

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 26 FEB 2025

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**OF**

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BY:

Hon. Samuel  
Chepkong'a

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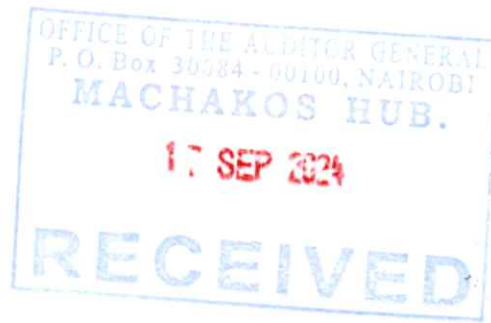
**THE AUDITOR-GENERAL**

**ON**

**MUINDI MBINGU ABC HIGH SCHOOL**

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

**MACHAKOS COUNTY**



**MUINDI MBINGU ABC HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL**

**EIGHTEEN MONTHS REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED  
30<sup>th</sup> June 2021**

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

**SECRETARY B.O.M**  
MUINDI MBINGU SEC. SCHOOL  
P. O. Box 1294 • 90100, MACHAKOS  
Date: ..... Sign: 

**MUINDI MBINGU ABC HIGH SCHOOL  
PUBLIC SECONDARY SCHOOLS  
Reports and Financial Statements  
For the period ended 30<sup>th</sup> June 2021**

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PUBLIC SECONDARY SCHOOLS  
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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 Machakos County, Machakos Sub-County

The school was registered in July 2019 under registration number 16S30000467 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and had 588 numbers of students as at 30<sup>th</sup> June 2021. It has four streams and 26 teachers of which 4 teachers are employed by the School Board of Management.

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

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Mr Robert .S.Nzioki	Chairman	28/5/2019
2	Mr Daniel K.Muli	Secretary- Principal	28/5/2019
3	Mr Stewart Muyanga	Member	28/5/2019
4	Mr James Muoki	Member	28/5/2019
5	Ms Maryanne Kimeu	Member	28/5/2019
6	Mr Alex Kioko	Member	28/5/2019
7	Mr Torkington Musyoka	Member	28/5/2019
8	Ms Francisciah Mwanzia	Member – Rep CEB	28/5/2019
9	Ms Caroline Wathi	Member Rep Teachers	28/5/2019
10	Mr Eric Okuku	3 Members - Sponsor	28/5/2019
11	Mr Charles Mutinda	Member - Community	28/5/2019
12	Ms Mercy Nthambi	Member Special Needs	28/5/2019
13	Evans Leina	Rep Students	28/5/2019

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

**The function of the School Board of Management include:**

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

**(c) Committees of the Board**

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
<b>1</b>	<b>Executive Committee</b>	Robert S Nzioki	chairperson	2/2
		Daniel K.Muli	Secretary	2/2
		James Muoki	member	2/2
		Stewart M.Muyanga	member	2/2
<b>2</b>	<b>Audit Committee</b>	James Muoki	Chairperson	
		Francischah Mwanzia	member	
		Alex Masai	member	
		Torkington Musyoka	member	
<b>3</b>	Finance,procurement and general purposes Committee	Larry Mosa	Chairperson	
		Stewart Muyanga	member	
		Mercy Nthambi	member	
		Eric Okuku	Member	
<b>4</b>	<b>Academic Committee</b>	Daniel k.Muli		
		Charles K Mutinda	chairperson	2/2
		Mariana Kimeu	member	2/2

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		Franciscah Mwanzia	member	2/2
		Eric Okuku	member	2/2
5	<b>Development Committee</b>	Robert S.Nzioki	chairperson	
		Alex K. Masai	member	
		James Muoki	member	
		Larry Mosa	member	
		Mercy Nthambi	Member	
6	Discipline and welfare Committee	Stewart Muyanga	Chairperson	
		Torkington Mapema	member	
		Mariana Kimeu	member	
		Caroline Wathi	member	

**(d) School operation Management**

For the financial period ended 30<sup>th</sup> June 2021 the School day-to-day management was under the following persons:

<b>Ref:</b>	<b>Designation</b>	<b>Name</b>	<b>TSC Number</b>
1	Principal	Mr Daniel Muli	11269212
2	Deputy Principal	Mr Josaphat Nzube Peter	20773113
3	School Bursar	CPA Patricia Nthuku	ICPK no.23276

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

**(e) Schools contacts**

Post Office Box: 1294-90100  
Telephone: 0711645227  
E-mail: mmbinguschool89@yahoo.com  
Website:  
Facebook:  
Twitter:

**(f) SchoolBankers**

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

1. Name of Bank: Standard Chartered Bank  
Branch: Machakos  
Account Number: 0102862815100  
Account: Tuition
2. Name of Bank: Standard Chartered Bank  
Branch: Machakos  
Account Number: 102862815101  
Account: Operations
3. Name of Bank: Standard Chartered Bank  
Branch: Machakos  
Account Number: 102862815102  
Account: School Fund
4. Name of Bank: Kenya Commercial Bank  
Branch: Machakos  
Account Number: 1111942951  
Account: Savings-Dormant
5. Name of Bank: Standard Chartered Bank  
Branch: Machakos  
Account Number: 102862815103  
Account: Infrastructure
6. Name of Bank: Equity Bank  
Branch: Machakos  
Account No: 0600299485912  
Account: CDF

MPESA Pay Bill No. 329212 attached to Standard Chartered bank account 0102862815101

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(g) **Independent Auditors**

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

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**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:**

PERFORMANCE CRITERIA	JAN2020-JUNE 2021
Surplus/Deficit for the year	5,352,725.10
Capitation grants	14,165,790.50
Enrolment	588
Ratio of Capitation grant per student	1:24,091.4
Other Income-School fund and other monies	23,556,830.65
Growth of other income	0
Expenditure	21,445,003.05
Growth of expenditure	0
Debtors/Receivables	12,577,724.00
Creditors/Payables	0
Cash and Cash equivalents	8,627,673.30

b) **Teacher Student ratio:**

	<i>No.</i>
<i>Teacher/Student Ratio</i>	<i>1:23.52</i>
<i>number of teachers recruited and posted to the school within the period</i>	<i>0</i>
<i>No of teachers transferred/ retired during the period</i>	<i>0</i>
<i>No of teachers employed by TSC</i>	<i>22</i>
<i>No of teachers employed by BOM</i>	<i>4</i>

