

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY

PAPERS LAID

DATE: 04 MAR 2025

Tuesday

TABLED  
OF:

Deputy chg. whip  
Hon. Naomi Jillo

CLERK-AT  
THE-TABLE:

Benson Inzofu

**THE AUDITOR-GENERAL**

**ON**

**MAGUTU GIRLS HIGH SCHOOL**

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

**NYERI COUNTY**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

18 OCT 2024

RECEIVED



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*MAGUTU GIRLS' SECONDARY SCHOOL*  
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022

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

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SCHOOL

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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**I. Key School Information And Management**

*[Customise the details in this section to suit your School]*

**(a) Background information**

The School is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Nyeri County, Mathira East Sub-County.

The school was registered in 1978 under registration number 19s 0030 0078 and is currently categorized as County Public school established, owned and operated by the Government of Kenya.

The School is a Girls' Boarding Secondary School and had 653 students as at 30<sup>th</sup> June 2022. It is three streamed and 30 teachers of whom 12 teachers are employed by the School Board of Management and 18 teachers employed by Teachers Service Commission (TSC).

**(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	Simon Njogu	Chairman/Sponsor	5 <sup>th</sup> March 2022
2	Rahab Githinji	Secretary - Principal	5 <sup>th</sup> March 2022
3	Stanely Mwangi	Member	20 <sup>th</sup> May 2022
4	Winnie Wambui	Member	20 <sup>th</sup> May 2022
5	Hildah Wanjiru	Member	20 <sup>th</sup> May 2022
6	Carol Njiiri	Member	5 <sup>th</sup> March 2022
7	Evelyne Njeri	Member	5 <sup>th</sup> March 2022
8	James Mwangi	Member - Rep CEB	5 <sup>th</sup> March 2022
9	Loise Karanja	Member Rep Teachers	5 <sup>th</sup> March 2022
10	Peter Njogu	Members - Sponsor	5 <sup>th</sup> March 2022
11	Joseph Githae	Members - Sponsor	5 <sup>th</sup> March 2022
12	Jacob Muthui	Member	5 <sup>th</sup> March 2022
13	Jane Wamaitha	Member	5 <sup>th</sup> March 2022
14	Prof. Wachira Mathenge	Member	5 <sup>th</sup> March 2022
15	Kennedy Guandaru	Member	5 <sup>th</sup> March 2022
16	Edwin Thangari	Member - Community	5 <sup>th</sup> March 2022
17	Francis Guandaru	Member Special Needs	5 <sup>th</sup> March 2022
18	Gloria Kamua	Rep Students	5 <sup>th</sup> March 2022

*Key School Information and Management (Continued)*

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

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

**(c) Committees of the Board**

*(Provide the names of the various committees of the Board established by the Board and the names of the committee members):*

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Simon Njogu Rahab Githinji Stanely Mwangi Peter Njogu Carol Njiiri	Chairman Secretary/principal Member Member Member	3(OldandNew)
2	Audit Committee	Peter Njogu Carol Njiiri Stanely Mwangi	Chairman Member Member	1(OldandNew)
3	Finance, procurement and general purposes Committee	Carol Njiiri Rahab Githinji Evelyne Njeri Kennedy Guandaru	Chairperson Secretary/principal Member Member	2(OldandNew)
4	Academic Committee	Prof. Wachira mathenge Rahab Githinji Jacob Muthui Jane Wamaita Loise Karanja	Chairman Secretary/principal Member Member Member	1(Old BOM)
5	Development Committee	Peter Njogu Rahab Githinji Simon Njogu Joseph Githae Francis Guandaru Edwin Thangari	Chairman Secretary/principal Member Member Member Member	2(Old and New)

6	Discipline and welfare Committee		
7	Adhoc Committee (if any during the year)		

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Githinji Rahab Wanjiru	304591
2	Deputy Principal	Gatimu Catherine Njeri	350344
3	School Bursar	Mugo Faith Caroline K.	ID.No. 24595279

(e) Schools contacts

Post Office Box: 635-10101, Karatina  
 Telephone: 0724 55 33 69  
 E-mail: magutugirishighschool@gmail.com  
 Website:  
 Facebook:  
 Twitter:

(f) SchoolBankers

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

1. Name of Bank: Kenya Commercial Bank  
 Branch: Karatina  
 Account Number: 1105559513
2. Name of Bank: Kenya Commercial Bank  
 Branch: Karatina  
 Account Number: 1105566676
3. Name of Bank: Kenya Commercial Bank  
 Branch: Karatina  
 Account Number: 1105566951
4. Name of Bank: Kenya Commercial Bank  
 Branch: Karatina  
 Account Number: 1105258378

