

REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSURANCE PAPERS LAID	
DATE: 01 JUN 2026	DAY: MON
TABLED BY: Hon. Owen Ouko	
CLERK-AT-THE-TABLE: Wado Hidi	

REPORT

OF

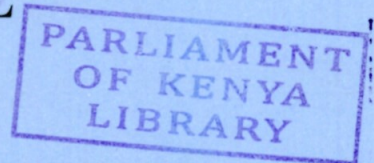
THE AUDITOR-GENERAL

ON

KAGUMO
SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

MURANG'A COUNTY





KAGUMO 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)

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

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KAGUMO SECONDARY SCHOOL

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1.Acronyms and Definition of key Terms

A. Acronyms

BOM	Boarding of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education.
PEM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Schools.

B. Definition of Key Terms

Comparative Year-Means the Prior Period.

2.Key School Information And Management**(a) Background information**

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Murang'a County, Kahuro Sub-County

The school was registered in 2018 under registration number 21530000228 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day/boarding school and had 258 number of students as at 30 June 2025. It has 2 streams and 14 teachers of which 1 teacher is employed by the School Board of Management.

(b)School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Ms Wangari Ndia	Community	25-3-2025
2	Mrs Grace Muthoni Maina	Secretary – Principal	25-3-2025
3	Mr.David Kuria Chege	Special needs	25-3-2025
4	Mr.Naftaly Gikaru	Community	25-3-2025
5	Rev Cannon Miano	Sponsor	25-3-2025
6	Mr.Ben Wanyoike	Community	25-3-2025
7	Mr.Alexander Kahoro	C.E. B	25-3-2025
8	Mrs.Grace w.Ngechu	C.E. B	25-3-2025
9	Mr.Anthony Kariuki	Rep Teachers	25-3-2025
10	Mrs.Nancy N.Irungu	Community	25-3-2025
11	Mr.Julius Kabiru	Sponsor	25-3-2025
12	Mr.Sospeter Nyoko	Community	25-3-2025
13	Owen Irungu	Rep Students	25-3-2025
14	Mr.John Mbote	Special Group	25-3-2025
15	Mrs.Catherine W.Kamau	Community	25-3-2025

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****The function of the School Board of Management include:**

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

(C)Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive	Mr.Julius Kabiru Grace M.Maina Mr.Sospeter Nyoko Mrs.Grace Ngechu Mrs.Catherine Kamau	Bom Chair Bom secretary Member Member Member	0 0 0 0 0
2	Audit Committee	Mr.Benson wanyoike Mr.John Mbote Grace Muthoni Maina	Member Bom chair Bom Secretary	0 0 0
3	Finance, procurement and general purposes Committee	Mr.Julius Kabiru Grace Muthoni Maina Mrs.Grace W.Ngechu	Bom Chairman Bom Secretary P.A chair	0 0 0
4	Academic Committee	Grace.Muthoni Maina Mr.Anthony Kariuki Rev.John Miano	Bom Secretary Dean Member Member	0 0 0

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			Member	
5	Development Committee	Mr.Julius Kabiru Grace Muthoni Maina Mrs Catherine Kamau Mr.alexander Kahoro	Bom Chair Bom Secretary P.A Chair Bom Member	0 0 0 0
6	Discipline and welfare Committee	Mr.James Mureithi Rev,Peris Wanjeri Mr.Julius Kabiru Grace Muthoni Maina Ms.Wangari Ndia	D/Principal Bom Member Bom Member Bom secretary Member	0 0 0 0 0
7	Adhoc Committee (if any during the year)	N/a	Bom Secretary D/Principal Bom Member Bom Member Bom Member Bom Member Bom Member	0

(b) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Grace M. Maina	324576
2	Deputy Principal	Anthony Kariuki	312931
3	School Bursar	David Mwangi	ID 20849515

(c) Schools contacts

Post Office Box: 620, MARAGUA
 Telephone: 0722334498
 E-mail: kagumomsc@gmail.com
 Website:

Facebook:

Twitter:

(d) School Bankers

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

1. Name of Bank: KCB
 Branch: MURANG'A
 Account Number: 1109273509 (School Fund Account)
 1107188717 (Operational Account)
 1260887677 (Infrastructure Account)

2. Name of Bank: EQUITY
 Branch: MURANG'A
 Account Number: 0220291400323 (Tuition Account)
 0220193188967 (Farm Account)

3. MPESA Pay Bill No. N/A

(e) Independent Auditors

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

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

3

I. 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*

Year	2024-2025	2023-2024	2022-2023
Surplus/deficit	(2,141,069)	682,696	(319,615)

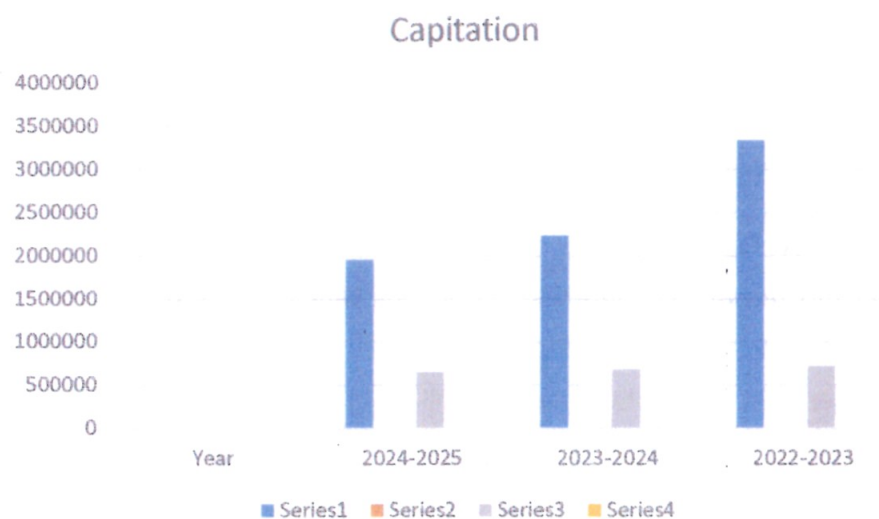


- *Capitation grants from the Ministry of Education for the last three years*

Year	2024-2025	2023-2024	2022-2023
Operation	1,961,257	2,235,279	3,340,157
Tuition	654,272	681,921	718,645