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<i>Subject Combinations</i>	<i>Ideal No of Teachers</i>	<i>No of Teachers</i>	<i>(Shortage)/Surplus</i>
<i>English/Literature</i>	4	4	0
<i>Business Studies</i>	4	3	1
<i>French/Literature</i>	1	1	0
<i>Computer Studies</i>	2	1	1
<i>Kiswahili</i>	5	4	1
<i>Mathematics</i>	8	8	0
<i>Chemistry</i>	7	3	3
<i>Biology</i>	5	3	2
<i>Physics</i>	7	6	1
<i>Geography</i>	2	2	0
<i>History</i>	4	4	0
<i>Cre</i>	3	2	1
<i>Agriculture</i>	3	0	1
<i>Life Skills</i>	0	0	0
<i>P.E</i>	0	0	1

**CBE=38**

**Shortage=16**

**(c.) Mean score in KCSE:**

	Year 2020	Year 2019	Year 2018
Mean score in KCSE:	5.147	4.720	4.920
Mean Grade in KCSE	C-	C-	C-
No. of Candidates	109	125	91
Transition to University	18	18	12
Transition to other colleges	91	106	79
Transition Percentage	100%	99.2%	100%

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**The school has been improving on student output to tertiary institutions and helps to continue posting better results despite a myriad of challenges.**

**(d). Number of candidates in KCSE in the last three years.**

	Year 2020	Year 2019	Year 2018
No. of Candidates	109	125	91

**(e)Capacity of the school:**

<i>Area</i>	<i>Recommended no./ideal no.</i>	<i>Year ended 30<sup>th</sup> June 2021</i>	<i>Surplus/(Shortage)</i>
<i>Land 1</i>	<i>5 Acres</i>	<i>6.428 Acres</i>	<i>1.428</i>
<i>*Land 2-</i>			
<i>Classrooms</i>	<i>16</i>	<i>14</i>	<i>(2)</i>
<i>Laboratories</i>	<i>4</i>	<i>2</i>	<i>(2)</i>
<i>Toilets-Tuition area</i>	<i>20</i>	<i>22</i>	<i>2</i>
<i>Toilets-Boarding</i>	<i>20</i>	<i>21</i>	<i>1</i>
<i>Dining hall-650 capacity</i>	<i>1</i>	<i>1</i>	<i>0</i>
<i>Staff room -</i>	<i>1</i>	<i>1</i>	<i>0</i>
<i>Offices</i>	<i>4</i>	<i>6</i>	<i>(2)</i>

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**For the period ended 30<sup>th</sup> June 2021**

(f) Development projects carried out by the school:

<i>PROJECT</i>	<i>SOURCE OF FUNDS</i>	<i>STATUS</i>	<i>INITIAL COST</i>	<i>AMOUNT SPENT</i>	<i>EXPECTED COMPLETION DATE</i>
<i>Replacement of iron sheets with box profile in the dining hall and raising the lintel by two courses</i>	<i>MOE</i>	<i>Completed</i>	<i>750,000.00</i>	<i>750,000.00</i>	<i>May 2021</i>

**SECRETARY B.O.M**  
**MUINDI MBINGU SEC. SCHOOL**  
**P. O. Box 1294 • 90100, MACHAKOS**

Date:..... Sign:.....

Sign: .....

*Mr Daniel K. Muli*  
*School Principal*

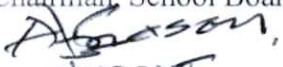
### III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY


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 be keep all proper books and records of accounts of the income, expenditure and assets of the institution.


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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30<sup>th</sup> June, 2021 and of the school's financial position as at that date.

**Name:** Alex Kioko Masai  
**Designation:** Chairman, School Board of Management  
**Sign:**   
**Date:** 31/9/2024

**Name:** Daniel Kyalo  
**Designation:** School Principal  
**Sign:**   
**Date:** 30/9/24

**SECRETARY B.O.M**  
MUINDI MBINGU SEC. SCHOOL  
P.O. BOX 20010, MACHAKOS  
Date: ..... Sign: .....

**Name:** Patricia Kalunde Nthuku  
**Designation:** Bursar/ Finance Officer  
**Sign:**   
**Date:** 31/9/2024

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON MUINDI MBINGU ABC HIGH SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - MACHAKOS COUNTY**

### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided under 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 Muindi Mbingu ABC High School - Machakos County set out on pages 14 to 31, which comprise of the statement of

*Report of the Auditor-General on Muindi Mbingu ABC High School for the Six (6) months' period ended 30 June, 2021 - Machakos County*

financial assets and financial liabilities as at 30 June, 2021, the statement of receipts and payments, statement of cash flows and statement of comparison of budget and 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, the financial position of Muindi Mbingu ABC High School – Machakos County 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 Public Finance Management Act, 2012, and the Basic Education Act, 2013.

### **Basis for Qualified Opinion**

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

- i. The statement of budgeted versus actual amounts reflects budgeted utilization difference total income of Kshs.43,370,850 while the computed amount is Kshs.42,513,579 resulting unexplained variance of Kshs.857,271.
- ii. The statement of budgeted versus actual amounts reflects budgeted utilization difference total expenditure of Kshs.56,165,982 while the computed amount is Kshs.47,866,304 resulting unexplained variance of Kshs.8,299,678.

In the circumstances, the accuracy and completeness of the budgeted utilization differences for total income and total expenditures of Kshs.43,370,850 and Kshs.56,165,982 could not be confirmed.

#### **2. Accounts Receivables**

##### **2.1 Unsupported Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.12,577,724 as disclosed in Note 11 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.12,577,724 could not be confirmed.

##### **2.2 Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.12,577,724 in respect of fees arrears as disclosed in Note 11 to the

financial statements. Included in the balance are receivables amounting to Kshs.13,603,889 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.13,603,889 could not be confirmed.

### **3. Inaccurate Rental Income**

The statement of receipts and payments reflects school fund income-other receipts of Kshs.5,613,402 as detailed in Note 4 to the financial statements. Included in the amount is rent income of Kshs.2,000. However, physical verification revealed that the School had four (4) units two bedrooms houses as at 30 June, 2021 which had been rent out to teachers and other staffs for free resulting to loss of rental income which ought to have been charged as per market rates or the valuation from the relevant ministry.