5. Name of Bank: Kenya Commercial Bank  
Branch: Karatina  
Account Number: 1138218030
6. Name of Bank: Equity Bank Limited  
Branch: Karatina  
Account Number: 0040297148634
7. MPESA Pay Bill No.407878 attached to Account 004029148634 held at Equity bank Karatina.  
(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

**(g) Independent Auditors**

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

## II. Summary Report Of Performance Of The School

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

### a) Financial performance:

	ACCOUNTS	2020	2021	2022
1	Operations	5,498,225	83,272	2,217,772
2	Tuition	943,891	1,474,592	1,294,984
3	Total	6,442,116	3,032,456	3,512,756
4	Enrolment	579	680	653

### SURPLUS(DEFICIT) OF THE YEAR FOR THREE YEARS

	2020	2021	2022
Surplus(deficit)	4,520,020.00	4,451,528	1,619,102

### DEBTORS

	2020	2021	2022
Surplus(deficit)	1,926,769	1,365,222	9,471,262

The School income has risen due to factors like increased population which is noted in every year, the school management have laid strategies encouraging parent to pay fees, and this has led to reduced fees debtors in recent years.

The school is able to pay creditors at the end of each financial year; years 2019 and 2020 had no unpaid creditors.

The year 2021 was with faced a lot challenges due to the Covid-19 pandemic that led to the year having 4 terms. The parents had found difficulties in fees payment.

	2020	2021	2022
Tuition a/c	908	(100,325)	255,354
Operation a/c	80,184	1,544,622	107,583
School fund a/c	803,637	3,086,231	6,131,223
<b>TOTAL</b>	<b>884,729</b>	<b>4,530,528</b>	<b>6,494,190</b>

### b) Teacher Student ratio:

653 Students/30 Teachers

Ratio 1:21

- Two TSC recruited teachers in the year 2022:-  
I - Kiswahili/History II - History/CRE
- One TSC transfer out of school- Homescience

**TOTAL NO. OF TEACHERS**

TSC teachers	BOM Teachers	Total
18	12	30

**TSC TEACHERS PER SUBJECT**

Subject	Number	Shortage
Maths/Chemistry	2	1
English/Literature	4	1
Agriculture/Biology	1	2
History/CRE	2	1
Computer/Maths	1	1
Chemistry/Physics	1	2
Kiswahili/History	1	1
Kiswahili/CRE	2	1
Business/Geography	1	1
Geography/Biology	1	1
Maths/Business	1	1
Home science/PE	0	2
Geography/CRE	1	1

**c) Mean score in the KCSE:**

	2019	2020	2021
Mean Score	5.919	5.410	5.00
Students Transitioned to the Higher Learning Institutions.	74	72	67
NO. of Candidates Who Sat for the Exam	87	100	168

**d) Number of Candidates in the KCSE:**

e)	2019	2020	2021

Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022

NO. of Candidates Who Sat for the Exam	87	100	168
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f) Capacity of the school:

INFRASTRUCTURE NEED	LABORATORAY	DORMITORY	LIBRARY	STORE
AVAILABLE	2	5	0	1
NEED	2	1	1	2

Summary Report of the Performance of the School(Continue)

g) Development projects carried out by the school:

1. Construction of 2 classrooms

Building Materials	1,640,655
Construction Labour	690,440
<b>Total</b>	<b>2,331,095</b>

Classrooms construction funded from Free Secondary education- Infrastructure Fund

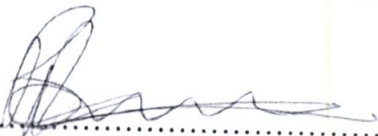
2. Renovation of the school kitchen and additional of big Jiko.

Building Materials	1,432,000
Construction Labour	260,400
<b>Total</b>	<b>1,692,400</b>

Kitchen renovation funded from savings the School Fund Account(RMI)

3. Renovation of Two Dorms (Tile work)

Renovation Materials	352,040
Renovation Labour	120,000
<b>Total</b>	<b>472,040</b>



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 (PSASB) of Kenya from time to time.

