

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 16 JUN 2026

DAY.

Tuesday

TABLED
BY:

Hon. Naomi Wanjau, CBS, MP
(Deputy Majority Party Whip)

CLERK-AT
THE-TABLE:

Lemale

OF

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

CHUKA HIGH SCHOOL

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

THARAKA NITHI COUNTY



**CHUKA HIGH SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021**

**Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021**

Table of Contents	Page
I.KEY SCHOOL INFORMATION AND MANAGEMENT.....	4
II.SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL	7
III.STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY	13
IV.REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF CHUKA HIGH SCHOOL OF THE YEAR ENDING 30 TH JUNE 2021	15
V.STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 TH JUNE 2021.....	16
VI.STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 TH JUNE 2021	17
VII.STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 TH JUNE 2021	17
VIII.STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2021	18
IX.SIGNIFICANT ACCOUNTING POLICIES	22
X.NOTES TO THE FINANCIAL STATEMENTS.....	24

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

1. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Tharaka-Nithi County, Meru South Sub-County

The school was registered in **12/07/2021** under registration number 13S00300783 and is currently categorized as an Extra-County public school established, owned or operated by the Government.

The school is a boarding school and had 1200 students as at 30th June 2021. It has seven streams and 60 teachers of which 11 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	Justus M. Kanga	Chairman	1st July 2019
2	P.N. Muriuki	Secretary - Principal	
3	Ephantus Muchiri	Member – Parents' Rep	1st July 2019
4	Arch. Moses Kirimi	Member – Rep CEB	1st July 2019
5	Macharia Michael K	Member Rep Teachers	1st July 2019
7.	i. Justus M. Kanga	3 Members - Sponsor	1st July 2019
8.	ii. Fr. Dionisio Murungi		
	iii. Lucy K. Mureu		
9.	i. Jennifer Mugambi	Member - Community	1st July 2019
10.	ii. Patricia N. Bundi		
11.	iii. Joan Njagi		
12.	i. Lawrence I. Rweria	Member- Special Needs	1st July 2019
13.	ii. Hon. Asumpta M. Gabriel		
14	Clinton Murithi	Rep Students	1st July 2019

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 pupil's 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.

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			none
2	Audit Committee	Ephantus Muchiri Moses Kirimi Jennifer Mugambi Paul Muriuki Justus M. Kanga	Chair	none
3	Finance,procurement and general purposes Committee	Lawrence I. Rweria Lilian Muthoni Justus M. Kanga Patricia N. Bundi Paul N. Muriuki Joan Njagi	Chair Secretary Member Member Principal/BOM Sec Member	none
4	Academic Committee	Jennifer Mugambi Nguru Peter Lucy Mureu Ephantus Muchiri Paul N. Muriuki Justus M. Kanga	Chair Secretary Member Member Principal/BOM Sec Member	1
5	Development Committee	Moses Kirimi Ajuliu P. Kinyua Daniel Kimani Justus M. Kanga Paul N. Muriuki CDE Rep.	Chair Secretary Member Member Principal Member	2
6	Discipline and welfare Committee	Daniel Kimani Macharia Michael Joan Njagi Asumpta Gabriel Paul M. Muriuki Justus Kanga Fr. Mbaka Cyprian	Chair Secretary Member Member Member Member member	Covid 19 period none
	Adhoc Committee (if any during the year) Tender opening Tender evaluation and awarding Covid -19 (health)			3

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	P.N. Muriuki	322761
2	Deputy Principal (Administration)	Ajuliu P. Kinyua	333653
3	Deputy Principal (Academics)	Nguru P. Ireri	358508
4	School Bursar	Lilian Muthoni	ID/11056976

KEY SCHOOL INFORMATION AND MANAGEMENT

(e) Schools contacts

Post Office Box: 20 – 60400 Chuka
 Telephone: 0703705892
 E-mail: chukahighschool@yahoo.com
 Website: www.chukahighschool.sc.ke
 Facebook:
 Twitter:

(f) School Bankers

The following school operated 7(seven) number of bank accounts in the following banks:

S. NO.	NAME OF BANK	BRANCH	ACCOUNT NO.	NAME OF ACCOUNT
1	Kenya Commercial Bank	CHUKA	1103664646 Business No. 522123 Account No. 39642k 1103664646	Boarding account Mpesa pay bill
2	Kenya Commercial Bank	CHUKA	1103664417	Operations account
3	Kenya Commercial Bank	CHUKA	1265486875	School infrastructure account
4	Kenya Commercial Bank	CHUKA	1108131018	Savings account
5	Co-operative Bank	CHUKA	01129057596600	Boarding fees collection ac.
6	Co-operative Bank	CHUKA	01139057596600	Tuition account
7	Co-operative Bank	CHUKA	01129057596601	Farm account

**Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021**

(g) Independent Auditors

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

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

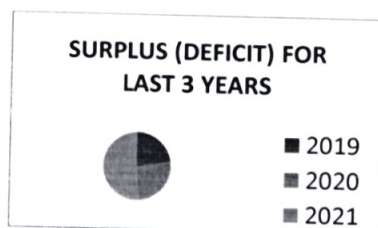
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