In the circumstances, the accuracy and completeness of the rent income amount of Kshs.2,000 could not be confirmed.

### **4. Misclassification of Bursary and Prepayments**

The statement of receipts and payments reflects school fund income-other receipts of Kshs.5,613,402 as detailed in Note 4 to the financial statements. Included in the amount is bursary of Kshs.1,281,801 and prepayments amount of Kshs.538,743 which had been received as tuition. This resulted to double recognition of the amounts in both the tuition and other receipts-school fund accounts.

In the circumstances the accuracy and completeness of bursary and prepayments of Kshs.1,281,801 and Kshs.538,743 could not be confirmed.

### **5. Undisclosed and Unsupported Cash and Cash Equivalents**

The statement of asset and liabilities reflects cash and cash equivalents balance of Kshs.8,627,673 as disclosed in Notes 8 and 9 of the financial statements. Included in the balance is bank and cash in hand balances of Kshs.8,293,736 and Kshs.333,937. However, the bank balance does not include two bank balances held in two commercial banks of Kshs.1,913 and Kshs.8,877 respectively. Additionally, bank statements and certificate of the all the bank balances were not provided for audit review. The explanation from the Management was that accounts were closed but closure letter and evidence of transfer of balances from those accounts were not provided for audit review.

Further, cash in hand balance of Kshs.333,937 was not supported with a Board of survey report to confirm the existence of the balances as at 30 June, 2021.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balances of Kshs.8,627,673 could not be confirmed.

## **6. Unsupported Stock/Inventory**

Disclosure Note 17 reflects cumulative value of inventories balance of Kshs.788,137. However, supporting documents such as a detailed list, quarterly and annual stock take reports were not provided for audit review.

In the circumstances, the accuracy and completeness of the stock/Inventory of Kshs.788,137 could not be confirmed.

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

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget versus actual amounts reflects final receipts budget versus actual on comparable basis of Kshs.80,236,200 and Kshs.37,722,621 respectively resulting to underfunding of Kshs.42,513,579 or 53% of the budget. However, the School spent a balance of Kshs.32,369,896 against actual receipts of Kshs.37,722,621 resulting to an under-utilization of Kshs.5,352,725 or 14% of actual receipts.

The underfunding and under-utilization of the budget may impact negatively on service delivery towards achieving the objectives of the School.

My opinion is not modified in respect to 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. There were no key audit matters to report in the year under review.

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

### Conclusion

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

### Basis for Conclusion

#### 1. Late Submission of Financial Statements

During the year under review, Management submitted the financial statements to the Auditor-General on 12 June, 2023 instead of the statutory deadline of 30 September, 2021. This was contrary to the Ministry of Education circular Ref.No:MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.21,445,003 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.119,000 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.119,000 could not be confirmed.

#### 3. Failure to Transfer of Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.12,203,597 as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.2,838,120 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 entire amount was not transferred to infrastructure account as at 30 June, 2021. Additionally, review of the School's bank statements revealed delays in transfer of infrastructure grants of between one day (1) to One hundred and twenty-four (124) days. Additionally, review of the School's bank statements revealed delays in transfer of infrastructure grants of between one day (1) to One hundred and twenty-four (124) days. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the School infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

#### **4. Irregular Increase in Fees**

The statement of receipts and payments reflects other receipts-school fund account of Kshs.5,613,402. Included in other receipts is P.A Project of Kshs.1,427,850 which was a fees overcharge to the parents. This is contrary to Regulation 45 of the Basic Education Act Regulations, 2015 which provides no person or Board of Management in a public institution of basic education and training shall alter-or increase fees without written authority from the Cabinet Secretary. In addition, the School did not account on how these funds were utilized.

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

#### **5. Irregular Purchase of School Uniform**

The statement of receipts and payments reflects other receipts-school fund account of Kshs.5,613,402. Included in the amount is uniform amount of Kshs.1,773,810 which was collected for procurement of uniform by the school. However, the procurement documents were not provided for audit review. The expenditure was contrary to Regulation 67(3) of the Basic Education Regulations, 2015, which states no institution shall prescribe a specific supplier of School uniforms or any other materials for the parent or guardian. Further, the collection was not supported by receipt schedule bearing the details of the students and amount charged per item.

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

#### **6. Loss in Income Generating Activities**

The statement of receipts and payments reflects other receipts-school fund account of Kshs.5,613,402. Included in other receipts is income from bus hire amount of Kshs.137,000 while Note. 7 reflects expenditure amount of Kshs.240,158 resulting to a loss of Kshs.103,158.

In the circumstances, the viability and sustainability of the income generating activity could not be confirmed.

#### **7. Irregular Use of Cash to Procure Goods, Works and Services**

The statement of receipts and payments reflects Boarding and school fund payments of Kshs.21,445,003. Included in the amount is cash expenditures totalling Kshs.2,968,90 that was spent to purchase goods and services instead of procuring using the suitable procurement methods. This was contrary to Regulation 92 and 93(1,2&3) of the Public Procurement and asset disposal Regulations, 2020 which, that provides a procuring entity may use low value procurement method under section 107(b) of the Act, where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule. The goods procured shall be taken on charge by the officer responsible for the stores after the user department has confirmed the quantity and quality of the goods, works or services, before they are issued to the respective user department.

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

#### **8. Irregular Accounting for Other Receipts**

The statement of receipts and payments reflects other receipts-School fund account amount of Kshs.5,613,402 and as disclosed in Note 4 to the financial statements. However, the management did not operate a separate account for other receipts and was co-mingling other receipts with the School fund contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021.

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

#### **9. Un-Authorized Opening of Bank Accounts**

The Statement of Financial Assets and Financial Liabilities reflects Cash and cash equivalents balance of Kshs.8,627,673 as detailed in disclosure Note 8 and Note 9 to the financial statements. Included in the balance is bank balances and cash in hand balances of Kshs.8,239,736 and Kshs.333,937 respectively. Include in the bank balances are five (5) bank accounts which authority to open and operate or ratification was not provided for audit review. This is contrary to regulations 82(4) of the Public Finance Management Act Regulations, 2015 which provides except with the prior authority of the National Treasury, no accounting officer may open a bank account for the deposit, custody or withdrawal of public moneys or other moneys for which he or she is responsible in his or her official capacity or for the transaction of official banking business.