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

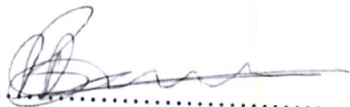
a  
The Board of Management of (*Name of School*) accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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



Name: Simon H. MUGUTI  
Designation: Chairman, School Board of Management

Date: 17/10/2024



Name: Wangiku R. GITHINJI  
Designation: School Principal & Secretary to Board of Management

Date: 17/10/24

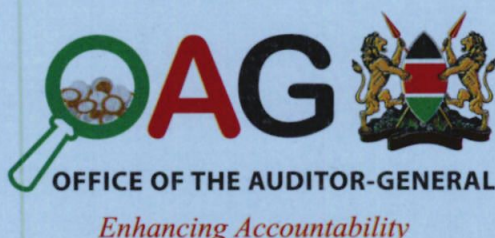


Name: Faith Caroline Mugo  
Designation: Bursar/ Finance Officer

Date: 17/10/2024

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON MAGUTU GIRLS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NYERI COUNTY

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Magutu Girls High School - Nyeri County set out on pages 1 to 13, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Magutu Girls High School - Nyeri County as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Qualified Opinion**

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

- i) The statement of receipts and payments reflects an amount of Kshs.45,694,243 in respect to parents' contribution - school fund account as disclosed in Note 3 to the financial statements. However, the corresponding Note 3 to the financial statements reflects an amount of Kshs.17,632,315 resulting to an unexplained variance of Kshs.28,061,928. Further, review of respective supporting ledger revealed an amount of Kshs.46,759,436 resulting to a variance of Kshs.1,065,193.
- ii) The statement of receipts and payments reflects payment for infrastructure amount of Kshs.2,955,197. However, review of the trial balance revealed a corresponding amount of Kshs.2,240,945 resulting to an unexplained variance of Kshs.714,252.
- iii) The statement of receipts and payments reflects a nil amount against school fund income - other receipts. However, Note 4 to the financial statements reflects other receipts - school fund account amount of Kshs.28,061,786.
- iv) The statement of receipts and payments reflects proceeds from borrowing amount of Kshs.2,557,500 whose details and supporting documents were not provided for audit review.
- v) The statement of receipts and payments reflects an amount of Kshs.42,886,873 in respect of boarding and school fund. However, the corresponding Note 7 to the financial statements reflects a recomputed amount of Kshs.43,386,873 resulting to an unexplained variance of Kshs.499,900.

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

### **2. Unsupported Rental Income from Staff Houses**

Note 3(a) to the financial statements reflects rent income amount of Kshs.17,000. However, review of the housing record revealed the six (6) houses with a monthly rent of Kshs.1000 each with a total expected annual rent income of Kshs.72,000 were occupied resulting to a variance of Kshs.55,000. Further, Management did not maintain a register

of the number of houses, signed contracts/agreement, or any guiding policy on the rent charged.

In the circumstances, the accuracy and completeness of the rental income amount of Kshs.17,000 could not be confirmed.

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

The statement of financial assets and financial liabilities reflects total cash and cash equivalents balance of Kshs.7,652,670 as disclosed in Note 8 and 9 to the financial statements. The balance includes bank balances of Kshs.6,917,943. However, the corresponding Note 8 to the financial statements reflects bank accounts balance of Kshs.7,111,712 resulting to a variance of Kshs.193,769 which has not been explained. Further, Management did not maintain a cashbook for the three (3) bank accounts. In addition, bank reconciliation statements and board of cash survey report were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,652,670 could not be confirmed.

### **4. Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.17,027,357 in respect of fees arrears as disclosed in Note 11 to the financial statements. Included in the balance are receivables amounting to Kshs.6,646,916 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.17,027,357 could not be confirmed.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. 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. Non-Compliance with Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:-

- (i) The statement of receipts and payments reflect proceeds from borrowings and payments for infrastructure amounts of Kshs.2,557,500 and Kshs.2,955,197 but which has not been cross-referenced to an explanatory note to the financial statements.
- (ii) Note 10 to the financial statements on short term investments has no data populated and does not appear in the statement of financial assets and financial liabilities.
- (iii) Note 11 and 12 to the financial statements on page 27 includes generic text “include an aging of fees/ non-fees arrears below” and “Include an ageing of creditors’ arrears below” provided by the reporting template which have not been deleted.
- (iv) The statement of cash flows includes generic text provided by the template which ought to have been deleted.
- (v) The statement of budgeted versus actual amounts for the year ended 30 June, 2022 includes blank fields without any data which should be omitted altogether. Further, the statement is incomplete as it does not disclose total amounts for the year ended 30 June, 2022.
- (vi) Note 14 to the financial statements on other important disclosure reflect comparative bank loan balance of Kshs.4,484,828. However, No.16 to the financial statements on borrowings has not been populated with information on borrowings movement during the year under review.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users’ reliance on the financial statements for decision-making.

