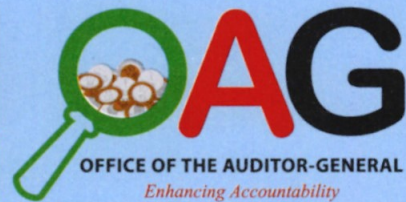


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

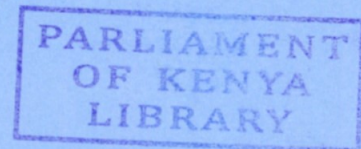
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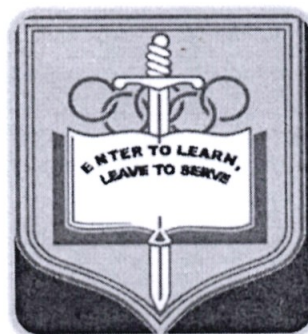
ARABIA BOYS SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

MANDERA COUNTY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 JUN 2026	DAY. WEDNESDAY
TABLED BY:	HON. OWEN BATA, MP DEPUTY MAJORITY LEADER
CLERK-AT THE-TABLE:	RUTH NGINYO





**ARABIA BOYS' SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

Arabia Boys' Secondary School

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

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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 Mandera County, Arabia Sub-County

The school was registered in 2/1998 under registration number GP/A/3566/2005 (was initially issued with a registration number GP/A/795/1997) and is currently categorized as a County (National, Extra County, County and Sub County) public school established, owned or operated by the Government.

The school is a boarding school and had 359 number of students as at 30th June 2025. It has 6 streams and 16 teachers of which 7 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	Hassan Abdullahi Abdikadir	Chairman	14/10/2022
2	Abdikadir Yunis B	Secretary – Principal	14/10/2022
3	Habiba Ali Omar	Member	14/10/2022
4	Fatuma Abdikadir Kassim	Member	14/10/2022
5	Mohamed Adan Manur	Member	14/10/2022
6	Abdirahman Muktar	Member	14/10/2022
7	Abdinoor Dakane	Member	14/10/2022
8	Abdikheir Adan Hussein	Member – Rep CEB	14/10/2022
9	Abdiaziz Hassan Noor	Member Rep Teachers	14/10/2022
10	Maryam Dubow Dahir	3 Members – Sponsor	14/10/2022
11	Ali Salat Abdi	Member – Community	14/10/2022
12	Markaba Hassn	Member Special Needs	14/10/2022
13	Adan Noor Mohamud	Rep Students	14/10/2022
14.	Mohamed Hussein Y	Member	14/10/2022

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			X out of XX
		Hassan Abdullahi	Chairperson	5 out of 5
		Mohamed Abdirahmn	Secretary	5 out of 5
		Abdikheir Adan Hussein	Member	5 out of 5
		Maryam Dubow Dahir	Member	5 out of 5
2	Audit Committee			
		Hassan Abdullahi	Chairperson	3 out of 3
		Mohamed Hussein	Secretary	3 out of 3
		Abdiaziz Hassan Noor	Member/Dep. Princ	3 out of 3
3	Finance,procurement and general purposes Committee			
		Hassan Abdullahi	Chairperson	4 out of 4
		Abdiaziz Hassan Noor	Secretary	4 out of 4
4	Academics Committee	Abdiaziz Hassan Noor	Chairperson	8 out of 8

		Hassan Abdullahi	Chairperson	4 out of 4
5	Development Committee	Mohamed Abdirahman	Secretary	4 out of 4
		Habiba Ali Omar	Member	4 out of 4
		Abdiaziz Hassan Noor	Chairperson	8 out of 8
6	Discipline and welfare Committee	Fatuma Abdikadir	Secretary	8 out of 8
		Ali Salat Abdi	Member	7 out of 8
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC Number/ID NO
1	Principal	ABDIKADIR YUNIS BUHLOW	658878
2	Deputy Principal	ABDIAZIZ HASSAN NOOR	723599
3	School Bursar	AMIN ABDI NOOR	34114641