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

## **10. Non-Compliance with Awarding of Tenders to Special Groups**

The statement of receipts and payments reflects Boarding and school fund payments of Kshs.21,445,003 as disclosed in Note 7 to the financial statements. However, the School did not provide any data on contracts awarded to Special groups out of the total expenditure of Kshs.21,445,003 incurred during the period ended 30 June, 2021. This is contrary to Section 53 of the Public Procurement and Disposal Act 2015 which requires that thirty percent of the contracts awarded should be for special groups.

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

## **11. Lack of a List of Registered Suppliers**

The statement of receipts and payments reflects Boarding and school fund payments of Kshs.21,445,003 as disclosed in Note 7 the financial statements. However, the School did not provided List of registered suppliers for the total expenditure of Kshs.21,445,003 incurred during the period ended 30 June, 2021. This is contrary to Section 57(1&2) of Public Procurement and Disposals Act, 2015 which provides, the head of the procurement function of a procuring entity shall maintain and update lists of registered suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs.

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

## **12. Irregular Procurement Processes**

The statement of receipts and payments reflects Boarding and school fund payments of Kshs.21,445,003 as disclosed in the financial statements. Included in the amount is Kshs.3,303,797 which was used for purchase of goods and services and repair and maintenance payment documents. However, the procurements did not have supporting procurement documents such as appointments letters for the members of the opening committee; user departments requests, tender opening and evaluation committee for each procurement, a professional opinion; notifications to the parties on outcomes of tender evaluations, individual evaluation reports, goods acknowledgment receipt, stores ledger, ETRs for expenditures and inspection and acceptance committee reports. Further, there was no personnel qualified to initiate the procurement process.

This was contrary to Regulation 34, 35(2), 71(1) and Regulation 93(3) of Public Procurement and Disposals Act Regulations, 2020 on role of user department on initiation of procurement process, role and selection of inspection and acceptance committee and taking on charge of goods and Regulation 171(1) of the Public Procurement and Asset Disposal Regulations, 2020 which provides, the head of the procurement function of a procuring entity shall - (a) ensure that a qualified officer in supply chain management is designated to be in charge of stores; (b) ensure that all

stores purchased are received and taken on charge, and shall arrange for occasional visits of inspection to the stores.

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

### **13. Failure to Prepare School Improvement Plan**

During the period 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.

### **14. Irregular Procurement of Infrastructure Projects**

Paragraph F "Development Projects carried out by the School" of the financial statements at page 11 reflects the management of the School implemented infrastructure grants of Kshs.750,000. The works involved replacement of worn-out iron sheets with box profile in the dining hall and raising the lintel by two courses. However, it was noted that the project implementation had the following processes which were not supported by documents such as work plans, budgets, procurement plans and project approvals, advertisement, invitation quotations for the renovation of the dining hall, Procurement was executed by from Non-registered suppliers, standard tender documents, opening and evaluation committee, tender register, Opening minutes and Evaluation report, minutes to confirm the evaluation process for the infrastructure project, individual score sheets for evaluation process, Professional opinion, notification of award/regret letters and letter of acceptance from the winning bidders, Inspection and Acceptance committee minutes, Completion Certificates and Project close out and Project status reports.

In the circumstances, value for money on the expenditures of infrastructure could not be ascertained.

### **15. Unconfirmed Student Enrollment Data**

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations totalling Kshs.14,165,791. Comparison of data from National Education Management and information System (NEMIS) with records from the School revealed that during the financial period ended 30 June, 2021, NEMIS reflected a total number of 598 students while the records from the enrolment record provided by the School indicated a total of 620 students resulting to 22 students not being registered in

NEMIS. At annual capitation of Kshs.22,444, the School was under funded by Kshs.493,768 for the period ended 30 June, 2021.

In the circumstances, the School may be underfunded due to inaccurate enrolment data.

## **16. Non-Compliance with the Requirement for Ethnic and Gender Diversity**

Page 3 of the financial statements reflects School had a Board of Management of thirteen (13) Members with a women representation of 30% and ethnic and regional diversity of the people of Kenya of 15%. This contrary to Section 57(2) of Basic Education Act, 2013 which states that in appointing persons as members of a board of management, the nominating and appointing authority shall observe and respect: (a) the ethnic and regional diversity of the people of Kenya. (b) impartiality and gender equity (c) Article 10 and Chapter Six of the Constitution.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Land Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register with no values which includes two parcels of land of 6.125 acres. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

## **2. Lack of Asset Identification/Tagging**

Annex 2 to the financial statements reflects summary of fixed assets register with no values. Physical verification revealed that the assets owned by the School had no identification or tag numbers, which is contrary to the guidelines on asset and liability management by National Treasury of March, 2020. Further the value of the assets was not disclosed in the asset register.

In the circumstances, Identification and tracking of movement of assets may not be possible and the assets may be lost through theft/pilferage.

## **3. Lack of Internal Audit Function and Audit Committee**

During the period 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), 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 School did not benefit from the oversight role and advice from the audit committee and the internal audit function.

## **4. Inadequate Staffing and Lack of Staffing Policies**

During review of the financial year, records on human resources provided, it was revealed that the School had a student population 588 with 3 streams per class and 16 non-teaching staff. However, the following anomalies were noted;

- i. There was no salary structure on remuneration of the non-teaching staff which commensurate with their job description. The payment of salaries was at the discretion of the Accounting officer and the Board of Management and not merit;
- ii. The School has two accounts clerk who are responsible for billing, invoicing, receiving, making payments, maintaining the books of accounts, procurement and receiving of goods resulting to lack of segregation of duties;
- iii. The School did not have a qualified stores keeper and the cateress was acting as the stores keeper;

- iv. The staff employment letters or contracts and career progression reports were not provided for audit review;
- v. The filling of the vacancies was not supported with, job advertisement, job evaluation, interview reports, medical reports, insurances for the staff, good conduct for watchmen and salaries and benefits were not stipulated.

This is contrary to the MOE Circular No. MOE/HWS/3/13/3 dated 19 October, 2017 on Guidelines for the implementation of Free Day Secondary Education on Guidelines of Non-teaching staff gives the number of non-teaching should have with the various capacity.

In the circumstances, the internal controls in place to ensure competitive recruitment of staff could not be confirmed.