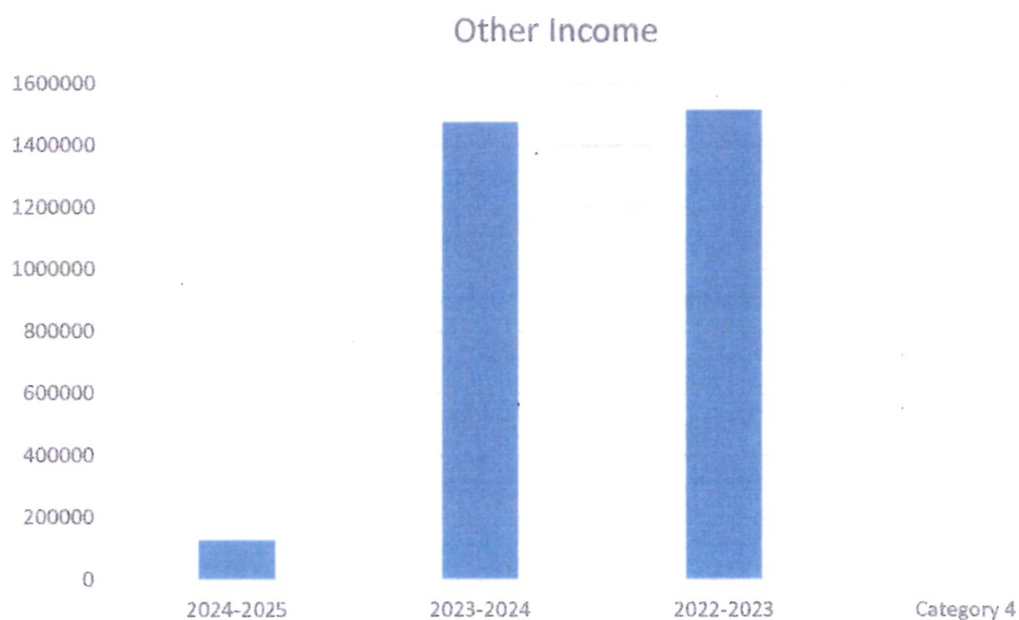
KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025



- 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.

Year	2024-2025	2023-2024	2022-2023
School fees	128,944	173,924	487,636
earned			

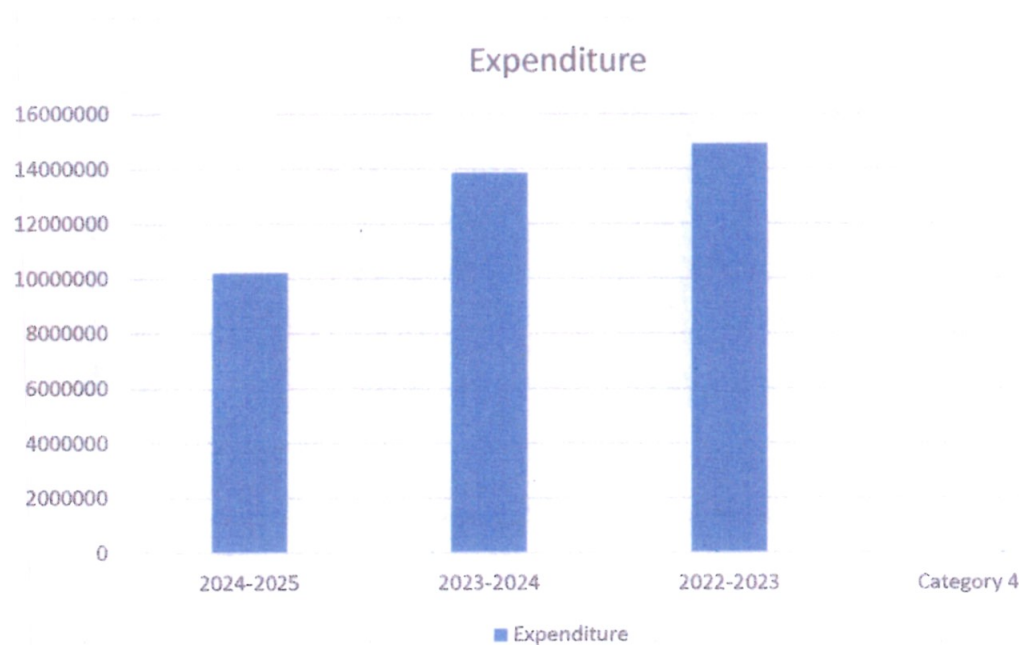


KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

- *three-year overview of growth in expenditure of the school`*

Year	2024-2025	2023-2024	2022-2023
Expenditure	10,061,498	11,631,661	14,228,543

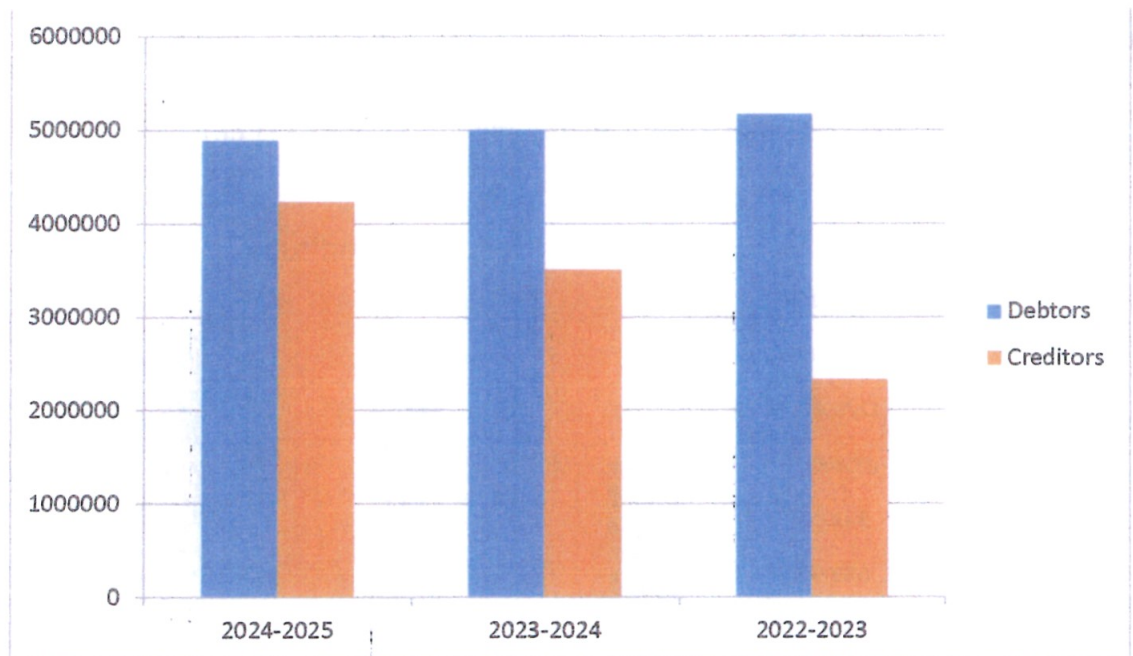


- *Movement of debtors and creditors of the school over the last three years*

Year	2024-2025	2023-2024	2022-2023
Debtors	4,859,650	5,008,805	5,181,345
Creditors	4,236,906	3,511,277	3,372,464

