REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MUKUUNI BOYS' HIGH SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2022

THARAKA-NITHI COUNTY

Revised 30th June 2021.

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MUKUUNI BOYS HIGH
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

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Page

I. KEY SCHOOL INFORMATION AND MANAGEMENT

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

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in THARAKA NITHI County, MERU SOUTH Sub-County

The school was registered in 1989 under registration number GPA/A/2/89 and is currently categorized as an EXTRA COUNTY public school established, owned or operated by the Government.

The school is a day/boarding school and had 950 number of students as at *30th June 2022*. It has 4 streams and 38 teachers of which 12 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	BEDFORD GITONGA	Chairman	19/7/2019
2	TIMOTHY KAMAU	Secretary - Principal	19/7/2019
3	DAVID MUGAMBI	Member	19/7/2019
4	FLORENCE MUTHUA	Member	19/7/2019
5	DR. SAMUEL NTHUNI	Member	19/7/2019
6	MR. KIRIMI MUTURI	Member	19/7/2019
7	BETTY KAWIRA	Member	19/7/2019
8	ENG. PERMINUS MURANGIRI	Member – Rep CEB	19/7/2019
9	PETER MICHEU	Member Rep Teachers	19/7/2019
10	DR. ELLYJOY MICHENI	3 Members - Sponsor	19/7/2019
11	DOROTHY KATHOMI	Member - Community	19/7/2019
12	MOSES BUNDI	MemberSpecial Needs	19/7/2019
13	ANTHONY MUNENE	Rep Students	19/7/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	**Executive Committee**			
2	Audit Committee	MOSES BUNDI	CHAIRMAN	2
3	Finance,procurement and general purposes Committee	BEDFORD GITONGA FLORENCE MUTHUA DAVID MUGAMBI	MEMBER MEMBER MEMBER	2
4	Academic Committee	DR. ELLYJOY MICHENI	CHAIRMAN	2
5	Development Committee	ADIEL MAIMBU	CHAIRMAN	2
6	Discipline and welfare Committee	MOSES BUNDI KIRIMI MUTURI	CHAIRMAN	2
7	Adhoc Committee (if any during the year)	MOSES BUNDI DAVID MUGAMBI	CHAIRMAN	2

(d) School operation Management

For the financial year ended *30th June 2022* the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	TIMOTHY KAMAU	306121
2	Deputy Principal	PETER MICHEU	425753
3	School Bursar	JACKSON MUGENDI	ID NO. 9214409

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box:	39-60403, MAGUMONI
Telephone:	0715693151
E-mail:	mukuunihigh@gmail.com
Website:	N/A
Facebook:	N/A
Twitter:	N/A

(f) School Bankers

The following school operated 6 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB
   Branch: CHUKA
   Account Number: 1103685376
   Account Name: Boarding

2. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 021029177283
   Account Name: Operations

3. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 021029133114
   Account Name: Tuition

4. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 0210290640400
   Account Name: Bus account

5. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 0210279934454
   Account Name: Infrastructure

6. Name of Bank: FAMILY BANK
   Branch: CHUKA
   Account Number: 054000007148
   Account Name: NG-CDF

7. MPESA Pay Bill No. 32210K attached to KCB bank account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

(g) Independent Auditors

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

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

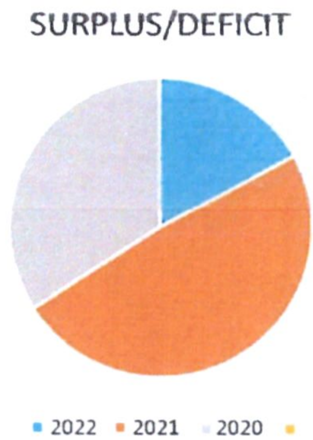
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) **Financial performance**:

Under this section, the following information should be given:

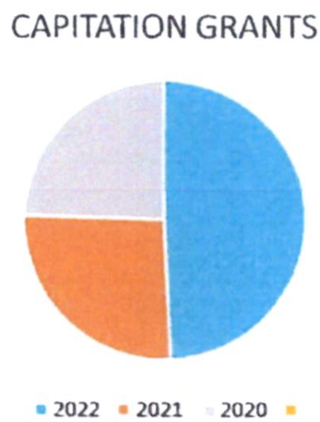
- *Surplus/ deficit for the year and a comparison of the same for the last three years*

YEAR	2022	2021	2020
SURPLUS/DEFICIT	1,534,732	4,370,489	3,058,685.50



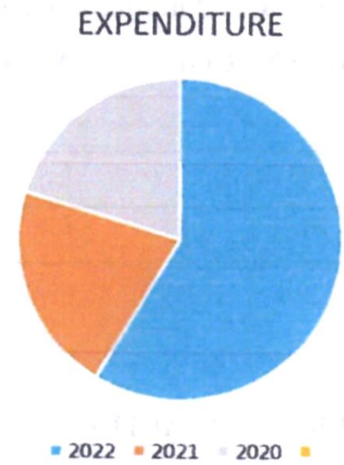
- *Capitation grants from the Ministry of Education for the last three years*

YEAR	2022	2021	2020
TUITION	2,783,061.20	1,123,005	1,402,509
OPERATIONS	12,545,487	7,033,705	6,237,755
TOTAL	15,328,548.20	8,156,710	7,640,264



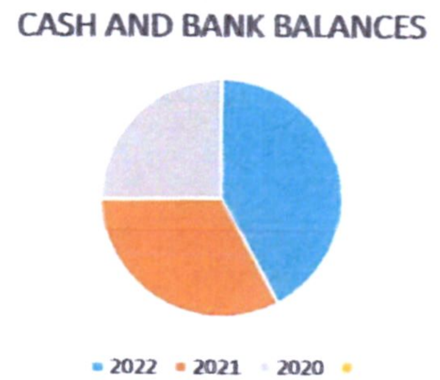
- *A three-year overview of growth in expenditure of the school*

YEAR	2022	2021	2020
TUITON	3,065,949	1,459,820	1,998,890
OPERATIONS	10,201,095	5,512,006	7,575,824
SCHOOL FUND	62,611,775.75	20,311,692	16,988,812.50
TOTAL	75,878,819.75	27,283,578	26,273,526.50



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

YEAR	2022	2021	2020
TUITON	67,132.60	42,945.40	2,270.40
OPERATIONS	829,229.65	870,528.80	558,544.35
SCHOOL FUND	639,824.11	1,676,419.46	965,345.11
INFRASTRUCTURE	3,999,080	906,189	1,634,560
BUS ACCOUNT	171,724.25	906,189	250,000
TOTAL	**5,706,990.61**	**4,402,271.66**	**3,410,719.86**



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

b) **Teacher Student ratio**:

Teacher: Student Ratio 1:32

Recruited teachers – 6

Transferred and retired – 2

Teachers employed by BOM in 2021 – 5

c) **Mean score in the *2022* KCSE & Number of Candidates in the 2022 KCSE:**

YEAR	MEAN SCORE	MEAN GRADE	CANDIDATES
2020	*5.95*	*C*	*195*
2021	*5.0811*	*C-*	*220*
2022	*5.1037*	*C-*	*270*

Capacity of the school:

FACILITY	NUMBER	CAPACITY	REMARKS
Dormitories	4	800	A 300 student capacity required
Classrooms	16	720	Insufficient
Laboratory	2	100	A 100 capacity required
Dining Hall	1		Enough
Toilet	35		Additional 30 toilets required
Library	1		A 100 capacity library required

d) **Development projects carried out by the school:**

NONE

KAMAU T. M.

*Sign:*______________

School Principal

PRINCIPAL
MUKUUNI BOYS' HIGH SCHOOL
P. O. Box 39 - 60403, MAGUMONI
Date: 11/5/23 Sign: ....

STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

...the Public Finance Management Act, 2012 requires that, at the end of each financial ...Government School shall prepare financial statements in respect of that school. ...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 ***MUKUUNI BOYS 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, 2022, and of the school's financial position as at that date.