## **2. Late Submission of Financial Statements**

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September, 2022. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2022 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.

## **3. Unapproved Fees on Boarding Equipment and Stores**

The statement of receipts and payments reflects school fund income-parents' contributions amount of Kshs.45,694,243. However, examination of the records revealed that the school charged an amount of Kshs.10,500 per student on Boarding Equipment and Stores above the approved by the Ministry of Education for Boarding School's Fees Structure-Category B\* translating to an overcharging of revenue amounting to Kshs.6,856,500. This is contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day and Secondary Education programme which stipulates that parent will only pay for school uniforms, boarding related costs as reflected in the boarding fee's structure and lunch for the day scholars.

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

## **4. Lack of Procurement Plan**

The statement of receipts and payments reflects an amount of Kshs.51,764,754 and Kshs.50,145,742 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

## **5. Inaccuracies in Capitation Grants**

The statement of receipts and payments reflects an amount of Kshs.2,218,027 in respect to capitation grants for operations as disclosed in Note 2 to the financial statements. Review of the bank statements for operations account for the year ended 30 June, 2022 revealed capitation grants for operations received amounting to Kshs.5,690,810. The school transferred to the infrastructure account Kshs.2,557,500 leaving a balance of Kshs.3,133,310 for operations which differs with Kshs.2,218,027 disclosed in the statement of receipts and payments resulting to an unexplained variance of Kshs.915,283.

In the circumstances, the accuracy and completeness of capitation grants for operations amount of Kshs.2,218,027 disclosed in the financial statements could not be confirmed.

## **6. Failure/Late Transfer of Infrastructure Funds**

The statement of receipts and payments reflects operations grants amount of Kshs.2,218,027 as disclosed in Note 2 to the financial statements. Included in this amount is Kshs1,024,000 in respect of infrastructure grants which were to be transferred to the infrastructure bank account for maintenance and improvement of the School's facilities. However, the grants which were received in two tranches on 3 August, 2021 and 6 January, 2022 were transferred on 7 October, 2021 and 8 February, 2022 respectively which was 65 days and 33 days respectively after the date of receipt.

Further, the School received capitation grants for operations amounting to Kshs.2,995,914 on various dates out of which an amount of Kshs.805,000 was expected to be transferred to the infrastructure account within fifteen days upon receipt of the funds. However, these funds were not transferred to the school infrastructure account.

In addition, the School received capitation grants for operations amounting to Kshs.3,174,247 on various dates out of which Kshs.1,380,000 was expected to be transferred to the infrastructure account. However, the School Management transferred to the School infrastructure account Kshs.1,533,500 which was Kshs.153,500 more than the expected.

This was contrary to Paragraph 3.0 of the Ministry of Education Guidelines on Implementation of Free Day Secondary Education (FDSE) 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.

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

During the year/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.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Weak Information Communication Technology Controls

The School has implemented a School Accounting System as its core financial information system and an examination and timetable Management Systems. However, audit of the systems revealed weak Information Technology (IT) controls in place. The School has insufficient controls over information technology systems and processes which increases the risk of unauthorized access, data breaches, and potential manipulation or loss of critical data. Further, The School has not entered into service level agreements with the service providers. In addition, although Management demonstrated that data back-up is done weekly, this provides a wide window for data loss with no back-up policy, and hence no recovery point/time objectives.

In the circumstances, the Schools IT Control environment is weak and the integrity, availability, and confidentiality of financial information may be at risk.

#### 2. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.185,550,000 in respect of fixed assets which includes land with a balance of Kshs.70,000,000. However, the School Management did not provide a title deed for the land on which the School is built. Records provided for audit indicated that the last search on the land was done on 01 April, 2021.

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

#### 3. Ineffective Management of Textbooks

Examination of the schools' textbook records provided for audit revealed that the school does not maintain complete records of books in the library. The physical records maintained are for delivered books and issued books which are prone to tare and ware resulting to loss of books. Despite the growth in students' data and textbooks the school uses a manual system to manage its library/textbooks data. There were cases of unquantified number of textbooks with some were lying idle (in cartons) in the library, yet

there was no evidence of communication to the Ministry of Education to stop supplying or returning the excess text books for redistribution to other needy schools.

In the circumstances, without a proper control system, there could be underutilization of textbooks at the expense of other deserving cases.