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

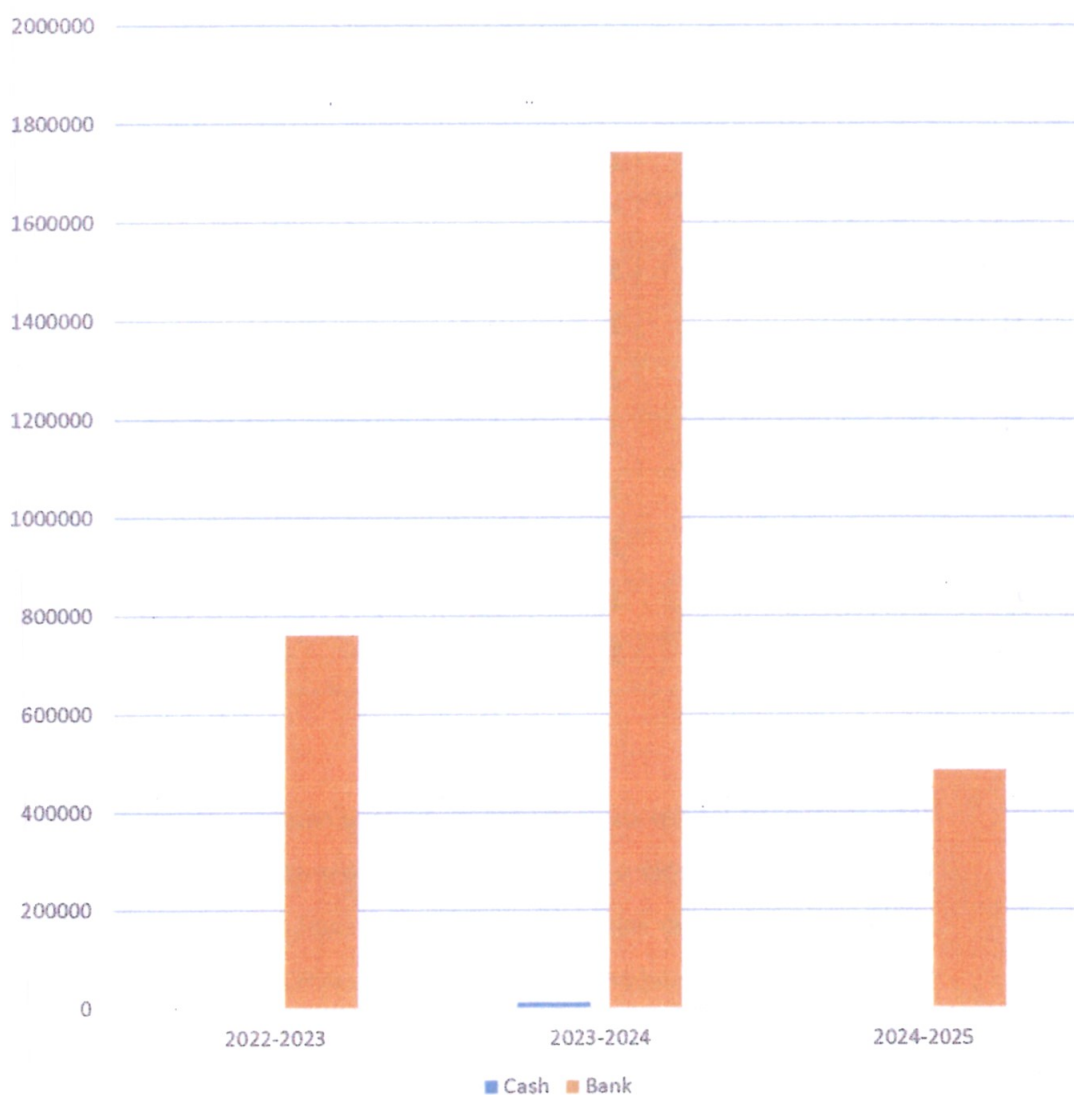


- *Movement of cash and bank balances over the last three years*

Year	2024-2025	2023-2024	2022-2023
Cash	2615	12,426	116
Bank	486,117	1,742,591	760,851

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025



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

b) Teacher Student ratio:

Number of teachers =16

Number of students=258

Teacher/Student Ratio=1:16

Teachers transferred:

Teachers employed by B.O.M

1)Home Science 1

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****TEACHERS EMPLOYED BY TSC AND SUBJECTS**

SUBJECT	NUMBER	DEFICIT
ENGLISH	4	NIL
KISWAHILI	2	1
MATHEMATICS	5	NIL
BIOLOGY	3	NIL
CHEMISTRY	2	1
PHYSICS	2	NIL
HISTORY	3	NIL
CRE	2	1
GEOGRAPHY	2	NIL
AGRICULTURE	1	1
BUSINESS STUDIES	2	NIL

(Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources).

c) Mean score in the last 3 years KCSE:**MEAN SCORE.**

YEAR	2025	2024	2023
MEAN SCORE	3.367	3.145	3.195
ENTRY	98	82	78

STUDENTS TRANSITION TO INSTITUTIONS OF HIGHER LEARNING.

YEAR	2025	2024	2023
NO.OF STUDENTS	4	1	4

COMMENT:The improvement varied due to Low entry marks during admissions.

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025**

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

d) Number of Candidates in the 2025 KCSE:**TABULATION OF NUMBER OF CANDIDATES SITTING K.C.S.E OVER LAST YEARS**

YEAR	2025		2024		2023	
GENDER	BOYS	GIRLS	BOYS	GIRLS	BOYS	GIRLS
NUMBER	20	54	21	77	56	26

(Tabulate the number of candidates sitting for KCSE over the last three years).

e) Capacity of the school:

(Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education).

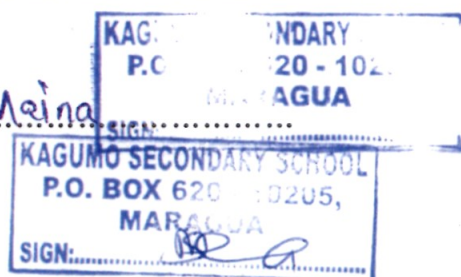
NUMBER OF STUDENTS; 258 AND FACILITIES.