Name: **JASPER M. NKANYA**
Designation: Chairman, School Board of Management
Sign: Nkanya
Date: 12/05/2023

Name: **KAMAU T. M.**
Designation: School Principal& Secretary to Board of Management
Sign:
Date: 12/05/2023

Name: **JACKSON MUGENDI**
Designation: Bursar/ Finance Officer
Sign:
Date: 12/05/2023

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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OAG
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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON MUKUUNI BOYS' HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – 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 Mukuuni Boys' High School - Tharaka Nithi County set out on pages 1 to 19, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mukuuni Boys High School - Tharaka Nithi County as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the 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.2,635,730. However, the schedules and their related supporting documents were not provided for audit review.

In the circumstances, the accuracy and completeness of accounts receivables balance of Kshs.2,635,730 could not be confirmed.

2. Unreconciled Variances Between Financial Statements and Ledgers

The statement of receipts and payments reflects amounts which differ with the ledger leading to unexplained and unreconciled variances as detailed below;

Voter Heads	Amount as per Financial Statement (Kshs.)	Amount as per the Ledgers (Kshs.)	Variances (Kshs.)
Sundry debtor	-	3,127,356	(3,27,356)
Payments for tuition	2,448,505	3,065,469	(616,964)
Grants for Tuition Teaching / Learning Materials	2,783,061	3,090,136.20	307,075.20

In the circumstances, the accuracy and completeness of the respective balances could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.5,706,991. However, the bank reconciliations statements were not provided for audit verification.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.5,706,991 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of Mukuuni Boys' 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

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.49,169,460 and Kshs.47,744,782 respectively, resulting in an under-funding of Kshs.1,424,678 or 3% of the budget. Similarly, the School spent an amount of Kshs.44,952,457 against actual receipts amounting to Kshs.47,744,782, resulting in an under-utilization of Kshs.2,792,325 or 6% of actual receipts.

The under-funding and under-utilization 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 Information

The Management is responsible for the Other Information set out on page ii to ix 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, 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 USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements 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 the Public Finance Management Act, 2012 Section 68 (2)(k) states that in the performance of a function under subsection (1), 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 Controller of Budget and the Auditor-General for audit.

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

2. Under-Supply of Textbooks

Audit review revealed that the number of textbooks supplied the School for the year under review was below the number of enrolled students. Specifically, on 26, May, 2022, two hundred and forty-one (241) textbooks were received for the subject Bembea ya Maisha against a student enrolment of four hundred and fifty-seven (457), resulting in a textbook-to-student ratio of approximately 1:2. This is contrary to the Ministry of Education's National Curriculum Policy of December 2018, in policy statement 4.3, indicated that the Government sought to achieve a book to learner ratio 1:1 at all levels of basic education in the medium term.

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

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

The statement of receipts and payments reflects operations grants amounting to Kshs.14,693,305, as disclosed in Note 2 to the financial statements. Included in this amount were infrastructure grants which were required to be transferred to the infrastructure bank account for maintenance and improvement of school facilities. However, the review revealed that no monies were transferred from the operations to the infrastructure account as required by the ministry circular.

This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021, which requires that infrastructure grants and maintenance funds be transferred to the school infrastructure account within fifteen (15) days of receipt.

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

4. Unauthorized Transfers of Funds Across Multiple Accounts

The statement of receipts and payments reflects school fund income – other receipts of Kshs.61,284,012, as disclosed in Note 4 to the financial statements. Included in this amount are unauthorized transfers totalling Kshs.9,948,055, comprising Kshs.1,600,000 from the operations account, Kshs.3,988,055 from the Infrastructure Account, Kshs.4,163,000 from the Parents Teacher Association (PTA) Account, Kshs.80,000 from Equity Bank and Kshs.117,000 from the BES Account. However, these transfers were made without evidence of approval, contrary Section 68(1) of the Public Finance Management Act, 2012 which requires Accounting Officers to ensure that public resources are used in a lawful and authorized manner.