#### **5. Inadequate Number of Board Meetings**

The review financial statements on the committee of the board at page 4 and various committee minutes revealed Finance, procurement and General purposes committee, Audit Committee, Development committee and Discipline and welfare committee did not have any meeting, while Executive committee and academic Committee met only twice during the eighteen-month period. This is contrary Section 6(1) of the fourth schedule of the Basic Education Act, 2013, which states that a Board of Management committees shall meet at least once every four months.

In the circumstances, the adequacy of oversight by the Board of Management cannot be ascertained.

#### **6. Inadequate Management of Text Books**

A review of the text books issued to the School for the financial year ended 30 June, 2021 revealed a delivery of 383 books for; Blossoms of the Savannah, Inheritance, A Doll's House, Chozi La Heri, Kigogo, Tumbo Lisiloshiba, The Pearl and Memories We Lost for each category against a student population of 349 students for form 3 and 4. This resulted to total an excess supply of 272 text books for the eight (8) categories of books.

In the circumstances, the propriety of the books supplied could not be confirmed.

#### **7. Inadequate Stock Management**

In the financial year under review the School received various books, blossoms of savannah, inheritance, a dolls house, chozi la heri, kigogo, tumbo lisiloshiba, pearl, memories we lost totaling to 383. However, stores records, issuance of the books list,

returned books list, List of Lost books and replaced and closing balances of books in the library were not provided for audit review.

In the circumstances, the adequacy of internal controls on text books could not be ascertained.

### **8. Inadequate Management of Scholarships and Bursaries**

The management of the School did not maintain a control account of all bursaries received, amount credited to each beneficiary and the balance for which the beneficiaries have not been communicated or identified. In the circumstances, the School fund Income-parents' contributions may include bursary funds receipts which have not been allocated to the students.

In the circumstances, the adequacy of internal controls on management of scholarships and bursaries could not be confirmed.

### **9. Inadequate Capacity and Inadequate Safety Measures**

Physical verification carried out on 10 June, 2024 at the School premise revealed, the boy's dormitory named Hostel with a student occupancy of 479 on double decker beds had over congested cubicles with less spacing than the 1.2 metres that is recommended between the beds. In addition, six (6) out the eight exits of the hostile dormitory had been locked with padlocks or blocked with beds. In the circumstances, the six exits were unusable in case of an emergency. This was contrary to Regulation 83(k) of the Basic Education Regulations 2015 which provides in institutions with boarding facilities, the space between the beds shall be at least 1.2 metres while the corridors or pathways shall be at least 2 metres wide.

In the circumstances, the adequacy of the existing school infrastructure to accommodate the student population and ensure safety of students could not be confirmed.

### **10. Lack of Risk Management Policy**

During the financial year ended 30 June, 2021, the School did not have a risk management strategy in place. In the circumstances, there was no approved processes and guidelines on how to mitigate operational, legal and financial risks. Further, the management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. In addition, the management of the School lacks a disaster recovery plan/business continuity plan and therefore crucial information may not be recovered in the event of a disaster.

In the circumstances, the absence of a risk management policy means the School exposure to risk remains high and the management was not in a position to identify

individual risks, likelihood of occurrence of identified risks and the appropriate control measures.

### **11. Lack of Approved Human Resource Instruments**

During the period under review, the School did not provide an approved Human resource policy, procedure manual, Staff establishment, Scheme of service and salary structure for the period ending 30 June, 2021 despite having board teachers and non-teaching staffs. In absence of the above, it is unclear how vacancies were identified, filled and remunerated.

Further, no records were available to confirm that the School has a qualified Human Resource personnel as per the Human Resource Management Professionals Act No. 29 of 2012.

In the circumstances, the adequacy of internal controls on human resources management could not be confirmed.

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

In preparing the financial statements, Management is responsible for assessing the School's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease its operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

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

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 November, 2024

**MUINDI MBINGU ABC HIGH SCHOOL  
PUBLIC SECONDARY SCHOOLS  
Reports and Financial Statements  
For the period ended 30<sup>th</sup> June 2021**

**V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2021**

DESCRIPTION OF VOTE HEAD	Note	Jan 2020-June-2021 Kshs	Fy 2019 Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	1,962,193.50	-
Capitation grants for operations	2	12,203,597.00	-
School Fund Income- Parents' Contributions	3	17,943,428.65	-
School Fund Income- Other receipts	4	5,613,402.00	-
Proceeds from borrowings			
<b>TOTAL RECEIPTS</b>		<b>37,722,621.15</b>	-
<b>PAYMENTS</b>			
Payments for Tuition	5	1,088,557.00	-
Payments for operations	6	9,836,336.00	-
Boarding and school fund payments	7	21,445,003.05	-
<b>TOTAL PAYMENTS</b>		<b>32,369,896.05</b>	-
<b>SURPLUS/DEFICIT</b>		<b>5,352,725.10</b>	-


The school financial statements were approved on 03/9/2024 and signed by:

Sign: 

Name: Alex Kioko Masai

Chair BOM

Date: 3/9/24


Sign: 

Name: Daniel K Muli

School Principal/  
Secretary to BOM

Date: 3/9/24

**SECRETARY B.O.M**  
MUINDI MBINGU SEC. SCHOOL  
P. O. Box 1294 • 90100, MACHAKOS  
Date:.....Sign:.....

Sign: 

Name: Patricia K Nthuku

Bursar/  
Finance Officer

Date: 03/09/2024

MUINDI MBINGU ABC HIGH SCHOOL  
 PUBLIC SECONDARY SCHOOLS  
 Reports and Financial Statements  
 For the period ended 30<sup>th</sup> June 2021

VI. STATEMENT OFFINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30<sup>TH</sup> JUNE 2021

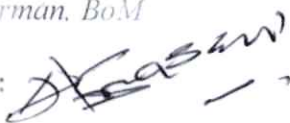
	Note	Jan 2020-June-2021	Fy 2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	8,293,736.30	3,715,75.20
Cash Balances	9	333,937.00	74,678.00
Short term Investment	10	-	-
<b>Total Cash and cash equivalent</b>		<b><u>8,627,673.30</u></b>	<b><u>3,790,436.20</u></b>
Account's receivables	11	12,577,724.00	14,877,817.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>21,205,397.30</b>	<b>18,668,253.20</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	-	2,815,581.00
<b>NET FINANCIAL ASSETS</b>		<b>21,205,397.30</b>	<b>15,852,672.20</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd.	13	15,852,672.20	15,852,672.20
Surplus/Deficit for the year		5,352,725.10	-
<b>NET FINANCIAL POSSITION</b>		<b>21,205,397.30</b>	<b>15,852,672.20</b>