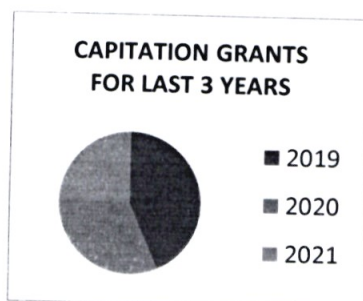
Surplus/ deficit for the year and a comparison of the same for the last three years

Year	kshs
2019	973,723.30
2020	(1,109,582.30)
2021	2,210,931.00



Capitation grants from the Ministry of Education for the last three year

year	kshs
2019	21,859,353.11
2020	16,140,629.00
2021	12,348,867.15



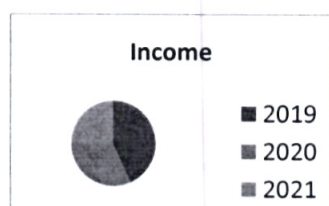
Ratio of capitation grant per student over the last three years

year	Amount	Population	Ratio
2019	21,859,353.11	1169	18,699.00
2020	16,140,629.00	1248	12,933.00
2021	12,348,867.15	1248	9,895.00

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

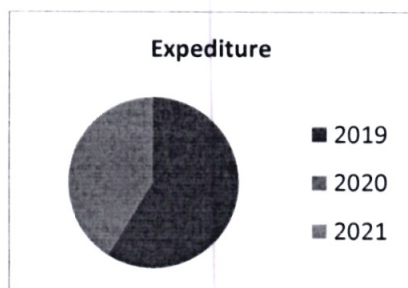
A three-year overview of growth of other income(s) earned by the school.

Year	Kshs
2019	48,704,924.83
2020	35,837,462.00
2021	28,207,151.00



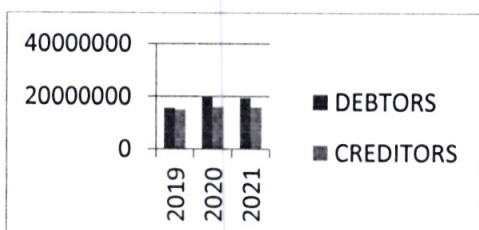
Three-year overview of growth in expenditure of the school

Year	Kshs
2019	66,276,418.00
2020	48,435,673.30
2021	38,345,036.00



Movement of debtors and creditors of the school over the last three years

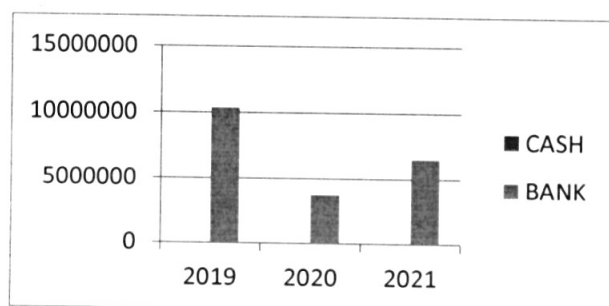
Year	Debtors Kshs	Creditors Kshs
2019	15,673,263.00	14,991,420.00
2020	20,053,515.10	15,997,569
2021	19,377,778.00	15,942,374



Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

Movement of cash and bank balances over the last three years

<i>Year</i>	<i>Cash Kshs</i>	<i>Bank Kshs</i>
2019	5,669.55	10,353,920.00
2020	4,029.30	3,716,794
2021	24,976.95	6,527,419.40



b) Teacher Student ratio:

Teachers Recruited/Posted Within the Period

S/No	Name	Tsc No	Subject
1	Muchangi Evans	732908	Geo/Cre
2	Florah Kangai	683840	Hist/Cre
3	Martin Kinoti	712886	Kisw/Hist
4	Mugo Samwel	679297	Hist/Ksw
5	Diana Makena	810956	Hist/Kisw
6	Musare Eric	821729	Agric/Biol
7	Riungu Liz M.	493071	English
8	Lydia Wanja	899175	Eng/Lit

Teachers Transferred During the Period

S/No	Name	Tsc No	Subj
1	Felix Mwiti M	515036	Phy/Maths
2	Rare John Murithi	453017	Eng/Lit
3	Faizia Mwanamisi	903218	German/Eng
4	Thigaa Liz.Gatakaa	522127	French/Eng
5	Kinyua M Lisper	523702	Eng/Lit