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

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

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

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the School's ability to continue 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 continue 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to 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

24 September, 2024

Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022

V. Statement Of Receipts And Payments Period To 30<sup>th</sup> June 2022

Description Of Vote Head	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	1,294,984	631,320
Capitation grants for operations	2	2,218,027	4,122,562
School fund income- parents' contributions	3	45,694,243	13,789,049
School fund income- Other Receipts	4		541,640
Proceeds from borrowings		2,557,500	790,000
<b>Total Receipts</b>		<b>51,764,754</b>	<b>19,874,571</b>
<b>Payments</b>			
Payments for tuition	5	939,275	548,955
Payments for operations	6	3,364,397	2,981,579
Boarding and school fund payments	7	42886,873	11,122,991
Payments for infrastructure		2,955,197	769,518
<b>Total Payments</b>		<b>50,145,742</b>	<b>15,423,043</b>
<b>Surplus/Deficit</b>		<b>1,619,012</b>	<b>4,451,528</b>

The school financial statements were approved on 17/10/2024 and signed by:



Name: Simon H. MUGUTI  
Chair BOM

Date: 17/10/2024



Name: Wanjiru R. GITHINJI  
School Principal/ Secretary to  
BOM

Date: 17/10/24




Name: Faith Caroline MUGU  
Bursar/ Finance Officer

Date: 17/10/2024

VI. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	8	6,917,943	4,688,546
Cash balances	9	734,727	681,679
Short term investment	10	-	-
<b>Total cash and cash equivalent</b>		<b>7,652,670</b>	<b>5,370,225</b>
Account's receivables	10	17,027,357	9,938,907
<b>Total financial assets</b>		<b>24,680,027</b>	<b>15,309,132</b>
<b>Financial liabilities</b>			
Accounts payables	11	(1,308,106)	(644,641)
<b>Net financial assets</b>		<b>23,371,921</b>	<b>14,664,491</b>
<b>Represented by</b>			
Accumulated fund b/fwd.	12	15,327,924	10,212,963
Surplus/deficit for the year		1,619,102	4,451,528
Add : Increase in receivables		7,088,450	
Less : Increase in payables		(663,465)	
<b>Net financial position</b>		<b>23,371,921</b>	<b>14,664,491</b>

The school's financial statements were approved on 17/10 2024 and signed by:

  
 .....

Name: Simon H. Mwangi

Chair BOM

Date: 17/10/2024

  
 .....

Name: Margaret R.G.  
 School Principal/ Secretary to BOM

Date: 17/10/24

  
 .....

Name: Faith Caroline Mugo

Bursar/ Finance Officer

Date: 17/10/24

VII. Statement of Cash Flows for The Period Ended 30<sup>th</sup> June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Capitation grants for tuition	1	1,294,984	631,320
Capitation grants for operations	2	2,218,027	4,122,562
School fund income- parents contributions/ fees	3	45,694,243	13,789,049
School fund income- other receipts	4	2,557,500	790,000
			541,640
<b>Total receipts</b>		<b>51,765,500</b>	<b>19,874,571</b>
<b>Payments</b>			
Payments for tuition	5	939,275	548,955
Payments for operations	6	3,364,397	2,981,579
Boarding and school fund payments	7	42,886,873	11,122,991
Payment for infrastructure		2,955,197	769,518
<b>Total payments</b>		<b>50,145,742</b>	<b>15,423,043</b>
<b>Net cash flow from operating activities</b>		<b>1,619,012</b>	<b>4,451,528</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>-</b>	<b>-</b>
<b>Cashflow from borrowing activities</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,619,012</b>	<b>4,451,528</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>5,370,226</b>	<b>918,698</b>
<b>Cash and cash equivalent at end of the year</b>		<b>6,989,238</b>	<b>5,370,226</b>

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



VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2022

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
<b>Receipts</b>						
<i>(1) Capitation Grant on Tuition</i>						
Textbooks And Reference Materials	178,820	-	178,820	176,910	1,910	98.90%
Exercise Books	800,000	-	800,000	167,400	632,600	20.90%
Laboratory Equipment	665,980	-	665,980	19,300	646,680	2.90%
Internal Exams	456,000	-	456,000	570,393	(114,393)	125%
Teaching / Learning Materials	80,000	-	80,000	110,500	(300,000)	138%
Chalks	170,000	-	170,000	183,500	(13,500)	108%
Exams And Assessment	250,000	-	250,000	-	250,000	0%
Teachers Guides	300,000	-	300,000	67,000	233,000	22%
<i>(2) Capitation Grant on Operations</i>						
Personnel Emoluments	3,290,000	-	3,290,000	693,348	2,596,000	21.1%
Repairs And Maintenance	3,500,000	-	3,500,000	665,000	2,835,000	19%
Local Transport / Travelling	1,330,000	-	1,330,000	-	1,330,000	0%
Electricity And Water	1,120,000	-	1,120,000	450,912	669,088	40%
Medical	-	-	-	-	-	-
Administration Costs	840,000	-	840,000	408,512	431,488	51%
Activity	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-