The school's financial statements were approved on 03/09/2024 and signed by:

Name: Alex.K. Masai  
 Chairman, BoM

Sign:

Date:



3/9/24

Name: Daniel K Muli  
 School Principal/Secretary  
 to BoM

Sign:

Date:



3/9/24

Name: Patricia K Nthuku  
 Bursar/Finance

Sign:

Date:



03/09/2024

**SECRETARY B.O.M**  
 MUINDI MBINGU SEC. SCHOOL  
 P. O. Box 1294 • 90100, MACHAKOS  
 Date:.....Sign:.....

MUINDI MBINGU ABC HIGH SCHOOL  
PUBLIC SECONDARY SCHOOLS  
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For the period ended 30<sup>th</sup> June 2021

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021

		Jan 2020-June- 2021 Kshs	Fy 2019 Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	1,962,193.50	-
Capitation grants for operations	2	12,203,597.00	-
School fund income- Parents contributions/ fees	3	18,977,026.65	-
School fund income- other receipts	4	5,613,402.00	-
<b>Total receipts</b>		<b>38,756,219.15</b>	-
<b>Payments</b>			
Payments for Tuition	5	1,691,687.00	-
Payments for operations	6	9,965,041.00	-
Boarding and school fund payments	7	22,262,254.05	-
<b>Total payments</b>		<b>33,918,982.05</b>	-
<b>Net cashflow from operating activities</b>		<b>4,837,237.10</b>	-
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments			
Purchase of investments			
<b>Net cash flows from Investing Activities</b>		-	-
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,837,237.10</b>	-
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>3,790,436.20</b>	-
<b>Cash and cash equivalent at END of the year</b>		<b>8,627,673.30</b>	<b>3,790,436.20</b>

MUNDI MBINGU ABC HIGH SCHOOL  
 PUBLIC SECONDARY SCHOOLS  
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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
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						
Personnel emoluments				663,113.00	(663,113.00)	0.00%
Maintenance and improvements	2,640,000.00		2,640,000.00	825,520.00	1,814,480.00	31.3%
Donations				290,000.00	(290,000.00)	0.00%
Bom allowances				260,000.00	(260,000.00)	0.00%
Uniform Expenses	-	-	-	1,679,650.00	(1,679,650.00)	0.00%
Activity	330,000.00		330,000.00	97,790.00	232,210.00	29.6%
Bursary				1,281,801.00	(1,281,801.00)	0.00%
Other vote heads	18,348,000.00		18,348,000.00	4,036,312.00	14,311,688.00	22.0%
Boarding Equipment and Stores	33,508,200.00		33,508,200.00	9,699,484.00	23,808,716.00	28.9%
Fees Refunds		-	-	124,969.00	(124,969.00)	0.00%
Bus Hire Expenses	-	-	-	240,158.00	(240,158.00)	0.00%
Bank Charges				2,836.25	(2,836.25)	0.00%
PA Project Expenses	-	-	-	1,780,675.00	(1,780,675.00)	0.00%
Kcse exam				17,700.00	(17,700.00)	0.00%
Paye				10,220.00	(10,220.00)	0.00%
Imprest/salary advance				30,000.00	(30,000.00)	0.00%
Loan repayment				404,274.80	(404,274.80)	0.00%
Total	54,826,200.00		54,826,200.00	21,445,003.05	33,411,196.95	39.1%
<b>TOTALS</b>	<b>80,236,200.00</b>		<b>80,236,200.00</b>	<b>32,369,896.05</b>	<b>56,165,981.95</b>	<b>40.0%</b>

Reason for over and underutilization of funds:

**Reports and Financial Statements  
 For the period ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs	b Kshs	c=a+b	d	e=c-d Kshs	f=d/c % Kshs
<b>(1) EXPENDITURE FOR TUITION</b>						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	2,442,000.00	-	2,442,000.00	1,088,557.00	1,353,443.00	44.6%
Chalks						
Exams and assessment						
Total	2,442,000.00		2,442,000.00	1,088,557.00	1,353,443.00	44.6%
<b>(2) EXPENDITURE FOR OPERATIONS</b>						
Personnel emoluments				4,134,839.00	(4,134,839.00)	0.00%
maintenance & improvements	7,920,000.00		7,920,000.00	118,430.00	7,801,570.00	1.5%
Other voteheads(ltt,ewc,admcost,p.e)	10,428,000.00		10,428,000.00	1,981,515.00	8,436,485.00	19.1%
Medical and Insurance	2,640,000.00		2,640,000.00	123,970.00	2,516,030.00	4.7%
Bank Charges				1,980.00	(1,980.00)	0.00%
Activity Expenses	1,980,000.00		1,980,000.00	243,620.00	1,736,380.00	12.3%
Gratuity				124,472.00	(124,472.00)	0.00%
Bom Allowance				10,000.00	(10,000.00)	0.00%
Kudheiha				5,086.00	(5,086.00)	0.00%
Acquisition of assets				3,092,424.00	(3,092,424.00)	0.00%
	22,968,000.00		22,968,000.00	9,836,336.00	21,401,342.00	42.8%

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Personnel emoluments						
Repairs and maintenance	2,640,000.00		2,640,000.00	888,620.00	1,751,380.00	33.7%
Other voteheads(ltt,ewc,admcost,p.e)	18,348,000.00		18,348,000.00	5,748,090.00	12,599,910.00	31.3%
Fee on Boarding Equipment and Stores	33,508,200.00		33,508,200.00	11,192,593.65	22,315,606.35	33.4%
Activity	330,000.00		330,000.00	114,125.00	215,875.00	34.6%
TOTAL	54,826,200.00		54,826,200.00	17,943,428.65	36,882,771.35	32.7%
<b>OTHER INCOME</b>						
Tender sales				25,000.00	(25,000.00)	0.00%
Donation				290,000.00	(290,000.00)	0.00%
Disposals				20,600.00	(20,600.00)	.000%
Losses				46,470.00	(46,470.00)	0.00%
Income from Bus Hire				137,000.00	(137,000.00)	0.00%
Bursary				1,281,801.00	1,281,801.00)	0.00%
Rental income				2,000.00	(2000.00)	0.00%
Kese exam				54,200.00	(54,200.00)	0.00%
Imprest/salary advance				10,000.00	(10,000.00)	0.00%
Pa project				1,427,850.00	(1,427,850.00)	0.00%
Prepayment				538,743.00	(538,743.00)	0.00%
Uniform				1,773,810.00)	(1,773,810.00)	0.00%
Kudheilha				5,928.00	(5,928.00)	0.00%
Total				5,613,402.00	(4,756,131.00)	
<b>TOTAL INCOME</b>	<b>80,236,200.00</b>		<b>80,236,200.00</b>	<b>37,722,621.15</b>	<b>43,370,849.85</b>	<b>47.0%</b>