FACILITY	NUMBER	COMMENT/
DINNING HALL	1	ADEQUATE
CLASSROOMS	9	DEFICIT 2
LABORATORY	2(physics/chemistry	DEFICIT 1 (Biology)
DORMITORIES	1-PERMANENT 1-TEMPORARY	DEFICIT 1(permanent)
TOILETS	14-Doors for Girls 4-Doors for Boys	DEFICIT 2 DEFICIT 2
KITCHEN AND STORE	1	ADEQUATE

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****f) Development projects carried out by the school:**

(Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format).

PROJECT	SOURCE OF FUNDS	AMOUNT(ksh)	STATUS
SCHOOL 1.RENOVATIONS- -Classes wall painting -Inside class wall re-plastering.	M.O.E	362,500.00	Foundation stage
2.SOLAR FLOODLIGHTS-- Compound security lights.	M.O.E	115,000.00	Not completed

*Grace M. Maina***School Principal**

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

4 Statement Of School Management Responsibility

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with 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.

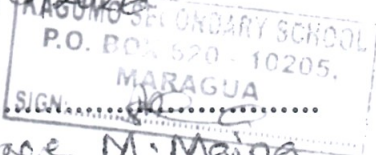
The Board of Management of *Kagumo Secondary school* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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

.....
Name: Julius M. Kabiru

Designation: Chairman, School Board of Management

Date: 25/5/2026



.....
Name: Grace M. Maina

Designation: School Principal & Secretary to Board of Management

Date: 25/5/2026

.....
Name: David Mwangi

Designation: Bursar/ Finance Officer

Date: 25/5/2026

REPUBLIC OF KENYA

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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 KAGUMO SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 – MURANG'A 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 financial statements of Kagumo Secondary School set out on pages 1 to 21, which comprise of the statement of assets and liabilities

as at 30 June, 2025, and the statement of financial performance, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Kagumo 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 and 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. Undisclosed Bank Account

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.488,732 as disclosed in Note 10 and Note 11 to the financial statements. However, review of records revealed that the school operated a National Government Constituency Development Fund (NGCDF) project account with a closing balance of Kshs. 3,815 which was not disclosed in the School's financial statements. Further, the School Management did not carry out a board of survey at the close of the financial year.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.488,732 could not be confirmed.

2. Unsupported Accounts Receivables

The statement of assets and liabilities reflects accounts receivable balance of Kshs.4,859,650 as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.4,853,650 relating to fees arrears. However, receivables balance amounting to Kshs.3,518,017 was not supported with detailed schedules indicating the students and their respective outstanding balances.

In the circumstances, the accuracy and completeness of the account receivable balance of Kshs. 4,859,650 could not be confirmed.

3. Unsupported Accounts Payables

The statement of assets and liabilities reflects payables balance of Kshs.4,236,906 as disclosed in Note 14 to the financial statements. Included in the balance are trade creditors amounting to Kshs.3,571,255. However, the balance differs with amount reflected under Annex 1 to the financial statements on pending accounts payables of Kshs.1,416,071 resulting in an unsupported variance of Kshs.2,155,184. Further, the accounts payables balance includes retention monies amounting to Kshs.437,958 which

were not supported with a schedule indicating the contractors and their respective amount.

In the circumstances, the accuracy, existence and completeness of payables balance of Kshs. 3,511,277 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kagumo 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.8,799,855 and Kshs.7,344,183 respectively, resulting in an under-funding of Kshs.1,455,672 or 17% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional 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

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the 2024/2025 financial year 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.

My opinion is not modified in respect of this matter.

Other Information

The Management is responsible for the Other Information set out on pages iii to xv which comprise of Key School Information and Management, Summary Report of Performance of the School, and Statement of School Management Responsibility. 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 and 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

During the year under review, Management submitted the financial statements to the Auditor-General on 2 March, 2026 instead of the set deadline of 31 August, 2025. This was contrary to The National Treasury Circular Ref: No. AG.3/88 Vol. VII (41) dated 4 December, 2024 on preparation of the financial statements, issued in compliance with Section 81 of the Public Finance Management Act, 2012, which required financial statements be submitted to the Auditor-General by 31 August, 2025.

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

2. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by a qualified procurement professional as required under Section 47(1) 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. Failure to Prepare a School Improvement Plan

During the year under review, the School did not have an approved School Improvement Plan, contrary to Section 2.2 of the State Department for Basic Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

In the circumstances, Management was in breach of the Ministry guidelines.

4. Excess Supply of Books

During the year under review, the State Department for Basic Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed seven thousand seven hundred and sixty-seven (7,767) books for different subjects to the school while only five thousand five hundred and fifty-one (5,551) of the books were issued to the students, resulting two thousand two hundred and sixteen (2,216) excess textbooks in the school store.

In the circumstances, value for money on the excess supply of textbooks could not be confirmed.

5. Irregular Transfer of Funds to Kenya Secondary School Heads Association

The statement of financial performance reflects boarding and school fund payments amount of Kshs.5,325,017 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.228,000 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.228,000 could not be confirmed.

6. Under Funding of Capitation Grants

The statement of financial performance reflects capitation grants for tuition and capitation grants for operations of Kshs.654,272 and Kshs.1,961,257 , respectively as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of two hundred and eighty (280) students while the enrolment records provided by the school indicated a total number three hundred and seventeen (317) students, resulting in an unexplained variance of thirty-seven (37) students. As a result of the variances, the school was underfunded by an amount of Kshs.602,796.

In the circumstances, the underfunding of the school may have affected service delivery to the public.

7. Long Outstanding Payables

The statement of assets and liabilities as disclosed in Note 14 to the financial statements reflects payables balance of Kshs.4,236,906. However, included in the balance are trade payables balance of Kshs.1,574,922 which had been outstanding for more than two (2) years. This was contrary to The National Treasury Circular Ref: ES1/03 'W'(41) dated 9 August, 2024 which required Accounting Officers to ensure that all carry-over payments emanating from the 2023/2024 financial year are treated as first charge against the 2024/2025 financial year budgetary allocation.

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

8. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of financial performance reflects capitation grants for operations and capitation grants for infrastructure of Kshs.1,961,257 and Kshs.802,224 respectively, totalling Kshs.2,763,482 from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.802,224 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.590,000 was transferred to infrastructure account, leaving a balance of Kshs.212,224 as at 30 June, 2025. Further, the amount of Kshs.590,000 was transferred more than 15 days of receipt. This was contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/13/63 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of the Ministry guidelines.