**MAGUTU GIRLS' SECONDARY SCHOOL**  
**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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
Smasse	-		-		-		-		-		-	-
<b>(3) Fees Charged on Parents</b>												
Personnel Emoluments	2,100,000		-		2,100,000		3,740,435		(1,640,435)		178%	
Repairs And Maintenance	1,400,000		-		1,400,000		2,069,709		(669,709)		148%	
Local Transport / Travelling	1,400,000		-		1,400,000		961,719		438,281		69%	
Electricity And Water	3,269,000		-		3,269,000		5,117,801		(1,848,801)		157%	
Medical	-		-		-		-		-		-	
Administration Costs	1,400,000		-		1,400,000		2,069,567		(669,567)		147%	
Activity	350,000		-		350,000		360,858		(10,858)		103%	
Smasse	-		-		-		-		-		-	
Fee On Boarding Equipment and Stores	14,581,000		-		14,581,000		21,768,554		(7,187,554)		149%	
<b>Other Income</b>												
Rent Income	78,000		-		78,000		65,000		13,000		83%	
Income From Farming Activities	1,173,000		-		1,173,000		888,435		284,565		76%	
Insurance Compensation	-		-		-		-		-		-	
Income From Posho Mill	-		-		-		-		-		-	
Income From Bus Hire	-		-		-		-		-		-	
Fee For Hire of Ground And Equipment	-		-		-		-		-		-	
Interest Income	-		-		-		-		-		-	
Income From Any Other Investment	-		-		-		-		-		-	
<b>Total Income</b>	-		-		-		-		-		-	

**MAGUTU GIRLS' SECONDARY SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs	b Kshs	e=a+b	d	e-c-d Kshs	f=d/c % Kshs
<b>(1) Expenditure For Tuition</b>						
Textbooks And Reference Materials	178,820	-	178,820	29,000	149,820	16%
Exercise Books	800,000	-	800,000	42,000	380,000	53%
Laboratory Equipment	665,980	-	665,980	317,650	348,330	48%
Internal Exams	456,000	-	456,000	41,525	414,475	9%
Teaching / Learning Materials	80,000	-	80,000	49,600	75,040	62%
Chalks/White board ink and pens	170,000	-	170,000	81,500	88,500	48%
Exams And Assessment	250,000	-	250,000	-	250,000	9%
Teachers Guides	300,000	-	300,000	-	300,000	0%
Administration Costs	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
<b>(2) Expenditure For Operations</b>						
Personnel Emoluments	2,100,000	-	2,100,000	-	980,440	47%
Repairs, Maintenance & Improvements	4,962,000	-	4,962,000	-	230,340	5%
Local Transport / Travelling	2,428,000	-	2,428,000	-	341,500	14%
Electricity, Water and Conservancy	4,427,000	-	4,427,000	-	205,052	7%
Medical	-	-	-	-	-	-
Administration Costs	2,413,500	-	2,413,500	212,260	2,201,240	10%
Activity Expenses	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Smasse	-	-	-	-	-	-

MAGTU GIRLS' SECONDARY SCHOOL  
Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022

Receipt/Expenses Item	Kshs		Kshs		F=d/c %	
	a	b	c=a+b	d		
Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	
<b>(3) Expenditure For School Fund</b>						
Personnel Emoluments	2,100,000	-	2,100,000	1,004,255	1,095,745	49%
Repairs, Maintenance and Improvements	1,400,000	-	1,400,000	2,631,411	-1,231,411	213%
Local Transport / Travelling	1,400,000	-	1,400,000	1,500,508	-100,508	107%
Electricity, Water and Conservancy	3,269,000	-	3,269,000	3,227,169	41,831	99%
Medical Expenses	-	-	-	-	-	-
Administration Costs	1,400,000	-	1,400,000	2,649,506	-1,249,506	189%
Activity	350,000	-	350,000	465,445	-115,445	133%
Gratuity	-	-	-	-	-	-
Lunch Programme	-	-	-	-	-	-
Boarding Equipment and Stores	16,624,560	-	16,624,560	18,124,708	-1,500,148	109%
Expenditure For Income Generating Activity	-	-	-	-	-	-
Insurance Costs	-	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-	-
Rent Expenses	78,000	-	78,000	12,000	66,000	15%
Bank Charges	-	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-	-
Totals						

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

Underutilization

-Inflation

-Most parents faced difficulties in fees payment

Overutilization

-Inflation

- Doubling of commodities prices.