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>RECEIPTS</b>						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials	-	-	-	-		
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	2,442,000.00		2,442,000.00	1,962,193.50	479,806.50	80.4%
Chalks						
Total	2,442,000.00		2,442,000.00	1,962,193.50	479,806.50	80.4%
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Personnel emoluments						
Maintenance and Improvement funds	7,920,000.00		7,920,000.00	3,752,000.00	4,168,000.00	47.4%
NHIF				1,000.00	(1,000.00)	
Other vote heads (It&t ,ewc,adm costs, p.e)	10,428,000.00		10,428,000.00	8,054,282.00	2,373,718.00	77.2%
Medical and Insurance	2,640,000.00		2,640,000.00	127,600.00	2,512,400.00	4.8%
Paye				13,515.00	(13,515.00)	
Activity	1,980,000.00		1,980,000.00	255,200.00	1,724,800.00	12.9%
Gratuity						
Total	22,968,000.00		22,968,000.00	12,203,597.00	10,764,403.00	53.1%
<i>(3) FEES CHARGED ON PARENTS</i>						

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- Changes in government policy-the schools had to adopt the government financial year while the calendar year was still in progress.
- The school did not receive capitation grants as per the budgeted enrolment. Some vote heads like medical, activity which had been budgeted had their funds retained by the ministry.
- This was post-covid 19 period and previously the school had a lot of stock from the previous year which made the school to minimise purchases in the current period.

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**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 Muindi Mbingu ABC Highschool 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**

Muindi Mbingu ABC High school recognises all receipts from the various sources when the event occurs and the related cash has actually been received. In addition, the school recognises all expenses when the event occurs and the related cash has actually been paid out.

**3. In-kind contributions**

In-kind contributions are donations that are made to the Muindi Mbingu ABC High 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, and related to the previous years. Other accounts receivables included fees arrears for prior periods as indicated in the ageing analysis.
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. Other accounts payables included prepaid fees which was recognized when a student cleared full fees for the year and paid in excess.
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 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. The budget had been prepared for one calendar year from January to December 2021 before the introduction of IPSAS and was adjusted by half since the accounting period is for six months.
9. **Comparative figures**  
The comparison figures for the year 2020 [from January to December] are for twelve months and cannot be compared with the current period of six months from January to June 2021 after the introduction of the new financial reporting [IPSAS]
10. **Subsequent events**  
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021.

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	Jan2020-June- 2021	Fy 2019
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	1,962,193.50	-
Chalks		
Exams and assessment		
Teachers guides		
<b>Total</b>	<b>1,962,193.50</b>	<b>--</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	Jan2020-June 2021	Fy2019
	Kshs	Kshs
Personnel emoluments	-	-
Maintenance and Improvement funds	3,752,000.00	-
Other voteheads (ltt,ewc,admcost,p.e)	8,054,282.00	-
NHIF	1,000.00	-
Medical and Insurance	127,600.00	-
PAYE	13,515.00	-
Activity	255,200.00	-
<b>Total</b>	<b>12,203,597.00</b>	<b>-</b>

**3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT**

	Jan2020-June 2021	Fy2019
	Kshs	Kshs
Fees on boarding Equipment and Stores	11,192,593.65	-
Maintenance and Improvement	888,620.00	-
Other vote heads (ltt, ewc, adm cost, p.e)	5,748,090.00	-
Activity	114,125.00	-
<b>Total</b>	<b>17,943,428.65</b>	<b>-</b>
<b>Add fees arrears recovered</b>	<b>2,300,093.00</b>	
<b>Less prepaid fees from 2019</b>	<b>(1,266,495.00)</b>	<b>-</b>
<b>Total as per cash flow</b>	<b>18,977,026.65</b>	<b>-</b>

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4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	Jan2020-June - 2021	Fy2019
	Kshs	Kshs
Exams	54,200.00	-
Rent income	2,000.00	-
Bursary	1,281,801.00	-
Disposals(old iron sheets)	20,600.00	-
Tender Sales	25,000.00	-
Income from Bus Hire	137,000.00	-
Losses/damages	46,470.00	-
Donations	290,000.00	-
Kudheiha	5,928.00	-
Uniform	1,773,810.00	-
Prepayment	538,743.00	-
P.a Project	1,427,850.00	-
Imprest/Salary advance	10,000.00	-
<b>Total</b>	<b>5,613,402.00</b>	<b>-</b>

5 PAYMENTS FOR TUITION

	Jan2020-June -2021	Fy2019
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	1,088,557.00	-
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges		
<b>Total</b>	<b>1,088,557.00</b>	<b>-</b>
<b>Add creditors during the period</b>	<b>603,130.00</b>	<b>-</b>
<b>Total as per cash flow</b>	<b>1,691,687.00</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	Jan2020-June 2021	Fy2019
	Kshs	Kshs
Personnel emoluments	4,134,839.00	-
Other vote head (ltt, ewc, adm cost, p.e)	1,981,515.00	-
Service gratuity	124,472.00	-
Maintenance and improvements	118,430.00	-
Medical and Insurance	123,970.00	-
Activity Expenses	243,620.00	-
Kudheih	5,086.00	-
Bank Charges	1,980.00	-
Bom allowance	10,000.00	-
Acquisition of Assets	3,092,424.00	-
<b>TOTAL as per receipts and payments</b>	<b>9,836,336.00</b>	-
<b>Add creditors paid during the year</b>	<b>128,705.00</b>	-
<b>Total as per cash flow</b>	<b>9,965,041.00</b>	-