9. Non-Deduction of Capacity Building Levy

The statement of financial performance reflects boarding and school fund payments of Kshs.5,325,017 which includes an amount of Kshs.641,340 in respect of sampled procurement contracts with the school's suppliers. Review of payments for goods and services revealed that there was no deduction of the public procurement capacity building

levy of 0.03% on the contracts, contrary to the Levy Order 2023 issued by the Public Procurement Regulatory Authority.

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

10. Unapproved Fees on Parents Association Support Programme

Examination of records and discussions with management revealed that the school charged an amount of Kshs.3,000 per student totaling Kshs.854,000 to support the Parent Association programme which had not been approved by the State Department for Basic Education through the County Education Board. This was contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day and Secondary Education which stipulates that a parent will only pay for school uniforms, boarding related costs as reflected in the boarding fee structure and lunch for the day scholars. Further, the amount was not disclosed in the financial statements as income.

In the circumstances, Management was in breach of the Government guidelines.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Internal Audit Function

During the year under review, the School had not constituted 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. Further although the school had an audit committee it was not functional.

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

2. Long Outstanding Receivables

The statement of assets and liabilities reflects accounts receivables balance of Kshs.4,859,650 as disclosed in Note 13 to the financial statements. Included in the balance are fees arrears amounting to Kshs.4,853,650 out of which Kshs.4,094,352 had been outstanding for more than two years. However, no policy on the impairment of long outstanding fees arrears was provided for audit review, 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.

3. Lack of an Approved Staff Establishment and Scheme of Service

During the year under review, the School had sixteen (16) teaching staff and eleven (11) non-teaching staff. However, review of personnel records revealed that, the school did not maintain a comprehensive approved staff establishment outlining the optimal number of personnel required for each category. Further, the School had not developed and approved formal terms and conditions of service to define the rights and obligations of an employee and the school in the employment contract. In addition, there were no approved job descriptions or clearly defined roles and responsibilities for staff members.

In the circumstances, the absence of an approved establishment, and formalized terms of service, the adequacy and appropriateness of staffing levels could not be confirmed.

4. Weaknesses in Management of Assets

Annex 2 to the financial statements reflects a summary of the fixed assets register which includes land with a balance of Kshs.7,500,000. However, the land ownership documents were not provided for audit.

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

5. Weaknesses in the Board of Management

Review of Board of Management records revealed the following anomalies:

- i. Five (5) Board Members have served for more than two terms, contrary to Section 3(3) of the Fourth Schedule to the Basic Education Act, 2013.
- ii. The Board of Management convened only twice during the year under review contrary to Section 6(1) of the Fourth Schedule to the Basic Education Act, 2013, which requires the Board to meet at least once every four months. Further, the meetings were not supported with approved Board minutes or attendance registers.

- iii. The Board held meetings outside the school premises, leading to additional expenditure hire of venue.
- iv. The Board of Management had not established a Human Rights and Student Welfare Committee as required by Section 61(2) of the Basic Education Act, 2013.
- v. The Board of Management did not develop an Annual Work Plan to guide its oversight and governance responsibilities during the year under review.
- vi. The School did not prepare the Annual Governance Report for submission to the Director of Basic Education as required by Section 60 of the Basic Education Act, 2013.

In the circumstances, the effectiveness of the governance mechanism at the School 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'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

29 May, 2026

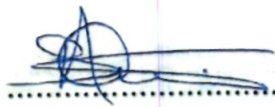
KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

6 Statement Of Financial Performance for the Year Ended 30 June 2025

DESCRIPTION OF VOTE HEAD	Note	2024-2025	2023-2024
		Kshs	Kshs
REVENUE			
Capitation grants for tuition	1	654,272	681,921
Capitation grants for operations	2	1,961,257	2,235,279
Capitation grants for Infrastructure	3	802,224	3,430,200
School Fund Income- Parents' Contributions	4	4,373,732	5,793,032
School Fund Income- Other receipts	5	128,944	173,924
Proceeds from borrowings			
Total Revenue		7,920,429	12,314,356
Expenditure			
Payments for Tuition	6	1,143,220	741,037
Payments for operations	7	3,115,520	2,953,222
Payment for infrastructure	8	477,741	2,373,980
Boarding and school fund payments	9	5,325,017	5,563,422
Total Expenditure		10,061,498	11,631,661
Surplus/Deficit		(2,141,069)	682,696

The school financial statements were approved on _____ 2026 and signed by:



Name: Julius M. Kabiru

Chair BOM

Date: 25/6/2026

Name: Grace M. Mwangi
School Principal/ Secretary to
BOM

Date: 25/6/2026



Name: David Mwangi

Bursar/ Finance Officer

Date: 25/6/2026



KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****7 Statement Of Assets And Liabilities As At 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	486,117	1,742,591
Cash Balances	11	2,615	12,425
Short term Investment	12		-
Total Cash and Cash Equivalents		488,732	1,755,016
Account's receivables	13	4,859,650	5,008,805
Total Financial assets (a)		5,348,382	6,763,821
Financial Liabilities			
Accounts Payables	14	4,236,906	3,511,277
Total Financial Liabilities (b)		4,236,906	3,511,277
Net financial assets (a-b)		1,111,476	3,252,544
REPRESENTED BY			
Accumulated fund b/fwd	15	3,252,545	2,569,848
Surplus/Defict for the year		(2,141,069)	682,696
Net Assets		1,111,476	3,252,544

The school's financial statements were approved on _____ 2026 and signed by:



Name: Julius M. Kabiru

Chair BOM

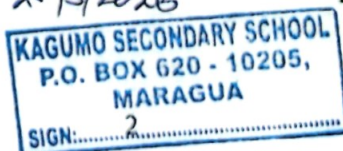
Date: 25/5/2026

Name: Grace M. Maina
School Principal/ Secretary to
BOM

Date: 25/5/2026

Name: David Mwangi
Bursar/ Finance Officer

Date: 25/5/2026



KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

8 Statement of Cash Flows for The Year Ended 30 June 2025

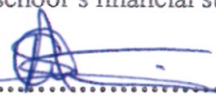
		2024-2025	2023-2024
		Kshs	Kshs
Receipts			
Capitation grants for tuition	1	654,272	681,920
Capitation grants for operations	2	2,975,481	5,665,478
Capitation grants for infrastructure	3	-	-
School fund income- Parents contributions/ fees	4	4,920,907	6,386,703
School fund income- other receipts	5	59,054	173,924
Total receipts		8,609,714	12,908,026
Payments			
Cash outflows for Tuition		767,285	471,231
Cash outflows for operations		3,840,164	4,754,525
Cash outflows Boarding/lunch and school fund		5,002,809	6,545,172
Total payments		9,610,258	11,770,929
Net cash inflow/outflow from operating activities		(1,000,544)	1,137,097
Cash flow from investing activities			
Acquisition of Assets		(265,741)	(143,050)
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		(265,741)	(143,050)
Cash flow from financing activities			
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from Financing Activities			-
Net increase/decrease in cash and cash equivalents		(1,266,285)	994,050
Cash and cash equivalent at BEGINNING of the FY		1,755,017	760,967
Cash and cash equivalent at END of the FY		488,732	1,755,017

(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).