- Elections

i. Xxx

ii. Xxx

## IX. Significant Accounting Policies

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of receipts and payments

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

**Significant Accounting Policies (Continued)****5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

**X. Notes To The Financial Statements****1 Capitation Grant for Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	355,598
Exercise Books	167,400	108,400
Laboratory Equipment	202,780	3,275
Internal Exams	570,394	50,007
Teaching / Learning Materials	110,500	37,040
Chalks	-	-
Exams And Assessment	176,910	47,500
Teachers Guides	67,000	29,500
<b>Total</b>	<b>1,294,984</b>	<b>631,320</b>

**2 Capitation Grant for Operations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	693,348	
Repairs And Maintenance	665,000	1,567,000
Local Transport / Travelling	-	372,000
Electricity And Water	450,912	382,000
Medical	-	33,000
Administration Costs	408,767	501,592
Activity	-	185,970
<b>Total</b>	<b>2,212,027</b>	<b>4,122,562</b>

**3 Parents Contribution/Fees - School Fund Account**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	3,740,435	764,584
Repairs and maintenance	2,069,567	601,938
Local transport / travelling	961,719	166,128
Electricity and water	5,117,801	1,176,344
Administration costs	2,069,567	468,434
Activity	360,858	38,400
Arrears	2,382,812	1,410,599
Prepayments	929,556	519,963
<b>Total</b>	<b>17,632,315</b>	<b>5,146,390</b>

## Notes To The Financial Statements (Continued)

## 4 Other Receipts – School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee On Boarding Equipment and Stores	21,768,554	6,212,785
Rent Income	17,000	12,000
Income From Farming Activities	888,435	83,523
Development Income	3,669,027	2,429,874
Bursary	1,688,954	440,240
Tuition Account Inter-borrowing	29,816	-
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
<b>Total</b>	<b>28,061,786</b>	<b>9,178,422</b>

(Include an explanation on the kind and source of grants/donations received by the school.)

## 5 Payments For Tuition

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	29,000	19,250
Laboratory Equipment	317,650	357,105
Internal Exams	-	-
Teaching / Learning Materials	469,600	121,500
Chalks	-	-
Exams And Assessment	41,525	37,500
Teachers Guides	81,500	13,600
Administration Costs	-	-
Bank Charges	-	-
<b>Total</b>	<b>939,275</b>	<b>548,955</b>

## Notes To The Financial Statements (Continued)

## 6 Payments For Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	980,410	846,647
Service Gratuity	-	-
Administration Cost	212,260	481,050
Repairs And Maintenance & Improvements	230,340	54,680
Local Transport / Travelling	341,500	329,300
Electricity And Water	205,052	366,572
Medical	-	4,350
Activity Expenses	462,000	108,980
Smasse	-	-
Insurance Cost	-	-
Bank Charges	-	-
Acquisition Of Assets	-	-
Infrastructure -MOE	932,000	790,000
Tuition Inter borrowing	580	-
<b>Total</b>	<b>3,364,397</b>	<b>2,981,579</b>

Notes To The Financial Statements (Continued)

7 Boarding And School Fund Payments

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	1,004,255	543,193
Service Gratuity	-	-
Repairs And Maintenance & Improvements	2,631,411	1,327,859
Local Transport / Travelling	1,500,508	132,250
Electricity And Water	3,727,169	1,255,635
Medical Expenses	-	-
Administration Costs	2,649,506	595,315
Lunch Programme	-	-
Bank Charges	-	-
Expenses On Income Generating Activities	-	-
Fee On Boarding Equipment and Stores	18,124,708	4,031,649
Rent Expenses	12,000	-
Insurance Cost (Life Property)	-	-
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
Farming Activities expenses	702,518	670,124
Bursary Allocation	1,688,954	264,500
Prepayments	1,033,045	1,711,526
Tuition Inter-borrowing	6,000	565,840
Activity	465,445	25,100
Development	9,841,354	
<b>Total</b>	<b>42,886,973</b>	<b>11,122,991</b>

(Expenses on income generating activities\*\* should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).