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

S/N	Tsc. No	Name	Teaching Subjects		Employer
1	322761	Mr. Muriuki Paul	Maths		T.S.C
2	358508	Mr. Nguru P. Ileri	Eng		T.S.C
3	333971	Mr. Kimani John K.	Maths	Bio	T.S.C
4	374548	Mrs. Rugendo Kellen N.	Kisw	Lib	T.S.C
5	2373221	Mr. Nkanata Julius M.	Agr		T.S.C
6	441409	Mrs. Winnie K. Murithi	Maths	Chem	T.S.C
7	579444	Mr. King'ang'i Joel M.	Maths	Phy	T.S.C
8	335676	Mrs. Mutwiri Mary K.	Maths	Chem	T.S.C
9	559275	Mr. Macharia Michael K.	Bio	Chem	T.S.C
10	349787	Mr. Githae Stephen M.	D/D	B/C	T.S.C
11	611522	Mr. Munene G. Morris	Kisw	Hist	T.S.C
12	464245	Mr. Karanja Nicholas K.	Eng	Frenc	T.S.C
13	587891	Mrs. Mutethia Annrose	B/S	Hist	T.S.C
14	467399	Ms. Musyoka Sarah M.	Maths	Geo	T.S.C
15	305544	Mrs. Naomi Njeri Kamau	Cre	Geo	T.S.C
16	463015	Ms. Njue Carol K.	B/S	Maths	T.S.C
17	707604	Mr. Collins Kimathi	Kisw	Hist	T.S.C
18	583858	Mr. Kirimi Alex	Maths	Chem	T.S.C
19	774276	Mr. Koome Benedict	Kisw	Hist	T.S.C
20	433546	Mrs. Kirumbu Annmarvis	Kisw	Hist	T.S.C
21	316398	Dr. Sr. Bibiana R. Ileri	Bio	Maths	T.S.C
22	347337	Mrs. Floridah Kiambati	Cre	Geo	T.S.C
23	460081	Ms Judith Gatwiri C.	Eng	Li T	T.S.C
24	469729	Tr. Mercy Ileri	Bio	Agr	T.S.C
25	470845	Mr. Mutegi Evans	B/S	Geo	T.S.C
26	420378	Mrs. Catheriner Rarita	Chem		T.S.C
27	544872	Doreen Judy K. Mauki	Eng	Lit	T.S.C
28	819811	Eric Mutwiri Mwit	Hist	Cre	T.S.C
29	433790	Peterson Mugambi K	Maths	Geo	T.S.C
30	663945	Susan Kainyu	Eng	Lit	T.S.C
31	681885	Lilian Awiti	Kisw	Geo	T.S.C
32	684870	Antony Murithi Njiru	Kisw	Hist	T.S.C
33	732908	Mr Muchangi Evans	Geo	Cre	T.S.C
34	683840	Flora Kangai	Hist	Cre	T.S.C
35	712886	Kinoti Kithinji Martin	Kisw	Hist	T.S.C
36	679297	Mugo Samwel Njue	Hist	Cre	T.S.C
37	810956	Diana Makena Mwit	Hist	Kisw	T.S.C
38	821729	Mr Musare Eric Idah	Agri	Bio	T.S.C
39	493071	Liz M. Riungu	Eng		T.S.C
40	899175	Lydia Wanja	Eng	Lit	T.S.C
41	333653	Ajuliu P. Kinyua	Chem	Bio	T.S.C
42	583858	Kirimi Alex Gatobu	Phy	Chem	T.S.C
43	254822	Mukuru Jane Muthoni	Eng	Lit.	T.S.C
44	477860	Mate Richard M	Maths	Phy	T.S.C
45	557159	Muriuki Peterson N	Maths	B/S	T.S.C
46	557240	Gitonga G. Mbuba	Comp.		T.S.C
47	475685	Mutwiri Nicholas	Chem	Bio	T.S.C
48	285533	Germano C. Charles	Hist	Cre	T.S.C
49	502657	Njabani Frankline M	Maths		T.S.C
50	856917	Nyagaka Eric	Agri	Bio	B..O.M

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

51	925214	Njue Michael	Maths	Physec	B..O.M
52	914462	Penina Kagaru	Bio	Chem	B..O.M
53	803417	Mwenda Duncan	Geo	B/S	B..O.M
54	848041	Mawira Anderson	Eng		B..O.M
55	863771	Musalia Peter	Maths	Chem	B..O.M
56	831961	Gitonga John Munene	Comp		B..O.M
57	710314	Carol Nkatha	Hist	Cre	B..O.M
58	818117	Geoffrey Mwenda K	Maths	Chem	B..O.M
59	750092	Doreen Kithinji	Eng	Hist	B..O.M
60	784098	Risper Wanyaga	Cre	Hist	B..O.M

c) Mean score in the 2018,2019,2020/21 KCSE:

YEAR	MEAN SCORE	TRANSITION TO UNIVERSITY	COMMENT
2021	7.04	171	
2019	7.6	147	
2018	7.2	138	

d) Number of Candidates in the 2018,2019,2020/21 KCSE:

Year	Entry
2020	275
2019	203
2018	223

e) Capacity of the school:

Facility	No. Of Students	No. Of Facilities	Capacity (Designed To Carry)	Shortfall
1. Classrooms	1200	18	700	500
2. Dorms	1200	6	700	500
3. Staff houses	100	17	17	83
4. Play ground	1200	3	1000	200
5. Halls	1200	0	(converted to dorm& classes)	1200
6. Library	1200	0	(converted to classes)	1200
7. Computer lab	1200	1	30	1170
8. Science labs	1200		300	900
Biology		1	40	
Physics		1	60	
Chemistry		1	40	
9. Dining hall	1200	Twin	800	600
10. Kitchen	16	1(small)	6	8
11. Staffroom(Common room)	60	1	40	20
12. Toilets	1200	46	700	500
13. Bathrooms	1200	42	700	500
14. Bus park	3	1	3	0
15. Car park	70	2	12	58
16. Assembly ground	1200	1	1000	200

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

17. Central stores	3	1(small)	1	2
18. Cereals stores	600	1	300bags	300bags
18. Administration block	20	1	7	13
19. Departmental office	70	9	60	10

f) Development projects carried out by the school:

S.NO.	PROJECT	YEAR	SOURCE OF FUND	AMOUNT KSHS	EXSPENSE ON THE PROJECT KSHS	BALANCE AT THE END OF PERIOD TOTAL KSHS	REMARKS STATUS
1	3 Storey Tuition Block	2019	M.I	6,708,000.00		6,708,000.00	Preparation of plans and structural drawings, BQS and seeking approvals for the project.
2	3 Storey Tuition Block	2020	M.I	4,652,000.00	8,671,169.43	2,688,830.57	Approval of the project on 22 nd April 2020. Floating of tenders, evaluation and award. Commencement of the project. PHASE 1 ground floor
3	3 Storey Tuition Block	2021	M.I	2,000,000.00	1,790,115.84	2,898,714.73	Phase 1 ground floor

Sign
School Principal

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

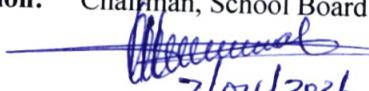
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

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

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

Name: Alexander Muratha
Designation: Chairman, School Board of Management
Sign: 
Date: 7/04/2026

Name: Nelson Murithi
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 7/4/2026

Name: Lilian Muthoni N
Designation: Bursar/ Finance Officer
Sign: 
Date: 7/4/2026

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CHUKA HIGH SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - THARAKA NITHI COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Chuka High School – Tharaka Nithi County set out on pages 16 to 30, which comprise of the statement of Assets and Liabilities for the period ending 30 June, 2021 and the statement of receipts and

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

In my opinion, except for the effect of 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 Chuka High School – Tharaka Nithi County for the period ended 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.19,377,778 as disclosed in Note 11 to the financial statements. However, the supporting ledger reflects accounts receivables balance of Kshs.3,668,609 resulting to a variance of Kshs.15,709,169 which was not supported by a detailed ageing analysis with the names, admission numbers and amounts disclosed as fee arrears.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.19,377,778 could not be confirmed.

2. Unsupported Accounts Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.15,942,374 as disclosed in Note 12 to the financial statements. However, a detailed ageing analysis of the trade and other payables detailing the suppliers' information, invoice details, invoice dates, invoice amount, reference numbers such as local purchase orders or local service orders numbers and ageing categories were not provided for audit.

In the circumstances, the accuracy, existence and completeness of payables balance of Kshs.15,942,374 could not be confirmed.

3. Unsupported House Rental and School Bus Hire Income

The statement of receipts and payments reflects school fund income – Miscellaneous incomes amount of Kshs.2,775,771 as disclosed in Note 4 to the financial statements. Included in the income is an amount of Kshs.204,900 received as house rent income paid by staff and Kshs.158,000 received from school bus hire. The Management of the School did not present for audit rental house and bus hire lease agreements and policy guidelines on the rental and lease rates to be paid by the tenants and lessors of the housing units and the school bus.

In the circumstances, the validity and completeness of the income amounting to Kshs.362,900 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Chuka 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.44,627,054 and Kshs.43,363,898 respectively, resulting in an under-funding of Kshs.1,263,156 or 3% of the budget. Similarly, the School spent Kshs.38,739,987 against actual receipts amount of Kshs.43,363,898 resulting in an under absorption of Kshs.4,623,911 or 11% of the actual receipts.

In the circumstances, the under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unaudited Comparative Balances

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

The financial statements for the year ended 30 June, 2021 did not include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information.

My audit opinion on the current period financial statements is not modified in respect of this matter.

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.

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. Non-Compliance with the 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) since the Management presented the annual report and financial statements covering six (6) months from January, 2021 to June, 2021 contrary to the Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya, dated 20 August, 2021 which requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 01 January, 2020 to 30 June, 2021. Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to longer period covered by the current financial period.

In the circumstances, Management did not comply with the PSASB guidelines.

2. Late Submission of the Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 12 April, 2024 instead of the statutory deadline of 30 September, 2022. This was contrary to Section 68 (2)(k) of the Public Finance Management Act, 2012 which states that an accounting officer shall prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Auditor-General for audit.

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

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

The statement of receipts and payments reflects total payments amount of Kshs.38,345,087 as disclosed in the financial statements. Included in the expenditure is an amount of Kshs.435,000 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system

and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.435,000 could not be confirmed.

4. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations totalling Kshs.12,348,866. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year, NEMIS reflected one thousand, two hundred and forty-eight (1,248) students while records from the County Director of Education had one thousand, two hundred (1,200) students, resulting in an expected overfunding of forty-eight (48) students in the school, each by Kshs.22,244 totaling to an amount of Kshs.1,067,712. This was contrary to the Ministry of Education Circular MOE/CONF/G5 dated 26 November, 2019 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, over-funding of the school may have affected service delivery to students in other schools.

5. Excess Supply of Books

During the period under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed three hundred and twenty-one (321) excess books to the school. These unexplained excess text books remained unissued to the students at the time of the audit in March 2026.

In the circumstances, value for money on the excess three hundred and twenty-one (321) books could not be confirmed.