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

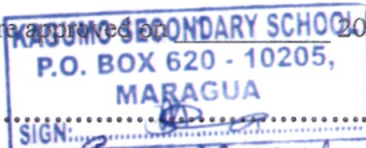
The school's financial statements were approved on 2026 and signed by:



Name: Julius M. Kabim

Chair BOM

Date: 25/5/2026



Name: Grace M. Maina
School Principal/ Secretary to
BOM

Date: 25/5/2026



Name: David Mwangi

Bursar/ Finance Officer

Date: 25/5/2026

9 Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 June 2025

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Exercise books	-		-	-	-	-
Laboratory equipments and apparatus	-		-	-	-	
Teaching/learning materials	834,722		834,722	654,272	180,450	78.38%
Exams	-		-	-	-	0%
TOTALS	834,722		834,722	654,272	180,450	78.38
(2) CAPITATION GRANT ON OPERATIONS			-		-	
Personnel emoluments/others	1,247,540		1,247,540	782,736	464,804	62.74%
Electricity, Water and Conservancy	361,872		361,872	260,576	101,296	72%
Local transport / travelling	221,760		221,760	260,094	(38,334)	117.29%
Administration costs	396,606	-	396,606	346,650	49,956	87.40%
Medical			-	78,400	(78,400)	0%
Activity	362,880		362,880	232,800	130,080	64.15%
Totals	2,590,658		2,590,658	1,961,256	629,402	
3)INFRASTRUCTURE ACCOUNT						

Maintenance and improvement-MOE	1,008,000	-	1,008,000	802,224	205,776.	79.59%
TOTALS	1,008,000	-	1,008,000	802,224	205,776	
(3) FEES CHARGED ON PARENTS			-		-	
Personnel emoluments	337,250		337,250	242,315	94,935	71.85%
Repairs and maintenance	190,000		190,000	145,436	44,564	76.5%
Local transport / travelling	250,500		250,500	200,551	49,949	80.06%
Electricity and water	465,500		465,500	365,760	99,740	78.57%
Medical			-		-	
Administration costs	175,750		175,750	133,425	42,325	75.92%
Activity	23,750		23,750	23,343	407	98.29%
SMASSE			-		-	0%
BES/LUNCH	2,923,725		2,923,725	2,686,657	237,068	91.89%
Totals	4,366,475		4,366,475	3,797,487	568,988	
OTHER INCOME			-		-	
<i>milk proceeds</i>			-	59,054	(59,054)	0%
<i>Rent income</i>			-	20,000	(20,000)	0%
<i>School farm-school fund a/c</i>			-	44,890	(44,890)	0%
<i>Other receipts-advances</i>			-	5,000	(5,000)	
-	-		-	-		
TOTAL INCOME	4,366,475	-	4,366,475	128,944	(128,944)	
INCOME GRAND TOTAL	8,799,855		8,799,855	7,344,183	1,455,672	
(1) EXPENDITURE FOR TUITION			-			
Text books			-		-	
Exercise books			-	92,880.00	(92,880.00)	0%
Laboratory equipments and apparatus					-	

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

	-	-	-	-	0%
Teaching/learning materials	834,722	834,722	205,290	629,432	24.59%
Activity		-	50,000	(50,000)	0%
Bank charges	-	-	2,895	(2,895)	0%
Adm costs	-	-	166,220	(166,220)	0%
Totals	834,722	834,722	517,285	317,437	
	-	-	-	-	
2. PAYMENTS FOR OPERATIONS		-		-	
Personal Emoluments	1,247,540	1,247,540	1,500,838	(253,298)	120.30%
Creditors	-	-	174,155	(174,155)	0%
Administration Cost	396,606	396,606	447,122	(50,516)	112.74: %
Activity	362,880	362,880	159,090	203,790	43.84%
Local transport / travelling	221,760	221,760	607,150	(385,390)	273.79%
Electricity and water	361,872	361,872	192,370	169,502	53.16%
Nita		-	4,900	(4,900)	0%
SMASSE	-	-	-	-	
Other payments	-	-	-	-	
Bank Charges	-	-	2,409	(2,409)	0%
TOTALS	2,590,658	2,590,658	3,088,034	(497,376)	
3. EXPENDITURE FOR INFRASTRUCURE					
Construction of Dormitory	1,769,805	1,769,805	366,000	1,403,805	20.68%
Installation of Solar lights	120,000	120,000	115,000	5,000	95.83%
Bank charges	-	-	241	(241)	0%
TOTALS	1,889,805	1,889,805	481,241	1,408,564	

4. BOARDING AND SCHOOL FUND PAYMENTS					-	
RMI	190,000		190,000	314,840	(124,840)	165.71%
EWC	465,500		465,500	177,390	288,110	38.11%
LT@T	250,500		250,500	639,250	(388,750)	255.19%
ACTIVITY	23,750		23,750	222,290	(198,540)	935.96%
ADMIN COSTS	175,750		175,750	632,445	(456,695)	359.85%
Personal emolument	337,250		337,250	421,265	(84,015)	124.91%
Expenses on income generating activities			-	80,770	(80,770)	0%
Fees refunds			-	248,120	(248,120)	0%
Bank charges			-	4,371	(4,371)	0%
Creditors			-	109,960	(109,960)	0%
Fee on Boarding Equipment and Stores	2,923,725		2,923,725	2,056,848	866,877	70.35%
Nita			-	550	(550)	0%
Farm.				94,710	(94,710)	0%
TOTAL	4,366,475		4,366,475	5,002,809	(636,334)	
GRAND TOTALS	9,681,660		9,681,660	9,089,369	592,291	

i) Underutilization of below 90%

- lack of funds and underfunded on capitation over the year hence affecting actual income compared to budgeted income.
- parents unable to clear fees on time resulting to increase in debtors due to hard economic situations affecting our local students, lowering our income.
- low population compared to students expected as per the budget.

ii) Overutilization above 100%

Caused by unforeseen circumstances like -

-Inaccurate costs estimations on items and services.