(e) Schools contacts

Post Office Box: 252-70300
 Telephone: +254725343425
 E-mail: arabiasecondaryschool@gmail.com
 Website:
 Facebook:
 Twitter:

(f) School Bankers

The following school operated 5 bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103913956**
2. Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103919822**
3. Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103921290**

4. Name of Bank: KCB
Branch: MANDERA
Account Numbers: 1117861457
5. MPESA Pay Bill No. **522522** attached to **1103913956** bank account

(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:

(Under this section, the following information should be given:

- Surplus/ deficit for the year and a comparison of the same for the last three years
- Capitation grants from the Ministry of Education for the last three years
- Ratio of capitation grant per student over the last three years
- A three-year overview of growth of other income(s) earned by the school.
- A three-year overview of growth in expenditure of the school
- Movement of debtors and creditors of the school over the last three years
- Movement of cash and bank balances over the last three years

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends).

b) Teacher Student ratio:

Teacher: Student	1:38
Teachers recruited by TSC	2
Teachers recruited by BoM	6

c) Mean score in the 2023 KCSE:

Year	Mean Score
2020	4.460 D
2021	4.350 D+
2022	6.936 C+
2023	7.393 C+

d) Number of Candidates in the 2024 KCSE:

Year	Number of Candidates	Transition to higher learning
2021	65	27
2022	47	46
2023	57	54

e) Capacity of the school:

Facility	Number
Dormitories	7
Dining Hall	1
Laboratories	2
Classrooms	10
Toilets	23

Arabia Boys' Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

<i>PROJECT NAME</i>	<i>SOURCE OF FUND</i>	<i>STATUS</i>
Construction of 1No.underground water tank and renovation of 2No existing water tank.	MoE (M&I)	Done


PRINCIPAL
ARABIA BOYS' SENIOR SCHOOL
P. O. Box 252-70300, MANDERA
DATE: SIGN:

ABDIKADIR YUNIS BUHULOW.

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.

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

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



.....
Name: HASSAN ABDULLAHI ABDIKADIR

Designation: Chairman, School Board of Management

Date: 05/04/2026.



.....
Name: ABDIKADIR YUNIS BUHULOW

Designation: School Principal & Secretary to Board of Management

Date: 05/04/2026.

PRINCIPAL
ARABIA BOYS' SENIOR SCHOOL
P. O. Box 252-70300, MANDERA

DATE: **SIGN:**



.....
Name: AMIN ABDI NOOR

Designation: Bursar/ Finance Officer

Date: 05-4-26

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ARABIA BOYS' SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 – MANDERA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of Arabia Boys Secondary School set out on pages 1 to 12, which comprise of the statement of asset and liabilities as at 30 June, 2025 and the statement of financial performance,

statement of cash flows and the 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of Arabia Boys Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards - Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Basic Education Act, 2013, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Unsupported School Fund Income – Parent’s Contributions

The statement of financial performance reflects an amount of Kshs.5,357,594 in respect of school fund income-parent’s contribution which relates to bursaries received from the County Government of Mandera as disclosed in Note 3 to the financial statements. However, an amount of Kshs.4,336,094 was not supported by schedule detailing the list of beneficiaries and the amounts allocated to each student.

In the circumstances, the accuracy and completeness of the school fund income-parent’s contribution of Kshs.4,336,094 could not be confirmed.

2. Failure to Disclose Outstanding School Fees Receivables

The statement of financial performance and as disclosed in Note 3 to the financial statements, reflects an amount of Kshs.5,357,594 in respect of school fund income – parent’s contributions. However, the Ministry’s approved annual fee to be paid by parents was Kshs.40,535 per learner translating to a total expected parent contribution of Kshs.14,552,065. The difference of Kshs.9,194,471 represents undisclosed revenue which was also not recognized as receivables.

In the circumstances, accuracy of school fund income of Kshs.5,357,594 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.17,087,696 and Kshs.11,661,478 respectively, resulting in an under-funding of Kshs.5,426,218 or 32% of the budget. However, the School spent Kshs.10,888,712 against actual receipts of Kshs.11,661,478 resulting in an under-utilization of Kshs.772,766 or 7% of actual receipts.