6. Long Outstanding Payables

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects payables balance of Kshs.15,942,374. However, included in the balance are payables balance of Kshs.1,929,282 which had been outstanding for more than one (1) year, and risk of loss of public funds through litigations, interests and penalties. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

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

7. Lack of Adequate Facilities in the Institution

Physical verification of the learning environment of the school revealed that the school had shortages as detailed below. However, Management did not provide evidence of measures taken to address the shortage as detailed below;

School Facilities	Required	Number in Place	Shortage
Teachers TSC	70	52	18
Dormitories	10	6	4
Dining Hall	2	1	1
Laboratories	6	3	3
Toilets	92	46	46
Library	3	1	2
Classrooms	32	24	8
Staff houses	34	17	17

In the circumstances, the school may not achieve its mandate.

8. Failure to Submit for Approval the Estimates of Revenue and Expenditure.

Audit review revealed that the school Management failed to submit estimates of revenue and expenditure for approval in the manner and format issued contrary to provisions of Section 16(1) and (2) of the Basic Education Act, 2013. Therefore, by operating without an approved budget, the institution is in breach of the Basic Education Act, 2013.

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

The audit was conducted in accordance with ISSAI 3000 and 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the year under review, the school did not have an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the school through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

2. Weaknesses in the Board of Management Composition

The School Board of Management was constituted by 1 July 2019. However, gazette notices for the appointment were not provided. Further, the School Board Management Members list provided on the financial statements revealed that the school had a total of eighteen (18) Board Members instead of fourteen (14) Board Members that is stipulated in law.

In the circumstances, the effectiveness of the governance mechanism at the school could not be confirmed.

3. Weaknesses in Management of Assets

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.648,789,500 which includes land with a balance of Kshs.520,000,000. However, land ownership documents were not provided for audit. In addition, the assets including desk top computers, office desks, tables, office cabinets and chairs were not tagged and there was no evidence that the management of the school had insured the buildings as required by law, thus, the buildings could be exposed to the risk of loss in case of fire, riots or damages.

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

4. Weaknesses in ICT Controls

An assessment of the IT environment across the school revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control.

The following shortcomings were observed:

- i) The school has a system used to record income and payments. However, during the audit period in March 2026, the school lacked a system to record and manage inventory, staff payroll and library books issue and collection.

- ii) Lack of an approved ICT Policy: There is no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- iii) Staff use personal email (Gmail) addresses for official communication, which undermines data security and organizational accountability.
- iv) The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- v) There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- vi) There is no formalized data backup process, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.
- vii) No disaster recovery plan, in the absence of a disaster recovery plan, the entity lacks the capacity to restore operations promptly following system disruptions or disasters.

In the circumstances, the efficiency in the use of IT within the receiver of revenue could not be confirmed.

5. Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.19,377,778 in respect of fees arrears as disclosed in Note 10 to the financial statements. Included in the balance is accounts receivable balance of Kshs.13,901,878 which had been outstanding for more than two (2) years. However, there was no detailed ageing analysis and policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management 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 Board of Management

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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 April, 2026

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

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

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1,625,230.75	0
Capitation grants for operations	2	10,723,636.40	0
School Fund Income- Parents' Contributions	3	25,431,380.00	0
School Fund Income- Other receipts	4	2,775,771.00	0
Proceeds from borrowings		0	0
Total Receipts		40,556,018.00	0
PAYMENTS			
Payments for Tuition	5	749,660.00	0
Payments for operations	6	6,952,627.00	0
Boarding and school fund payments	7	30,642,800.00	0
Total Payments		38,345,087.00	0
Surplus/Deficit		2,210,931.00	0

The school financial statements were approved on _____ 2022 and signed by:

Sign:



Name Alexander Muratha

Chair BOM

Date 07/04/2026

Sign



Name Nelson Murithi

School Principal/ Secretary to BOM

Date

Sign



Name Lilian Muthoni

Bursar/ Finance Officer

Date 7/4/2026

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	6,527,419.00	3,716,794.00
Cash Balances	9	24,877.00	4,029.00
Short term Investment	10	0	0
TOTAL CASH AND CASH EQUIVALENT		<u>6,552,296.00</u>	<u>3,720,823.00</u>
Account's receivables	11	19,377,778.00	20,053,515.10
TOTAL FINANCIAL ASSETS		25,930,074.00	23,774,338.00
FINANCIAL LIABILITIES			
Accounts Payables	12	15,942,374	15,997,569
NET FINANCIAL ASSETS		9,987,700	7,776,769
REPRESENTED BY			
Accumulated Fund b/fwd	13	7,776,769	7,776,769
Surplus/Deficit for the year		2,210,931	
NET FINANCIAL POSITION		9,987,700	7,776,769

The School's financial statements were approved on _____ and signed by:

Name: Alexander Muratha

Chairman, BoM

Sign:

Date:

07/04/2026

Name: Nelson Murithi

School Principal/Secretary to BoM

Sign:

Date:

7/4/2026

Name: Lilian Muthoni

Bursar/Finance

Sign:

Date:

7/4/2026

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

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

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	1,625,231.00	0
Capitation grants for operations	2	10,723,636.00	0
School fund income- Parents contributions/ fees	3	28,239,260.00	0
School fund income- other receipts	4	2,775,771.00	0
Total receipts		43,363,898.00	0
Payments			
Payments for Tuition		749,660.00	0
Payments for operations		5,162,511.00	0
Boarding and school fund payments		32,827,726.00	0
Total payments		38,739,897.00	0
Net cash flow from operating activities		4,624,001	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0	0
Acquisition of Assets		(1,790,116)	0
Proceeds from investments		0	0
Purchase of investments		0	0
Net cash flows from Investing Activities		0	0
CASHFLOW FROM BORROWING ACTIVITIES		(1,790,116)	
Proceeds from borrowings/ loans		0	0
Repayment of principal borrowings		0	0
Net cash flow from financing activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,833,885	0
Cash and cash equivalent at BEGINNING of the year		3,720,823	3,720,823.00
Cash and cash equivalent at END of the year		6,554,708.00	3,720,823.00

The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS.