-Market prices fluctuations and,

-Un expected conditions like increase in school activities and administration issues not budgeted, stake holders symposiums and retreats.

iii)Vote heads without budget estimates were not intended to incur expenditures or to generate income during the financial period.

KAGUMO SECONDARY SCHOOL
Annual Reports and financial statements for the year ended 30 June 2025
10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

Statement of Compliance

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

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

3. In-kind contributions

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

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

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 an insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits, and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent 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.

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****II. Notes To The Financial Statements****1 Government Grants for Tuition**

	2024-2025	2023-2024
	Kshs	Kshs
Text books		
Exercise books	-	0
Laboratory equipments and apparatus	-	0
Teaching/learning materials	654,272	681,921
Exams	-	-
Internal exams	-	-
Reference books	-	-
	-	-
	-	-
Total	654,272	681,921

2 Government Grants for Operations

	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments/others	782,737	932,550
Repairs and maintenance	-	-
Local transport / travelling	260,094	212,402
Electricity and water	260,576	313,940
Medical	78,400	228,750
Administration costs	346,650	326,240
Activity	232,800	221,397
Total	1,961,257	2,235,279

3 Government Grants For Infrastructure

	2024-2025	2023-2024
	Kshs	Kshs
Maintenance & improvement	802,224	3,430,200
Total	802,224	3,430,200

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

4. School Fund Income-Parents Contributions/Fees

	2024-2025	2024-2024
	Kshs	Kshs
Personnel emoluments	337,940	475,345
Repairs and maintenance	192,046	267,621
Local transport / travelling	250,874	349,980
Electricity and water	453,680	655,572
Boarding Equipment and Stores	2,302,342	3,703,944
Lunch	627,210	-
Administration costs	178,852	256,765
Activity	30,790	83,805
Total	4,373,734	5,793,032

Notes To The Financial Statements (Continued)**5. Miscellaneous Incomes.**

	2024-2025	2023-2024
	Kshs	Kshs
Canteen rent	4,000	-
House rent	16,000	6,000
School farm-school fund	44,890	33,750
Milk proceeds-farm a/c	59,054	134,174
Other receipts	5,000	-
Total	128,944	173,924

6. Tuition

	2024-2025	2023-2024
	Kshs	Kshs
Exercise books	92,880	-
Laboratory equipments and apparatus	560,735	545,335
Teaching/learning materials	205,290	54,000
Teachers guide	20,000	25,000
Internal exams	-	115,420
Adm costs	211,420	-
Bank charges	2,895	1,282
Activity	50,000	-
Total	1,143,220	741,036

KAGUMO SECONDARY SCHOOL
Annual Reports and financial statements for the year ended 30 June 2025

7. Operations

	2024-2025	2023-2024
	Kshs	Kshs
Personal Emoluments	1,649,162	1,695,963
Service Gratuity	-	-
Administration Cost	447,122	618,661
Repairs and maintenance & improvements	-	-
Local transport / travelling	607,150	416,700
Electricity and water	245,687	142,737
Medical	-	-
Activity Expenses	159,090	71,040
SMASSE	-	-
Bank Charges	2,409	2,371
K.R.A-NITA	4,900	5,750
TOTAL	3,111,520	2,953,221

8. Infrastructure

	2024-2025	2023-2024
	Kshs	Kshs
Repair work	-	2,373,400
Construction of dormitory	362,500	-
Solar Flood lights	115,000	-
Bank charges	241	580
Total	477,741	2,373,980

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****9 Boarding And School Fund**

	2024-2025	2023-2024
	Kshs	Kshs
Fee on Boarding Equipment and Stores	2,701,575	2,635,182
Repairs And Maintenance & Improvements	362,445	189,380
Electricity and Water	167,390	202,910
Local Transport/Travelling	567,250	617,880
Activity fees	167,401	350,474
Administration Costs	597,170	485,357
Personal emolument	333,265	586,227
Expenses on income generating activities	-	-
payments to operations	-	156,400
School farm-school fund	94,710	151,965
Bank charges-school fund	4,371	5,244
Other fees payments	248,120	180,853
K.R.A-NITA	550	1,500
Bank charges-farm a/c	770	-
Expences for farm a/c	80,000	
Loan Interest repayment	-	-
Animal feeds,treatment,cow barn maintenance and charges	-	-
Acquisition of Assets	-	-
TOTAL	5,325,017	5,563,422

*(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)*

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****Notes To The Financial Statements (Continued)****10 Bank Accounts**

Name of Bank, Account No. & currency			2024-2025	2023-2024
			Kshs	Kshs
Tuition Account	Active	0220291400323	98,263	211,276
Operations Account	Active	1107188717	176,579	1,043,076
School Fund Account/Boarding	Active	1109273509	95,368	84,875
Farm Account	Active	0220193188967	14,303	36,019
Infrastructural Account	Active	1260887677	101,604	367,345
Total			486,117	1,742,591

11 Cash In Hand

Description	2024-2025	2023-2024
	Kshs	Kshs
Operation Account	1814	-
School Fund account	801	12,425
Total	2615	12,425

12 Short Term Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit	-	-
Equity Stock	-	-
Other Investments	-	-
Total	-	-

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****13 Accounts Receivable**

Description	2024-2025	2023-2024
	Kshs	Kshs
Fees arrears	4,853,650	5,002,805
Other non-fees receivables	1,000	1,000
Salary advances	5,000	5,000
Imprest	-	-
Total	4,859,650	5,008,805

Note: The salary advances of Kshs 5000.00 was for a BOM employee Mr. Joseph Chege.

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

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	576,245	12	908,453	18
Between 1- 2 years	183,053	4	154,148	3
Between 2-3 years	4,094,352	84	3,940,204	79
Over 3 years	-	-	-	-
Total	4,853,650	-	5,002,805	-

Description	2024-2025	2023-2024
	Kshs	Kshs
Non Fees arrears for current year		
Non Fees arrears received during the year	3,000	3,000.00
Non Fees arrears for the previous year	4,000	4,000
Non Fees arrears for prior periods (over two years)		
Total	1,000	1,000

NOTE: The Non-fee arrears for the current and previous year was salary advanced to a BOM teacher Cyrus Shanguya.