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

5. Unauthorized Transfer of Funds Between Accounts

The financial statement under the statement of receipts and payments disclose payments for operations amount of Kshs.14,801,095.00. However, review of the documents revealed that on 29 March, 2022, an amount of Kshs.300,000 was transferred from the infrastructure account to the operations account. No supporting documentation or evidence of approval was provided for this transaction. This was contrary to Section 3.3 of the Ministry of Education Circular Ref. No. MOE.HQS/3/6/36 dated 14 January, 2021 issued by the Ministry of Education Kenya requires that funds be utilized strictly for their intended purpose and that any transfers between accounts be properly authorized and supported by adequate documentation.

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

7. Procurement of Goods and Services without a List of Registered Suppliers

Review of procurement records for the year under review revealed that the School did not maintain a list of registered suppliers. However, the School procured goods and services during the year without an established or updated suppliers register. This was contrary to Section 8(3) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 44 of the Public Procurement and Asset Disposal Regulations, 2020, which require procuring entities to maintain and update a list of registered suppliers.

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

8. Lack of a Procurement Plan

During the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public

Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Separate Bank Account for Other Income

The statement of receipts and payments reflects school fund income-other receipts amount of Kshs.61,284,012 which as disclosed in Note 4 to the financial statements included school fund income and other income. However, no reasons were provided as to why the two separate funds were commingled within a single account. This practice hinders the clear identification and tracking of specific income sources and compromises transparency and accountability in the management and utilization of these funds.

In the circumstances, the effectiveness of controls in Management of other income 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 (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to 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

24 April, 2026

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,783,061	1,123,005
Capitation grants for operations	2	14,693,305	7,392,565
School Fund Income- Parents' Contributions	3		
School Fund Income- Other receipts	4	61,284,012	20,106,764
Proceeds from borrowings			
TOTAL RECEIPTS		**78,760,378**	**28,622,334**
PAYMENTS			
Payments for Tuition	5	2,448,505	797,030
Payments for operations	6	14,801,095	5,772,030
Boarding and school fund payments	7	59,976,046	17,682,714
TOTAL PAYMENTS		**77,225,646**	**24,251,845**
SURPLUS/DEFICIT		**1,534,732**	**4,370,489**

The school financial statements were approved on 12/05/2023 and signed by:

Sign: JKanya	Sign:	Sign: Mugendi
Name: JASPER M. NKANYA	**Name KAMAU T. M.**	**Name: JACKSON MUGENDI**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 12/05/2023	**Date: 12/05/2023**	**Date: 12/05/2023**

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	5,694,585	3,806,018
Cash Balances	9	12,405	184,983
Short term Investment	10	.	
Total Cash and cash equivalent		5706991	3,991,001
Account's receivables	10		6,077,335
		2,635,730	
TOTAL FINANCIAL ASSETS		8,342,721	10,068,336
FINANCIAL LIABILITIES			
Accounts Payables	11	3,127,356	3,756,806
NET FINANCIAL ASSETS		5,215,364	6,311,530
REPRESENTED BY			
Accumulated Fund b/fwd	12	3,680,632	1,941,040
Surplus/Deficit for the year		1,534,732	4,370,489
NET FINANCIAL POSSITION		5,215,364	6,311,530

The School's financial statements were approved on 12/05/2023 and signed by:

Sign:	Sign:	Sign:
Name: JASPER M. NKANYA	Name KAMAU T. M.	Name: JACKSON MUGENDI
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date: 12/05/2023	Date: 12/05/2023	Date: 12/05/2023

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2021-2022 Kshs	2020-2021 Kshs
Receipts for operating income			
Capitation grants for tuition	1	2,783,061	1,123,005
Capitation grants for operations	2	14,693,305	7,392,565
School fund income- Parents contributions/ fees	3		
School fund income- other receipts	4	64,411,368	23,863,570
Total receipts		**81,887,734**	**32,379,140**
Payments			
Payments for Tuition		3,065,949	1,082,330
Payments for operations		14,801,095	7,014,616
Boarding and school fund payments		62,611,776	23,760,049
Total payments		**80,478,820**	**31,856,995**
Net cash flow from operating activities		**1,408,914**	**522,145**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,408,914**	**522,145**
Cash and cash equivalent at BEGINNING of the year		**4,298,076**	**3,468,855**
Cash and cash equivalent at END of the year		**5,706,990**	**3,991,001**

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 cash flow as recommended by PSASB.