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

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

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	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						
Textbooks and reference materials/teachers guides	455,582.50	0	455,582.50	260,036.95	195,545.05	57%
Exercise books	911,164.50	0	911,164.50	487,569.00	423,595.50	53.40%
Laboratory equipment	683,373 .00	0	683,373 .00	276,288.90	407,084.1	40.30%
Internal exams/exams & assessment	911,164.50	0	911,164.50	487,569.00	423,595.50	53.50%
Teaching / learning materials	9 1,116.50	0	9 1,116.50	48,756.00	42,360.00	53.50%
Chalks	136,675.00	0	136,675.00	65,010.90	71,665	47.60%
Exams and assessment	0	0	0	0	0	0
Teachers guides	0	0	0	0	0	0
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	3,599,024.00	0	3,599,024.00	4,969,415.30	(1,370,391.30)	113.81%
Repairs and maintenance	598,950.00	0	598,950.00	0	598,950.00	0
Local transport / travelling	745,360.00	0	745,360.00	867,535.20	(122,175.20)	116.40%
Electricity and water	385,990.00	0	385,990.00	1,735,472.30	(1,349,437.30)	113.80%
M.I	0	0	0	2,000,000.00	0	0
Administration costs	881,787.50	0	881,787.50	1,151,213.60	(269,426.1)	130.60%
Activity	79,860.00	0	79,860.00	0	79,860.00	0

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

Gratuity	123,060.00	0	123,060.00	0	123,600.00	0
SMASSE	0	0	0	0	0	0
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	3,011,341.00	0	3,011,341.00	1,950,746.00	1,060,595.00	65%
Repairs and maintenance	1,215,077.00	0	1,215,077.00	1,356,850.00	(141,773.00)	111.70%
Local transport / travelling	1,517,223.50	0	1,517,223.50	1,005,650.00	511,573.50	77%
Electricity and water	2,077,492.50	0	2,077,492.50	1,832,150.00	245,342.50	88.10%
Medical	0	0	0	0	0	0
Administration costs	2,154,054.50	0	2,154,054.50		983,506.50	54.30%
Activity	805,255.00	0	805,255.00	1,170,548.00	805,105.00	0
SMASSE	0	0	0	150.00	0	0
Fee on Boarding Equipment and Stores	22,521,224.00	0	22,521,224.00		7,957,647.00	64.60%
Fess prepayment				14,563,577.00		
Fees arrears Recoveries				2,32,143		
				4,344,346		
OTHER INCOME						
Rent income	201,500.00	0	201,500.00		113,500.00	43.70%
Income from farming activities	1,305,954.50	0	1,305,954.50	88,000.00	743,798.50	43.04%
Insurance compensation	0	0	0	562,156.00	0	0
Income from Posho mill	0	0	0	0	0	0
Income from Bus Hire//bakery	2,202,862.00	0	2,202,862.00	0	194,147.00	91.2%
Income from any other investment	0	0	0	2,008,715.00	0	0
TOTAL INCOME	44,627,054.00	0	44,627,054.00	0		
(1) EXPENDITURE FOR TUITION				43,363,898		
Textbooks and reference materials	456,250.00	0	456,250.00	219,950.00	236,300.00	48.2%

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

Exercise books	1,341,216.00	0	1,341,216.00	174,350.00	1,166,866.00	35.4%
Laboratory equipment	750,000.00	0	750,000.00	0	750,000.00	0%
Internal exams	1,416,870.00	0	1,416,870.00	280,000.00	1,136,870.00	19.8%
Teaching / learning materials	128,528.50	0	128,528.50	50,000.00	78,528.50	38.9%
Chalks	170,500.00	0	170,500.00	25,000.00	145,500.00	14.7%
Exams and assessment	0	0	0	0	0	0
Teachers guides&Reference books	0	0	0		0	0
Sundry creditors	0	0	0		0	0
Bank Charges	360.00	0	360.00	360.00	0	100%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	3,599,024.00	0	3,599,024.00	3,928,809.70	(699,813.10)	119.4%
Repairs, maintenance & improvements M.I	0	0	0		0	0
Local transport / travelling	745,360.00	0	745,360.00	176,500.00	568,860.00	23.7%
Electricity, water and conservancy	385,990.00	0	385,990.00	398,766.00	(12,866.00)	103%
Bank charges	0	0	0	3,140.00	3,140.00	0
Administration costs	881,787.50	0	881,787.50	655,295.40	226,492.10	74.3%
Activity Expenses	79,860.00	0	79,860.00	0	79,860.00	0
Sundry creditors	0	0	1,140,652.40	0	0	0
SMASSE	0	0	0		0	0
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	3,011,341.00	0	3,011,341.00	1,494,850	1,539,976.20	48.9%
Repairs, maintenance and improvements	1,215,077.00	0	1,215,077.00	897,370.00	348,192.00	73.9%