The under-funding affected the planned activities and may have impacted negatively on the operations of the school.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

1. Significant Changes in Schools Reporting Templates

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

The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

2. Failure to Sign Memorandum of Understanding or Funding Agreement between the School and County Government

The School Management had approved a boarding fee of Kshs.40,535 per student. However, parents did not pay the boarding fee as the County Government had made a public declaration to issue bursaries to fully cover all students boarding fees. However, review supporting documents revealed that the County Government paid a bursary of Kshs.18,000 per student per year hence leaving a funding gap of Kshs.22,535. Further, it was observed that there was no funding agreement, Memorandum of Understanding or any other bidding document between the County Government of Mandera and Board of Management (BOM) to oblige and enforce the county government's declarations to pay boarding fees.

In the circumstances, without a contractual obligation the arrangements leave the parents with duty to pay the boarding fee.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements for Audit

The financial statements were submitted to the Auditor-General on 19 January, 2026. This was contrary to The National Treasury Circular No AG 3/88 Vol. VII (41) of 4 December, 2024 in compliance with Section 81 of the Public Finance Management Act, 2012 which required all public entities to submit financial statements for the year ended 30 June, 2025 on or before 31 August, 2025.

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

2. Lack of a Functional Procurement Unit

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

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

3. Non-Deduction of Capacity Building Levy

Review of payments for goods and services revealed that there was no deduction of the public procurement capacity building levy of 0.03% on the contracts. This was contrary to the Public Procurement Capacity Building Levy Order, 2023 which requires Public Procurement Capacity Building Levy be deducted at 0.03% on the contracts, contrary to the Levy Order 2023 issued by the Public Procurement Regulatory Authority.

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

4. Under-disbursement of Capitation Grants from Ministry of Education (MOE)

The School had a total of three hundred and fifty-nine (359) students as per NEMIS. Ministry of Education Circulars for the period under review indicated that the Ministry disbursed total capitation grants for tuition and operations at a rate of Kshs.11,259.8 per student instead of Kshs.22,244 therefore resulting in an under-disbursement of Kshs.10,984.2 per student and total under-disbursement of Kshs.3,943,256.

In the circumstances, the Ministry underfunded the School's Free Day Secondary Education (FDSE) by Ksh.3,943,109, contrary to the Government Policy on provision of Free Day Secondary Education.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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

Lack of Internal Audit Function and Audit Committee

The School did not have an audit committee and an internal audit unit. This was contrary to Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015, which requires each National Government entity to establish an audit committee and Section 73(1)(a) of the Public Finance Management Act, 2012, which provides that every National Government entity shall ensure that it

has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

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

Responsibilities of the Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 May, 2026

V. Statement Of Financial Performance for the Year Ended 30th June 2025

Description Of Vote Head	Note	2024-2025	2023-2024
Receipts			
Capitation grants for tuition	1	1,574,425	1,112,109.70
Capitation grants for operations	2	4,729,799	6,708,627.70
School fund income- parents' contributions	3	5,357,594	5,216,730.00
Capitation grants for m&i			
Proceeds from borrowings			
Total Receipts		11,661,478	13,037,467.40
Payments			
Payments for tuition	5	1,158,437.00	759,876.50
Payments for operations	6	5,599,910	6,249,741.50
Boarding and school fund payments	7	5,697,224	6,025,429.00
Total Payments		12,455,574	13,035,047.00
Surplus/Deficits		(794,096)	2,420

The school financial statements were approved on 30th 6th 2025 and signed by:



Name: Hassan Abdullahi

Chair BOM

Date: 05/04/2026



Name: ABDIKADIR YUNIS
School Principal/ Secretary to
BOM

Date: 05/04/2026



Name: Amin Abdi Noor

Bursar/ Finance Officer

Date: 05-4-26

PRINCIPAL,
ARABIA BOYS' SENIOR SCHOOL
P. O. Box 252-70300, MANDERA

DATE: SIGN:

Arabia Boys' Secondary School
Annual Report and Financial Statements For the year ended 30th June 2025

Statement of Assets and Liabilities As At 30th June 2025

Description	Note	2024-2025	2023-2024
Financial Assets			
Cash and cash equivalents			
Bank balances	8	1,746,657	2,983,187.00
Total cash and cash equivalent		1,746,657	2,983,187.00
Account's receivables	9	3,470,000.00	3,180,080.00
Total financial assets		5,216,657	6,163,187
Financial liabilities			
Accounts payables		-	750,000.00
Net financial assets		5,216,657	5,413,187
Represented by			
Accumulated fund b/fwd.		5,216,657	6,162,266
Surplus/deficit for the year		(794,096)	2,420
Net financial position		5,137,561	6,164,686

The school's financial statements were approved on 30.6. 2025 and signed by:



Name: Hassan Abdullahi

Chair BOM

Date: 05/04/2026



Name: Abdikadir Yunis
School Principal/ Secretary to
BOM

Date: 05/04/2026



Name: Amin Abdi

Bursar/ Finance Officer

Date: 05-04-2026

PRINCIPAL
ARABIA BOYS' SENIOR SCHOOL
P. O. Box 252-70300, MANDERA

DATE: SIGN:

VI. Statement of Cash Flows for The Period Ended As At 30th June 2025

Description	Notes	2024-2025	2023-2024
Operating activities			
Receipts			
Capitation grants for tuition	1	1,574,425	1,112,109.70
Capitation grants for operations	2	4,729,799	6,708,627.70
School fund income- parents contributions/ fees	3	5,357,594	5,216,730.00
Total receipts		11,661,478	13,037,467.40
Payments			
Payments for tuition		1,158,437	759,876.50
Payments for operations		5,599,910	6,249,741.50
Boarding and school fund payments		5,697,224	6,025,429.00
Total payments		12,455,574	13,035,047.00
Net cash flow from operating activities		(794,096)	2,420.40
Cashflow from investing activities			
Net cash flows from investing activities		0	
Cashflow from financing activities		0	
Net cash flow from financing activities		0	
Net increase in cash and cash equivalents		(794,096)	2,420.40
Cash and cash equivalent at beginning of the year		2,980,440.00	3,048,369
Cash and cash equivalent at end of the year		1,746,657.25	3,050,789

(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).

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Receipts						
(1) Capitation Grant on Tuition						
Teaching / learning materials	1,487,696	0	1,487,696	1,574,425	86,729	106%
(2) Capitation grant on operations					-	
Electricity water and Conservancy	600,000.00		600,000	400,000.00	200,000	66.67%
Local Transport and Travelling	1,000,000.00		1,000,000	403,303.70	596,696	40.33%
Repairs Maintenance and Improvements	2,200,000.00		2,200,000	1,690,061.00	509,939	76.82%
Personnel emolument	4,000,000.00		4,000,000	2,700,000	1,300,000	67%
Admin cost	1,300,000.00		1,300,000	1,226,494.85	73,505	94.35%
(3) Fees charged on parents						
Fee on Boarding Equipment and Stores	4,000,000		4,000,000	3,890,294	109,706	97.26%
Personnel emoluments	400,000		400,000	200,000	200,000	50.00%
Repairs and maintenance	350,000		350,000	200,000	150,000	57.14%
Local transport / travelling	500,000		500,000	366,960	133,040	73%
Electricity and water	400,000		400,000	300,000	100,000	75.00%
Total receipts	17,087,696	0	17,087,696	11,661,478	5,717,451	67.54%
(1) Expenditure for tuition				-		