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials	xxx	xxx	xxx	2,783,061.20	xxx	X
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	xxx	xxx	xxx	12,545,487	xxx	X
Administration	xxx	xxx	xxx	65,988	xxx	X
Advance	xxx	xxx	xxx	9,750	xxx	X
Workers welfare	xxx	xxx	xxx	329,340	xxx	X
NSSF	xxx	xxx	xxx	330,240	xxx	X
NHIF	xxx	xxx	xxx	112,500	xxx	X
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	7,292,140		7,292,140	2,583,160	4,708,980	35.42%
Repairs and maintenance	4,153,600		4,153,600	1,572,200	2,581,400	37.85%
Local transport / travelling	1,250,000		1,250,000	566,425	683,575	45.31%
Electricity and water	5,168,800		5,168,800	4,258,365	910,435	82.39%
Administration costs	2,106,000		2,106,000	1,267,611	838,389	60.19%
Activity	218,000		218,000	220,565	(2,565)	101.18%

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
Fee on Boarding Equipment and Stores	28,980,920		28,980,920	25,100,090		
TOTAL INCOME	**49,169,460**		**49,169,460**	**47,744,782.20**	**1,424,677.80**	**97.10%**
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	xxx	xxx	Xxx	2,446,405	xxx	x
Bank Charges	xxx	xxx	Xxx	2,100	xxx	x
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	xxx	xxx	Xxx	6,183,020	xxx	x
Repairs, maintenance & improvements	xxx	xxx	Xxx	709,900	xxx	x
Local transport / travelling	xxx	xxx	Xxx	411,086	xxx	x
Electricity, water and conservancy	xxx	xxx	Xxx	563,040	xxx	x
NSSF	xxx	xxx	Xxx	330,240	xxx	x
ADVANCE						
Workers Welfare				329,840		
Administration costs	xxx	xxx	Xxx	677,774	xxx	x
Activity Expenses	xxx	xxx	Xxx	674,225	xxx	x
Gratuity	xxx	xxx	Xxx		xxx	x
Bank Charges				9,970		
NHIF	xxx	xxx	Xxx	112,000	xxx	x
(3) EXPENDITURE FOR SCHOOL FUND						

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
Personnel emoluments	6,292,140		6,292,140	365,921	5,926,219	5.82%
Repairs, maintenance and improvements	3,345,715		3,345,715	3,949,307	(603,592)	118.04%
Local transport / travelling	1,250,000		1,250,000	755,100	494,900	60.41%
Electricity, water and conservancy	4,660,000		4,660,000	647,190	4,012,810	13.89%
Administration costs	2,105,000		2,105,000	3,553,284	(1,448,284)	168.80%
Activity	218,000		218,000	175,830	42,170	80.66%
Boarding Equipment and Stores	26,263,860		26,263,860	23,056,225	3,207,635	87.79%
TOTALS	**44,134,715**	xxx	**44,134,715**	**44,952,457**	**(817,742)**	**101.85%**

NOTES:

i. Tuition and Operations account budget was not prepared and funds utilization was guided by the capitations amount received

ii. Xxxx

IX. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2. **Recognition of receipts and payments**

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

3. **In-kind contributions**

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

4. **Cash and cash equivalents**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

10. **Subsequent events**
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022 Kshs	2020-2021 Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	2,783,061	1,123,005
Chalks		
Exams and assessment		
Teachers guides		
Total	**2,783,061.20**	**1,123,005**

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022 Kshs	2020-2021 Kshs
Personnel emoluments	12,545,487	4,021,705
Repairs and maintenance		3,011,000
Infrastructure	1,000,000	
Transfer from Infrastructure	300,000	
NSSF	330,240	171,360
NHIF	112,500	60,000
Administration Costs	65,988	
Workers Welfare	329,340	127,500
Advance	9,750.00	1,000
Total	**14,693,305**	**7,392,565.45**