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

Local transport / travelling	1,517,223.50		1,517,223.50		861,026.50	67.1%
Electricity, water and conservancy	2,077,492.50	0	2,077,492.50	934,250.00	1,501,186.50	27.7%
Medical Expenses	0	0	0	628,017	0	0
Administration costs	2,154,045.50	0	2,154,045.50	0	0	0
Activity	805,255.00	0	805,255.00	1,175,412	1,023,256.50	52.5%
Gratuity	0	0	0	14,700.00	790,555.00	2%
Lunch programme	0	0	0	0	0	0
Boarding Equipment and Stores	22,483,381.50	0	22,483,381.50	0	0	0
Expenditure for Income Generating Activity	2,693,453.5	0	2,693,453.50	13,111,844	7,062,839.50	68.6%
Insurance costs	0	0	0	2,274,216.00	416,611.50	84.5%
Other expenses on investments	0		0	0	0	0
Bank Charges	101,001.00	0	101,001.00	0	0	0
Loan Interest Repayment	0	0	0	50,097.00	47,685.00	47.2%
Loan Principal/interest Repayment	1,187,514.20	0	1,187,514.20		0	0
Acquisition of Assets	0	0	0	1,187,514.20		100%
Fees prepayment refunded				0	0	0
Sundry creditors				5,096,133		
TOTALS	46,014,017	0	46,014,017	5,968,022	17,073,534.20	0
				38,739,987		

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.

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.

**Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021**

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 7. Non-current assets**
Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.
- 8. Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.
- 9. Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
- 10. Subsequent events**
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials/guide	260,036.95	0
Exercise books	487,569.00	0
Laboratory equipment	276,288.90	0
Internal exams/exams	487,569.00	0
Teaching / learning materials	48,756.00	0
Chalks	65,010.90	0
Total	1,625,230.75	0

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	4,969,415.30	0
Repairs and maintenance (SIC)	2,000,000.00	0
Local transport / travelling	867,535.20	0
Electricity and water	1,735,472.30	0
Administration costs	1,151,213.60	0
Total	10,723,636.40	0

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	2,336,258.00	0
Repairs and maintenance	1,705,099.00	0
Local transport / travelling	1,005,650.00	0
Electricity and water	2,502,072.00	0
Fee on Boarding Equipment & Stores	16,543,422.00	0
Administration costs	1,338,729.00	0
Activity	150.00	0
Total	25,431,380.00	0

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Rent income	204,900.00	0
Income from farming activities	562,156.00	0
Income from bakery	1,850,715.00	0
Income from Bus Hire	158,000.00	0
Total	2,775,771.00	0

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials/guides	219,950.00	0
Exercise books	174,350.00	0
Internal exams/exam assessment	280,000.00	0
Teaching / learning materials	50,000.00	0
Chalks	25,000.00	0
Bank Charges	360.00	0
Total	749,660.00	0

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	3,928,809.70	0
Administration Cost	655,295.40	0
Repairs and maintenance & improvements	1,790,115.90	0
Local transport / travelling	176,500.00	0
Electricity and water	398,766.00	0
Bank Charges	3,140.00	0
TOTAL	6,952,627.00	0

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,471,364.80	0
Repairs and maintenance & Improvements	1,243,105.00	0
Local transport / travelling	960,250.00	0
Electricity and water	682,422.00	0
Administration costs	1,348,596.00	0
Activity expenses	14,700.00	0
Bank Charges	50,097.00	0
Expenses on Income Generating Activities	2,276,842.00	0
Fee on Boarding Equipment and Stores	21,407,909.00	0
Loan Principal/interest repayment	1,187,514.20	0
TOTAL	30,642,800.00	0

**Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	01139057596600	276,440.10	869.35
Operations Account	1103664417	2,564,730.60	52,657.90
School Fund Account/Boarding kcb	1103664646	624,534.79	862,919
School Fund Account/Boarding coop	01129057596600	791,174.76	966,080
Savings Account	1108131018	75,243.80	31,294.00
Income generating activities Account	01129057596601	45,980.08	34,541.49
Infrastructural Account	1265486875	2,149,315.25	1,768,431.40
Total		6,527,419.38	3,716,794.00

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	0	0
Operation Account	325.00	124.80
School Fund account	24,551.95	3,904.50
Total	24,876.95	4,029.30

10 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	3,668,609	6,151,637
Fees arrears for previous years	1,807,291	13,901,878.00
Fees arrears for prior periods	13,901,878.00	0
Total	19,377,778.10	20,053,515.10

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	3,668,609.00	0
Fees arrears for the previous year	1,807,291.00	20,053,515.10
Fees arrears for prior periods (over two years)	13,901,878.10	0
Total	19,377,778.10	20,053,515.10

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

11 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	12,544,339	9,635,544
Prepaid fees	3,398,035	6,362,025
Retention monies	0	0
Total	15,942,374	15,997,569

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	10,615,057.00	9,635,544
Trade creditors for the previous year	1,929,282.00	0
Trade creditors for prior periods (over two years)	0	0
Total	12,544,339	9,635,544

12 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	3,716,794	3,716,794
Cash balances	4,029.00	4,029.00
Short Term Investments	0	0
Receivables	20,053,515	20,053,515
Payables	(15,997,569)	(15,997,569)
Total	7,776,769	7,776,769

13. 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.