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Exercise books	550,000		550,000	522,500.00	27,500	95.00%
Laboratory equipment	300,000		300,000	185,025.00	114,975	61.68%
Teaching / learning materials	637,696		637,696	449,100.00	88,481	86.12%
(2) Expenditure for operations						
Electricity water and Conservancy	600,000.00		600,000	486,298.00	113,702	81.05%
Local Transport and Travelling	1,000,000.00		1,000,000	562,200.00	437,800	56.22%
Repairs Maintenance and Improvements	2,200,000.00		2,200,000	108,400.00	2,091,600	4.93%
Personnel emolument	4,000,000.00		4,000,000	1,911,000.00	2,089,000	47.78%
Admin cost	1,300,000.00		1,300,000	866,850.00	433,150	66.68%
(3) Expenditure for school fund						
Fee on Boarding Equipment and Stores	4,600,000		4,600,000	4,502,110	97,890	97.87%
Personnel emoluments	300,000		300,000	256,000	44,000	85.33%
Repairs and maintenance	200,000		200,000	80,000	120,000	40.00%
Local transport / travelling	400,000		400,000	351,900	48,100	87.98%
Electricity and water	150,000		150,000	48,000	102,000	32.00%
Administration costs	400,000		400,000	376,200	23,800	94.05%
Other	450,000		450,000	83,014	366,986	18.45%
TOTAL	17,087,696	-	17,087,696	10,888,712	6,198,984	63.72%

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

- i.* *Xxxx*
- ii.* *Xxxx*

VIII. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

Significant Accounting Policies (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

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

Description	2024-2025	2023-2024
Textbooks And Reference Materials		
Exercise Books		
Laboratory Equipment		
Internal Exams		
Teaching / Learning Materials	1,574,425	1,112,109.70
Chalks		
Exams And Assessment		
Teachers Guides		
Total	1,574,425	1,112,109.70

2 Capitation Grant for Operations

Description	2024-2025	2023-2024
Personnel Emoluments	2,700,000	4,038,056.55
Repairs And Maintenance		
Local Transport / Travelling	403,303.70	670,541.15
Electricity And Water	400,000	
MAINTANCE AND IMPROVEMENT		
Administration Costs	1,226,494	1,300,000.00
Activity		
Total	4,729,798	6,708,627.70

3 Parents Contribution/Fees - School Fund Account

Description	2024-2025	2023-2024
Personnel emoluments	200,000	649,130.00
Boarding & Other equipment	3,890,294.00	3,628,420.00
ADMINISTATION COST	400,000.00	400,000.00
Electricity and water	300,000.00	250,000.00
Maintenance and improvement	200,000.00	

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Description	2024-2025	2023-2024
LOCAL TRANSPORT AND TOUR	326,960.00	289,180.00
Total	5,357,254	5,216,730.00

4 Payments For Tuition

Description	2024-2025	2023-2024
Exercise Books	522,500.00	348,900.00
Laboratory Equipment	185,025.00	100,000.00
Internal Exams		34,000.00
Teaching / Learning Materials	449,100	276,150.00
Bank Charges	1,812.00	826.50
Total	1,158,437	759,876.50

Notes To the Financial Statements (Continued)

5 Payments For Operations

Description	2024-2025	2023-2024
Personnel Emoluments	1,911,000.00	1,706,200.00
Service Gratuity		
Administration Costs	866,850.00	602,000.00
Repairs And Maintenance & Improvements	108,400.00	
Local Transport / Travelling	562,200.00	204,105.00
Electricity and Water	439,500	
NHIF		
NSSF	19,800.00	39600.00
ACTIVITY		30,000.00
Bank Charges	2,099.00	936.50
M&I	1,690,061	3,290,000.00
Total	5,599,910	6,249,741.50

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Notes To The Financial Statements (Continued)

6 Boarding And School Fund Payments

Description	2024-2025	2023-2024
Personnel Emoluments	256,000.00	553,800.00
Service Gratuity		
Repairs And Maintenance & Improvements	80,000.00	530,600.00
Local Transport / Travelling	351,900.00	273,600.00
Electricity And Water	48,000.00	145,400.00
NSSF	59,400.00	46,200.00
Administration Costs	376,200.00	214,600.00
NHIF	9,549.00	40,200.00
Bank Charges	14,065.00	8,229.00
Expenses On Income Generating Activities		
Fee On Boarding Equipment and Stores	4,502,110	4,962,900.00
Total	5,697,224	6,025,429.00

