915.00	932,924.00

13b Ageing Analysis of account payable

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	515,915.00	100%	932,924.00	100%
Between 1-2 years	0.00		0.00	
Between 2-3 years	0.00		0.00	
over 3 years	0.00		0.00	
Totals	515,915.00		932,924.00	

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14 FUND BALANCE BROUGHT FORWARD

Description		2024-2025	2023-2024
		Kshs	Kshs
Bank balances		11,067,157.52	1,715,537.36
cash balances		62,759.75	136,593.75
short term investments		0.00	0.00
receivables		25,404,285.75	19,570,794.75
payable		(932924.00)	(4,267,689.00)
TOTALS		35,601,279.02	17,155,236.11

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.

15 Biological assets

Description	Numbers	2024-2025	2023-2024
		Kshs	Kshs
CATTLE	6	660,000.00	720,000.00
Pigs	12	36,000.00	275,000.00
Trees	550	608,400.00	580,400.00
Banana plantation	575	407,600.00	402,500.00
Poultry	0		0.00
Total		1,712,000.00	1,977,900.00

16 Stock/Inventory

Description		2024-2025	2023-2024
		Kshs	Kshs
Foodstuffs		912,790.00	2,478,518.00
Lab consumables		1,200,200.00	738,543.00
Farm produce		23,400.00	56,420.00
Stationery		946,400.00	1,892,485.00
Cleaning materials		264,200.00	286,053.00
Total		3,346,990.00	5,452,019.00

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 For the year ended 30th June 2025

1 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

.....
 Sign and Date
 Principal

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12.ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance June 2025	Outstanding Balance Jun-25	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
						payment of creditors started at the beggin
						of july 2025
Sub-Total						
Supply of goods						
		30/6/2024				
1.Ndege stores	1,756,260.00	30/6/2025	1,639,375.00	116,885.00	116,885.00	
		30/6/2024				
2.Erastus njagi	502,940.00	30/6/2025	472,940.00	30,000.00	30,000.00	
		30/6/2024				
3.Green cut Butchery	1,206,875.00	30/6/2025	1,153,775.00	53,100.00	53,100.00	
		30/6/2024				
4.Stelosy jiko enterprises	53,000.00	30/6/2025	0.00	53,000.00	53,000.00	
		30/6/2024				
5.Descana machines	583,800.00	30/6/2025	530,500.00	53,300.00	53,300.00	
		30/6/2024				
6.collins ireri	270,000.00	30/6/2025	180,000.00	90,000.00	90,000.00	
		30/6/2024				
7.Shammah textiles	291,700.00	30/6/2025	280,700.00	11,000.00	11,000.00	
Sub-Total	4,664,575.00		4,257,290.00	407,285.00	407,285.00	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance June 2025	Outstanding Balance Jun-25	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply of services						
8.Franco Electronics	1,375,790.00	30/6/2024 30/6/2025	1,267,160.00	108,630.00	108,630.00	
Sub-Total	1,375,790.00		1,267,160.00	108,630.00	108,630.00	
Grand Total	6,040,365.00		5,524,450.00	515,915.00	515,915.00	

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For the year ended 30th June 2025

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2025
Land 1	1974	karimba	19,200,000.00		0.00	19,200,000.00
Land 2			0.00		0.00	0.00
Buildings and structures			436,094,903.01	3,722,020.00	0.00	439,816,923.01
Motor vehicles			1,950,000.00		0.00	1,950,000.00
Office equipment, furniture and fittings			20,929,600.00		0.00	20,929,600.00
ICT Equipment, and Other ICT Assets			13,217,500.00	906,700.00	0.00	14,124,200.00
Tools and apparatus			2,541,890.00		0.00	2,541,890.00
Textbooks			11,280,500.00	192,600.00	0.00	11,473,100.00
Other Machinery and Equipment: 30kva cummins GENERATOR, Chest refrigerator/Freezer			2,549,750.00		0.00	2,549,750.00
Heritage and cultural assets						
Total			507,764,143.01	4,821,320.00	0.00	512,585,463.01