13 a) Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	9	360,000.00	0
Pigs	85	595,000.00	0
Rabbits	12	6,000.00	0
Bananas	500 stems	100,000.00	0
Fruit trees	37	37,000.00	0
Goats	2	10,000.00	0
Trees	800	4,000,000.00	0
Coffee or tea plantation	2302	230,700.00	0
Poultry	27	18,900.00	0
Total		5,357,600.00	0

14. 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)

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2020/2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
Sub-Total						
Supply of goods						
1. LANES ENTERPRISES	449,900	1/02/2021	200,000	0	249,900	
2. CHUKA FARMLINE STORES	44,370	1/02/2021	0	0	44,370	
3. EAST END CHEMISTS	32,870	1/02/2021	0	0	32,870	
4. JUSTIN ELECTRICALS	54,405	1/02/2021	0	0	54,405	
5. MWENDANTU STORES	358,990	1/02/2021	0	0	358,990	
6. HELLEN NJERI	138,900	1/02/2021	0	0	138,900	
7. PHINEHAS MWENDA	157,930	1/02/2021	0	0	157,930	
8. CECILIA CHURI SALESIO	169,575	1/02/2021	0	0	169,575	
9. MUGWE ANIMAL FEEDS	53,680	1/02/2021	0	0	53,680	
10. ELIZABETH KAGENDO	7,398,910	1/02/2021	3,347,110	558,300.00	4,051,800	
11. WEGA DAIRY	30,375	1/02/2021		0	30,375	
12. NAIROBI SPORTS HOUSE	102,840	1/02/2021	0	102,840.00	102,840	
13. EUNICE KAGENDO	52,800	1/02/2021	0	0	52,800	
14. THE OPTION DISTRIBUTORS	833,000	1/02/2021	0	0	833,000	
15. RENTOKIL ININTIAL	16,610.40	1/02/2021	0	0	16,610.40	
16. UPCOUNTRY SECURITY GUARDS	97,440	1/02/2021	0	0	97,440	
17. JOMVICK ENTERPRISES	19,715	1/02/2021	0	0	19,715	
18. ERIC MURITHI	134,480	1/02/2021	0	0	134,480	
19. MAKES STORES	94,560	1/02/2021	0	0	94,560	
20. LALJI RAMJI FILING STATION	26,000	1/02/2021	0	0	26,000	
21. ESTHER NJERI	1,100	1/02/2021	0	1,100.000	1,100	
22. LENHAM ENTERPRISES	2,063,245	2020/2021	700,000	796,170.00	1,763,245	
23. CHUKA LAB EQUIPMENT	1,094,913	2021	300,000	102,834	1,267,564.00	TUITION
24. PRICOMPS LTD	1,678,680	2021	580,000	160,680	1,098,680.00	TUITION
25. VICOM UNIFORMS	276,140	2020/2021		134,150.30	276,140;00	
26. MILTO PRODUCTS	23,200.00	2020		23,200.00	23,200.00	
27. GILFEEDS INVESTMENTS	1,100,000	2021	300,000	0	800,000.00	
28. DAVCO STATIONERS	30,850	2020		30,850.00	30,850.00	
29. JATOMY ENTERPRISES	14,158	2020		14,158.00	14,158.00	
30. NAKA WATER CONSERVATION	5,000	2020		5,000.00	5,000.00	
31. LUCYLINE KAARI	7,200	2021	0	0	7,200.00	
32. LINEM VENTURES	209,000	2021	0	0	209,000.00	TUITION
33. DEKAR STATIONERS	242,280	2021	0	0	242,280.00	TUITION
34. ALEX MUGAMBI	60,000	2021	0	0	60,000.00	

Chuka High School
Public Secondary School
Annual Report and Financial Statements
For The Year Ended 30th June 2021

Supply of services						
35. DESCANA MACHINES	28,000	2021	0	0	28,000.00	
Sub-Total				1,929,282.00	12,546,751.00	
Grand Total				1,929,282.00	12,546,751.00	

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022
Land 1	5.7.1976		520,000,000			520,000,000
Buildings and structures			88,209,884	1,790,116		90,000,000
Motor vehicles KCH 442Q KBN 952E KBU 992K	SEPT 2017 JULY 2011 MARCH 2013		13,600,000 5,973,000 1,100,000			13,600,000 5,973,000 1,100,000
Office equipment, furniture and fittings			1,000,000			1,000,000
ICT Equipment, and Other ICT Assets			5,739,500			5,739,500
Tools and apparatus,			4,577,000			4,577,000
Textbooks & Stationary			3,900,000			3,900,000
Other Machinery and Equipment -Generator			2,500,000			2,500,000
Intangible assets- soft ware			400,000			400,000
Total			646,999,384	1,790,116	0	648,789,500