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022 Kshs	2020-2021 Kshs
Personnel emoluments		
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
BES		
Administration costs		
Activity		
Examination		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022 Kshs	2020-2021 Kshs
BES	25,100,090	7,969,183
RMI	1,572,200	717,255
EWC	4,258,365	1,292,340
LT@T	566,425	189,900
ACTIVITY	220,565	45,600
ADMIN COSTS	1,267,611	595,655
Personal emolument	2,583,160	1,116,202
UNIFORM FUND	4,984,725	386,900
EXAMS	223,560	116,600
DAMAGES	238,800.00	35,000
BURSARY	2,138,492	756,700
MOTOR VEHICLE EXPENSE	363100	110,000
Infrastructure A/c	3,988,055	
School farm	1,026,490	4,500
Inter borrowing PTA A/C	4,163,000.00	
Advance	24,900	

RD CHEQUE		30,000
TRANSFER TO EQUITY	80,000	2,260,000
BORROWED FROM BES TO EQUITY	117,000	20,000
TRANSFER FROM OPERATIONS	1,600,000.00	800,000
PA-donations, school van project		
PTA FUND	6,765,974.00	3,660,929
Tour Fund	1,500	
Total	**61,284,012**	**20,106,764**

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

5 PAYMENTS FOR TUITION

	2021-2022 Kshs	2020-2021 Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	2,446,405	795,710
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges	2100	1,320
Total	**2,448,505**	**797,030**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021-2022 Kshs	2020-2021 Kshs
Personal Emoluments	6,183,020	2,623,090
Service Gratuity		425,000
Administration Cost	677,774	409,226
Repairs and maintenance & improvements	709,900	277,750
Local transport / travelling	411,086	163,650
Electricity and water	563,040	322,870
Medical		
Activity Expenses	674,225	368,685

NSSF	330,240	171,360
NHIF	112,000	60,000
Bank Charges	9,970	6,970
ADVANCE		16,000.00
WORKERS WELFARE	329,840	127,500.00
TRANSFER TO BES	1,600,000	800,000.00
Bus Insurance	200,000	
Transfers to Infrastructure	3,000,000	
TOTAL	**14,801,095**	**5,772,101.00**

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022 Kshs	2020-2021 Kshs
BES	23,056,225	6,714,084
RMI	3,949,307	528,675
EWC	647,190	157,740
LT@T	755,100	217,015
ACTIVITY	175,830	4,250
ADMIN COSTS	3,553,284	923,275
Personal Emolument	265,921	126,000
Transfer from BES to equity	80,000	2,260,000
RD cheque	53,050	43,400
Direct deposit		798,000
School farm	589,590	252,790
Bursary awards	2,138,492	756,700
Bank charges	17725	10,180
Bus insurance		379,000
Motor vehicle expenses	1,947,957	542,299
PTA fund	1,955,350	846,200
Examination	639,700	
Transfer from Infrastructure to BES	300,000	
Tour Fund	5,200	
Infrastructure A/C bank charged	420	

Transfer from Equity to BES	117,000	
Laboratory Equipment	2,033,260	
Motor Vehicle Insurance	173,573	
Transfer from BES to Equity	988,055	
Donation	20,000	
Inter borrowing Loan A/C PTA	4,163,000	
Uniform Fund	6,911,450	
Medical fund	275,022	120,390
Infrastructure MOEST funded		1,376,085
School bus loan recovery	5,092,844.75	1,623,631
Advance and recoveries	71,500	3,000
TOTAL	**59,976,045.75**	**17,682,714**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		67,132.60	42,945.40
Operations Account		821,258.80	870,528.80
Main account KCB		635,389.71	1,674,909.71
Savings Account			
Main Account EQUITY		171,724.25	906,189
Income generating activities Account			
Infrastructural Account		3,999,080	311,445
Total		**5,694,585.36**	**3,806,017.91**