14 Accounts Payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	3,571,255	2,689,299
Prepaid fees	227,693	384,020
Retention monies	437,958	437,958
Total	4,236,906	3,511,277

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025**

Note: The retention money Ksh 437,957.85 was for KNEC exams and Caution money for graduated students for previous years carried forward to the financial year 2024-2025.

:Prepaid fees is the excess fees receipted but not refunded by the end of financial year 2024-2025.

:Trade creditors is the services and supply of goods not paid at the end of financial year 2024-2025

14a Ageing Analysis of Accounts Payables

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,416,071	40	1,114,377	41
Between 1- 2 years	580,262	16	584,017	22
Between 2-3 years	1,574,922	44	990,905	37
Over 3 years	-	-	-	-
Total	3,571,255	-	2,689,299	-

15 Fund Balance Brought Forward

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank balances	1,742,591	760,851
Cash balances	12,425	116
Short Term Investments	-	-
Receivables	5,008,805	5,181,345
Payables	3,511,277	3,372,464
Total	3,252,544	2,569,848

Other important disclosure notes

IPSAS Cash Standard 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.

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****16 Non-current Liabilities Summary**

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Total	-	-

17 Biological assets

Description	Numbers	2024-2025	2023-2024
		Kshs	Kshs
Cattle	3	300,000	300,000
Goats		-	-
Trees	50	150,000	210,000
Coffee Or Tea Plantation		-	-
Poultry		-	-
Total		450,000	510,000

Note: The price of the cattle is valued as per the current market prices for 3 cows @ 100,000
The price for the tree was valued at Ksh 3000 per tree.

Notes To The Financial Statements (Continued)**18 Borrowings**

Description	2024-2025	2023-2024
	Kshs	Kshs
a) Borrowings		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****Other important disclosure notes****19 Stock/ Inventory**

Description	2024-2025	2023-2024
	Kshs	Kshs
Food stuffs	113,088	179,371
Lab consumables	263,228	285,794
Lab apparatus and equipments	1,688,676	1,668,146
Office stationery	98,135	93,610
School furniture and machines	3,393,460	3,422,150
Boarding equipment and stores	448,720	421,550
Balance at end of the year	6,005,307	6,070,621

Note: The record of stock as stated above was extracted from the stores Legers at the end of financial year 30 June 2025

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025****20 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

KAGUMO SECONDARY SCHOOL

Annual Reports and financial statements for the year ended 30 June 2025

12 Annexes

Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2025	Outstanding Balance 2024	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply of goods						
1.Equiplab suppliers ltd	1,038,435	1-7-2021	493,100	560,735	545,335	Insufficient Funds
2.Ewam plus ltd	127,530	21-7-2022	107,530	20,000	20,000	Lack of funds for Tuition
3.Truelink logistics	82,130	30-6-2022	36,530	36,200	45,600	Low fees collection
4.D.P.L Festive ltd	36,205	30-6-2022	29,445	7,800	6,760	Late submission of invoice
5.Margaret W. Maina	716,605	1-4-2023	520,000	333,165	196,605	Parents unable to clear fees
6.Postal Corporation of Kenya	7,725	30-6-2025	-	7,725	-	1 year rental fee.
7.Kahuti water	53,317	1-7-2021	-	53,317	53,317	Disputed bills of payments
8.KPLC	31,000	30-6-2023	16,000	-	15,000	Debt cleared
9.BOM Salaries	335,130	30-6-2023	175,975	148,324	159,155	lack of funds to pay Bom salaries.
10.Belons Office machines services.	72,605	30-5-2024	-	103,605	72,605	Insufficient funds
11.Bemumwa Agencies	45,200	30/6/2025	-	45,200	-	Non payment for insufficient cash.
12.Direct purchases	100,000	3/6/2025	-	100,000	-	Borrowed for lack of funds
Total	2,531,457		1,417,080	1,416,071	1,114,377	

KAGUMO SECONDARY SCHOOL

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Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2025
Land(5 Acres)		Loc.8/Ngaru- Nguyoini,Maragua	Shared with Pry.Sch			7,500,000
Building and structures		Centralised in school compound	Shared with pry.			
Motor Vehicles	N/a					
Office Equipment, Furniture and Fittings		Offices				
a)B.E.S		Boarding department	1,082,000			1,082,000
b)Laboratory		Chemistry/physics lab.	475,000			475,000
c)Students furniture		Classes	1,585,000			1,585,000
d)Staffs furniture		Offices	265,000			265,000
e)Reception area		Reception	20,000			20,000
f)Book shelves		Library store	36,000			36,000
g)file carbinets		Principals office	116,330			116,330
ICT ASSETS						
a)Laptop	1-2-2022	Deans office	45,000			45,000
Tools and Apparatus		Laboratoly	1,593,940			1,953,940
Text books		G.O.K				
Other Machinery and Equipments						
a)L.c.d Projector		Deans office	27,000			27,000
b)Power saw	22-6-2023	Boarding store	59,500			59,500
c)Mini Sewing Machines	19/6/2023	Home science dpt				19,400

KAGUMO SECONDARY SCHOOL**Annual Reports and financial statements for the year ended 30 June 2025**

d)Printers	12/1/2022	offices	84,500.00	-----	-----	84,500.00
e)Electric bell	8-11-2020	Compound	25,000.00	-----	-----	25,000.00
f)Computers	6-2-2022	Offices	210,000.00	-----	-----	210,000.00
g)Photocopiers	30-8-2019	Offices	155,000.00	-----	-----	155,000.00
h)Photoprinter	16-9-2019	Secretary Office	200,000.00	-----	-----	200,000.00
Heritage and Cultural Assets	-----	-----	-----	-----	-----	-----
Intangible Assets-Software	1-7-2021	Zeraki-Deans Office	62,000	-----	-----	62,000
	2/5/2020	Zerakifinance-Accounts office	85,000	-----	-----	85,000
Weight machine	23-8-2023	Kitchen store	21,500	-----	-----	21,500

Note: For BES the value of assets amounting to Ksh 1,082,000 was the estimated cost of the available item in stores.

The Chemistry and Physics equipment value of Ksh 475,000 was an estimation.

Student desk and chairs was estimated by the student population of 317 @ 5000 total 1,585,000

Staff furniture/Desk was an estimated value of 20 teacher@13250.

The books shelves was an estimated market value of 10 shelves@ 3,600 total 36,000

The Lab apparatus and equipment was valued as per the latest market price at the end of financial year stock taking.

The school land was valued as per local market price of 1,500,000 per Acre.