## Notes To The Financial Statements (Continued)

## 8 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1105566676	255,384	83,272
Operations Account	1105566951	107,583	1,474,592
School Fund Account/Boarding	110559513 0040297148634	6,131,223	3,086,231
Savings Account	1105258378	125,688	296,537
Parent Association Development Account		-	-
Income Generating Activities Account		-	-
Infrastructural Account	1210466694	423,754	44,451
UTaNRMP Donor Account	1138218030	68,080	68,580
<b>Total</b>		<b>7,111,712</b>	<b>5,053,663</b>

## 9 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account	-	-
Operation Account	37,245	(253,425)
School Fund account	697,482	935,104
<b>Total</b>	<b>734,727</b>	<b>681,679</b>

## 10 Short Term Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative Shares	xxx	xxx
Treasury Bills	xxx	xxx
Fixed Deposit	xxx	xxx
Equity Stock	xxx	xxx
Other Investments	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

## Notes To The Financial Statements (Continued)

## 11 Accounts Receivable

Description	2021-2022	2020-2021
Fees Arrears	17,027,357	9,938,907
Other Non-Fees Receivables	-	-
Salary Advances	-	-
Imprest	-	-
<b>Total</b>	<b>17,027,357</b>	<b>9,938,907</b>

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

Description	2021-2022	2020-2021
Fees Arrears For Current Year	9,471,262	1,365,222
Fees Arrears For The Previous Year	909,179	1,926,769
Fees Arrears For Prior Periods (Over Two Years)	6,646,916	6,646,916
<b>Total</b>	<b>17,027,357</b>	<b>9,938,907</b>

## 12 Accounts Payable

Description	2021-2022	2020-2021
Trade Creditors (See Ageing Below and Appendix 1)	1,308,106	-
Prepaid Fees	-	644,641
Retention Monies	-	-
<b>Total</b>	<b>1,308,106</b>	<b>644,641</b>

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

Description	2021-2022	2020-2021
Trade Creditors For Current Year	1,308,106	-
Trade Creditors For The Previous Year	-	-
Trade Creditors For Prior Periods (Over Two Years)	-	-
<b>Total</b>	<b>1,308,106</b>	<b>-</b>

## Notes To The Financial Statements (Continued)

**13 Fund Balance Brought Forward**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Balances	7,111,712	854,531
Cash Balances	734,727	64,166
Short Term Investments	-	-
Receivables	17,027,357	9,938,907
Payables	(1,308,106)	(644,641)
<b>Total</b>	<b>23,565,690</b>	<b>10,212,963</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	2021-2022	2020-2021
	Kshs	Kshs
Bank Loan(S)	1,545,192	4,584,828
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
<b>4,584</b>	<b>1,545,192</b>	<b>4,584,828</b>

**15 Biological assets**

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	11 cows	616,000	495,000
Goats	-	-	-
Trees	439	1,843,800	1,476,000
<u>Coffee Or Tea Plantation</u>	400	480,000	600,000
Poultry		-	-
<b>Total</b>		<b>2,939,800</b>	<b>2,571,000</b>

**16 Borrowings**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	xxx	xxx
Borrowings during the year	xxx	xxx
Repayments of during the year	(xxx)	(xxx)
<b>Balance at end of the year</b>	<b>xxx</b>	<b>xxx</b>

Other important disclosure notes

17 Stock/ Inventory

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>b) Inventory</b>		
Stock/ inventory at beginning of the year	859,940	282,130
Stock/ inventory purchased during the year	16,430,455	6,301,320
Stock/ inventory issued during the year	14,828,265	5,723,510
<b>Balance at end of the year</b>	<b>32,118,660</b>	<b>12,306,960</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)

\_\_\_\_\_  
 Sign and Date  
 Principal

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Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	a	b	c	d-a-c	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
1.								
2.								
3.								
Sub-Total								
Supply Of Goods								
4. DPL Festive LTD								
5. The Copy CAT LTD							181,111	
6. ZAKA Capital Enterprises							255,200	
7. Chakiel Investments							265,000	
Sub-Total							250,000	
Supply Of Services								
8. Hybrid Auto Services								
9. GEWAWA Fabricators							171,885	
10.							184,910	
Sub-Total								
Grand Total							1,308,106	

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Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2022
Land 1						70,000,000
Land 2						-
Buildings And Structures						90,000,000
Motor Vehicles						10,000,000
Office Equipment, Furniture And Fittings						3,000,000
ICT Equipment, And Other ICT Assets						2,000,000
Tools And Apparatus						1,500,000
Textbooks						3,000,000
Other Machinery, And Equipment						4,500,000
Heritage And Cultural Assets						250,000
Intangible Assets- Soft Ware						1,300,000
Total						185,550,000

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