9 CASH IN HAND

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account		
Operation Account	7,970.85	66,490.35
School Fund account	4,434.40	118,492.40
Total	**12,405.25**	**184,982.75**

10 SHORT TERM INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative shares	xxx	xxx
Treasury Bills	xxx	xxx
Fixed deposit	xxx	xxx
Equity stock	xxx	xxx
Other investments	xxx	xxx
Total	**xxx**	**xxx**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	2,635,730	6,077,335
Other non-fees receivables		
Salary advances		
Imprest		
Total	**2,635,730**	**6,077,335**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	2,635,730	6,077,335
Fees arrears for the previous year		
Fees arrears for prior periods (over two years)		
Total	**2,635,730**	**6,077,335**

12 ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	Kshs	**Kshs**
Trade creditors (See ageing below and appendix 1)	3,127,356	10,573,516.00
Prepaid fees		4,230,610.00
Retention monies		
Total	**3,127,356**	**14,804,126.00**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year	3,127,356	3,756,806
Trade creditors for the previous year		
Trade creditors for prior periods (over two years)		
Total	**3,127,356**	**3,756,806**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	4,113,093	3,467,345.46
Cash balances	184,983	1,509.75
Short Term Investments		
Receivables		
Payables	617,444	1,527,815
Total	**3,680,632**	**1,941,040.21**

Other important disclosure notes

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

14 Non-current Liabilities Summary

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank loan(s)	xxx	xxx
Outstanding Leases	xxx	xxx
Hire purchase	xxx	xxx
Gratuity and leave provision	xxx	xxx
Total	**xxxx**	**xxx**

15 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	9	900,000	900,000
Pigs	23	920,000	920,000
Trees	150	1,500,000	1,500,000
Total		**3,320,000**	**3,320,000**

16 **Borrowings**

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

Other important disclosure notes

17 Stock/ Inventory

Description	2021-2022 KShs	2020-2021 KShs
b) Borrowings		
Stock/ inventory at beginning of the year	1,389,600	253,080
Stock/ inventory purchased during the year	34,742,285.75	12,634,181
Stock/ inventory issued during the year	35,360,777.75	11,497,661
Balance at end of the year	**771,110**	**1,389,600**

18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. DAIMA STORES				48,280		
2.						
3.						
Sub-Total				**48,280**		
Supply of goods						
4. LENHAM ENTERPRISES				300,104		
5. CHUKA LABORATORY				707,310		
6. WILLIAM NJOKA				22,900		
7. CAROLINE MUIYA				4,800		
8. MAFUKO INDUSTRIES				300,000		
9. JOHNSON MURIUKI				105,600		
10. FREDRICK NTWIGA				787,200		
11. JANE ANN MURITHI				500,000		
12. ERIC BUNDI				40,000		
13. MUKUUNI BOYS WELFARE				307,180		
14. REFINA INVESTMENTS				118,000		
Sub-Total				**3,193,094**		
Supply of services						
15. ROBERT MWANIKI				12,000		
16.						
17.						
Sub-Total				**12,000**		
Grand Total				**3,253,374**		

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 20xx
Land 1		**MUKUUNI**	**14,400,000**			**14,400,000**
Land 2						
Buildings and structures		**MUKUUNI**	**136,870,000**			**136,870,000**
Motor vehicles - 2		**MUKUUNI**	**10,820,000**			**10,820,000**
Office equipment, furniture and fittings		**MUKUUNI**	**995,700**			**995,700**
ICT Equipment, and Other ICT Assets		**MUKUUNI**	**600,000**			**600,000**
Tools and apparatus		**MUKUUNI**	**3,928,750**			**3,928,750**
Textbooks		**MUKUUNI**	**9,068,070**			**9,068,070**
Other Machinery and Equipment		**MUKUUNI**				
Heritage and cultural assets		**MUKUUNI**	**120,000**			**120,000**
Intangible assets- soft ware		**MUKUUNI**	**100,000**			**100,000**
Total			**176,902,520**			**176,902,520**

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