7 BOARDING AND SCHOOL FUND PAYMENTS

	Jan2020-June 2021	Fy2019
	Kshs	Kshs
Other voteheads(lt&t,ewc,adm cost,p.e)	4,036,812.00	-
Kcse exam	17,700.00	-
Repairs and maintenance & Improvements	825,520.00	-
PA Project	1,780,675.00	-
Activity	97,790.00	-
Bom allowance	260,000.00	-
Personal Emoluments	663,113.00	-
Donation	290,000.00	-
Bank Charges	2,836.25	-
Uniform Expenses	1,679,650.00	-
Fee on Boarding Equipment and Stores	9,699,484.00	-
Bus hire expenses	240,158.00	-
Paye	10,220.00	-
Fees Refunds	124,969.00	-
Loan repayment	404,274.80	-
Salary advance /imprest	30,000.00	-
Bursary	1,281,801.00	-
<b>TOTAL</b>	<b>21,445,003.05</b>	-
<b>Add creditors paid in the period</b>	<b>817,251.00</b>	-
<b>Total as per cash flow</b>	<b>22,262,254.05</b>	-

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8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	Jan2020-June 2021 Kshs	Fy 2019 Kshs
Tuition Account	0102862815100	275,111.65	4,605.15
Operations Account	0102862815101	3,090,519.60	873,205.60
School Fund Account/Boarding	0102862815102	4,860,001.50	2,811,688.85
KCB –Current account	1111942954	9,807.55	25,538.60
Infrastructural Account	0102862815103	58,296.00	720.00
<b>Total</b>		<b>8,293,736.30</b>	<b>3,715,758.20</b>

9 CASH IN HAND

Description	Jan2020-June 2021 Kshs	Fy 2019 Kshs
Tuition Account		
Operation Account		36,334.00
School Fund account	333,937.00	38,344.00
<b>Total</b>	<b>333,937.00</b>	<b>74,678.00</b>

10 SHORT TERM INVESTMENTS

Description	2020-2021 Kshs	Fy 2019 Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	Jan2020-June 2021 Kshs	Fy 2019 Kshs
Fees arrears	12,577,724.00	14,877,817.00
Other non-fees receivables	0.00	-
Salary advances	0.00	-
Imprest	0.00	-
<b>Total</b>	<b>12,577,724.00</b>	<b>14,877,817.00</b>

[Ageing of fees arrears below]

Description	Jan2020-June 2021 Kshs	Fy 2019 Kshs
Fees arrears for current year	0.00	1,273,928.00
Fees arrears for the previous year	(1,026,165.00)	-
Fees arrears for prior periods (over two years)	13,603,889.00	13,603,889.00
<b>Total</b>	<b>12,577,724.00</b>	<b>14,877,817.00</b>

12 ACCOUNTS PAYABLE

Description	Jan-June 2021 Kshs	Fy2019 Kshs
Trade creditors (See ageing below and appendix 1)	0.00	1,549,086.00
Prepaid fees	0.00	1,266,495.00
Retention monies	0.00	-
<b>Total</b>	<b>0.00</b>	<b>2,815,581.00</b>

[Ageing of the creditor's arrears below]

Description	Jan2020-June 2021 Kshs	Fy 2019 Kshs
Trade creditors for current year	0.00	1,524,086.00
Trade creditors for the previous year	0.00	25,000.00
Trade creditors for prior periods (over two years)	0.00	-
<b>Total</b>	<b>0.00</b>	<b>1,549,086.00</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	Jan2020-June	Fy2019
	2021	
	Kshs	Kshs
Bank balances	8,293,736.30	3,715,758.20
Cash balances	333,937.00	74,678.00
Short Term Investments	-	0.00
Receivables	12,577,724.00	14,877,817.00
Payables	-	(2,815,581.00)
<b>Total</b>	<b>21,205,397.30</b>	<b>15,852,672.20</b>

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	Jan2020-June	Fy2019
	2021	
	Kshs	Kshs
Bank loan(s)	0.00	0.00
Outstanding Leases	0.00	0.00
Hire purchase	0.00	0.00
Gratuity and leave provision	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

15 Biological assets

Description	Numbers	2020-June	Fy2019
		2021	
		Kshs	Kshs
Cattle	3	60,000.00	-
Goats	8	20,000.00	-
Trees	220	154,000.00	-
<b>Total</b>		<b>234,000.00</b>	<b>-</b>

16 Borrowings

Description	2020-june2021	Fy2019
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments of during the year	0.00	0.00
<b>Balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

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Other important disclosure notes

17 Stock/ Inventory

Description	Jan2020-June - 2021 KShs	Fy 2019 KShs
Stock/ inventory at beginning of the year	0.00	-
Stock/ inventory purchased during the year	0.00	-
Stock/ inventory issued during the year	0.00	-
<b>Balance at end of the year</b>	<b>788,137.34</b>	<b>-</b>

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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)

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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 2020	Comments
	a	b	c	d = a - c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction of buildings</b>						No outstanding Trade creditors
1.						
2.						
3.						
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>	
<b>Supply of goods</b>						
4.						
5.						
6.						
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>	
<b>Supply of services</b>						
7.						
8.						
9.						
<b>Sub-Total</b>				<b>0.00</b>	<b>0.00</b>	
<b>Grand Total</b>				<b>0.00</b>	<b>0.00</b>	

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Unit	Opening balances b/f 1 <sup>st</sup> Jan 2020 numbers	Additions during the period numbers	Disposals during the period numbers	Closing balances c/f 30 <sup>th</sup> June 2021
Land 1		Tuition area	Acres	6	0	0	6
Land 2		Kamuthanga area	acre	0.125	0	0	0.125
Buildings and structures		School	No.	128	0	0	128
Motor vehicles		school	No.	1	0	0	1
Office equipment, furniture and fittings		Tuition	No.	1,192	0	0	1192
ICT Equipment, and Other ICT Assets		school	No.	33	0	0	33
Tools and apparatus		Laboratory	No.	6,136	0	0	6,136
Textbooks		Students/Library	No.	19,494	0	0	19,494
Other Machinery and Equipment		School store	No.	853	0	0	853
Heritage and cultural assets		school	No.	48	0	0	48
Intangible assets- soft ware		Exam Office	No.	1	0	0	1
<b>Total</b>				<b>27,892.125</b>	<b>0</b>	<b>0</b>	<b>27,892.125</b>