*(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)

7 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2024-2025	2023-2024
Tuition Account		280,706.30	416,066.60
Operations Account		527,966.80	1,534,876.25
School Fund Account/Boarding		667,966.75	1,029,414.75
Infrastructural Account		270,017	82.40
Total		1,746,657	2,980,440

8 Accounts Receivable

Description	2024-2025	2023-2024
Fees Arrears	3,380,000.00	3,180,080.00
Other Non-Fees Receivables		
Salary Advances		
Imprest	90,000.00	
	3,470,000.00	3,180,080.00
Total		

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

Description	2023-2024	2023-2024
Fees Arrears For Current Year	199,920	3,180,000.00
Fees Arrears For The Previous Year	3,180,080	
Fees Arrears For Prior Periods (Over Two Years)		
Total	3,380,000	3,180,000.00

9 Accounts Payable

Description	2023-2024	2023-2024
	Kshs	Kshs

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Trade Creditors (See Ageing Below and Appendix 1)		750,000.00
Prepaid Fees		
Retention Monies		
Total		750,000.00

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

Description	2023-2024	2023-2024
	Kshs	Kshs
Trade Creditors for Current Year		750,000.00
Trade Creditors for The Previous Year		
Trade Creditors for Prior Periods (Over Two Years)		
Total		750,000.00

10 Fund Balance Brought Forward

Description	2024-2025	2023-2024
		Kshs
	1,746,657	2,978,345.95
Bank Balances		
Cash Balances		
Short Term Investments		
Receivables	3,470,000	3,180,000.00
Payables		750,000.00
Total	5,216,657	5,408,345.95

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.

11 Non-current Liabilities Summary

Description	JAN-JUNE 2021	2020-2020
	Kshs	Kshs
Bank Loan(S)	xxx	xxx
Outstanding Leases	xxx	xxx
Hire Purchase	xxx	xxx
Gratuity And Leave Provision	xxx	xxx
Total	xxx	xxx

12 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle		xxx	xxx
Goats		xxx	xxx
Trees		xxx	xxx
Coffee Or Tea Plantation		xxx	xxx
Poultry		xxx	xxx
Total		xxx	xxx

13 Borrowings

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

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Other important disclosure notes

14 Stock/ Inventory

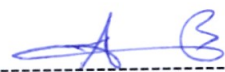
Description	2023-2024	2022-2023
	Kshs	Kshs
b) Inventory		
Stock/ inventory at beginning of the year	11,200.00	6,685.00
Stock/ inventory purchased during the year	3,863,250.00	3,785,400.00
Stock/ inventory issued during the year	(3,870,840.00)	(3,780,885.00)
Balance at end of the year	3,610.00	11,200.00

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15 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

PRINCIPAL
 ARABIA BOYS' SENIOR SCHOOL
 P. O. Box 252-70300, MANDERA
 DATE: SIGN:

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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 2023	Outstanding Balance 30/6/2024	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
Sub-Total						
Supply Of Goods						
1. Foodstuff	567,950.00	20/6/2023	0.00	567,950.00	567,950.00	Outstanding
2. Meat	200,050.00	25/6/2023	0.00	202,050.00	182,050.00	Outstanding
Sub-Total	750,000.00		0.00	750,000.00	750,000.00	
Supply Of Services						
Sub-Total						
Grand Total	750,000.00		0.00	750,000.00	750,000.00	

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Annex 2 – Summary Of Fixed Assets Register

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

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2023
Land 1						
Land 2						
Buildings And Structures						
Motor Vehicles (School Bus)	1/7/2015	Arabia	3,150,000.00	NIL	NIL	3,050,000.00
Office Equipment, Furniture and Fittings						
ICT Equipment, And Other ICT Assets	4/4/2019	Arabia	650,000.00	NIL	NIL	607,860.00
Tools And Apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage And Cultural Assets						
Intangible Assets- Soft Ware	10/4/2016	Arabia	94,800.00	NIL	NIL	100,000.00
Total			3,894,800.00			3,757,860.00