

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 18 JUN 2026

DAY.

Thursday

TABLED
BY:

Hon. Samuel Chepkongla
on behalf of Leader of Majority

CLERK-AT
TABLE:

Womale

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**FRIENDS SCHOOL KIKAI
BOYS SECONDARY**

**FOR THE YEAR ENDED
30 JUNE 2025**

BUNGOMA COUNTY



FRIENDS SCHOOL KIKAI BOYS 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)

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Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	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 Education
NEMIS	National Education Management Information System.

B. Definition of Key Terms

Comparative Year- Means the prior period.

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 in Bungoma County, Bungoma West Sub-County.

The school was registered in 15/04/2014 under registration number PU/S/3/1932/14 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a day/boarding school and had 380 number of students as at 30th June 2025. It has 2 streams and 11 teachers of which 3 teacher 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	HABBAKUK NAKIBOLI	Chairperson	13/08/2025
2	SAUL K. KITUYI	Secretary- Principal	13/08/2025
3	ISAYA MASINDE	Member	13/08/2025
4	LINET GIDOSI	Member	13/08/2025
5	ZADOCK CHILUNGI	Member	13/08/2025
6	EMILY MASOLO	Member	13/08/2025
7	GEOFFREY SIMIYU	Member	13/08/2025
8	JOSEPH WACHINA	Member	13/08/2025
9	SIMON MAGERO	Representative of Teachers	13/08/2025
10	-JOSEPHINE WOCHUNA -OBED SOITA -EDWARD MALISHA	3 Members - Sponsor	13/08/2025
11	LIZA MURIUKI	Member - Community	13/08/2025
12	ELIUD WANDABWA	Member Special Needs	13/08/2025
13	JAMES EMODU	Representative of Students	13/08/2025

The functions of the School Board of Management are to:

- 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, of 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 Committee	1. Habakkuk Nakiboli 2.Saul Kituyi 3.Emily Masolo 4.Josephine Wochuna 5.Moses Nalianya	Bom chair Bom Secretary Member Member PA Chair	2/3
2	Audit Committee	1.Zadock Chilungu 2.Isaya Masinde 3.Liza Muriuki	Chair person Member Member	1/3
3	Finance,procurement and general purposes Committee	1.Eliud Wandabwa 2.Saul Kituyi 3.Emily Masolo 4.Edward Malisha	Chair person Member Member Member	1/3

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL

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

4	AcademicCommittee	1.Habakkuk Nakiboli 2.Obed Soita 3.Joseph Wachina 4.Saul Kituyi 5.Simon Magero	Chair person Member Member Member DOS	1/3
5	Development/SIC Committee	1.Geoffrey Simiyu 2.Linetty Kidosi 3.Zadock Chilungu 4.Isaya Masinde 5.Saul Kituyi	Chairman Member P.A Member Member	1/3
6	Discipline and welfare Committee	1.Josephine Wochuna 2.Saul Kituyi 3.Liza Muriuki 4.Eliud Wandabwa	Chair person Member Member Member	1/3
7	Adhoc Committee (if any during the year)	1.D/principal 2.Store keeper 3.Bursar. 4.Depertmental Heads	Chair Secretary Member members	2

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

(c) School operation Management

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

Ref:	Designation	Name	Identification
1	Principal	KITUYI K. SAUL	TSC No.361405
2	Deputy Principal	MASAFU WAFULA	TSC No.375933
3	School Bursar	CONCEPHTA WASIKE	
4	Other (specify)		

(a).Schools contacts

Post Office Box: 345-50202,Chwele.
Telephone: 0729223050
E-mail: friends
Website: wwwkikaiboyssco.com
Facebook: kicks345

(b).School Bankers

- 1.NATIONAL BANK---- BUNGOMA BRANCH**
- 2.CO-OPERATIVE BANK--- CHWELE BRANCH**

(a) Independent Auditors

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

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

3. 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:

YEAR	MOE CAPITATION	Ratio of grant/student	Movement of		Bank Balances	Expenditure growth	Other Incomes
			Debtors	Creditors			
2022-2023	7,056,365.36	16,334:1	1,359,980.00	2,239,670.00	14,474.06	13,345,343.00	142,500.00
2023-2024	7,301,223.15	16,334:1	1,051,880.00	1,582,840.00	320,181.00	8,769,880.00	121,500.0
2024-2025	6,077,140.00	15992:1	15,746,433.00	4,749,431.00	1,179,149.45	8,849,018.16	11,000

b).TEACHERS STUDENT RATIO (CBE 27)

YEAR	TEACHERS POSTED	TEACHERS TRANSFERRED /RETIRED	TEACHERS EMPLOYED BY TSC	TEACHERS EMPLOYED BY BOM	STUDENTS ENROLMENT
2022-2023	1	1	0	0	432
2023-2024	0	2	0	1	477
2024-2025	2	6	0	3	380

c).MEAN SCORE IN KCSE

YEAR	MEAN SCORE	UNIVERSITY ENTRY	ENROLMENT OF CANDIDATES
2022	2.990	04	70
2023	2.625	0	56
2024	2.46	0	50

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****d).CAPACITY OF THE SCHOOL**

YEAR	Numb er of studen ts	LAND	CLASS ES	DORMITO RIES	LAB	DININ G HALL	TOILET S	LIBRAR Y	GENERATOR S	VEHICL E
2021- 2022	422	5.5	8	2	1	0	10	1	2	1
2022- 2023	508	7.45	8	2	1	1	16	1	2	1
2023- 2024	415	7.45	8	2	1	1	20	1	2	1

FRIENDS SCHOOL.
KIKAI BOYS.
P.O. Box 845 CHWELE.
Date: Sign:

.....
School Principal

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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

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

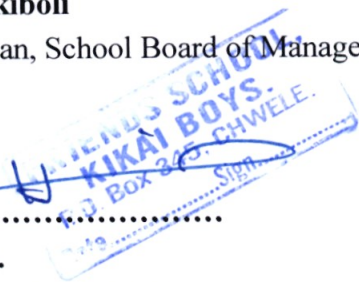
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2025, and of the school's financial position as at that date.



.....
Name: Habakkuk Nakiboli

Designation: Chairman, School Board of Management

Date: 05/09/2025



.....
Name: Kituyi K. Saul.

Designation: School Principal & Secretary to Board of Management

Date: 05/09/2025



.....
Name: Conceпта Wasike

Designation: Bursar

Date: 05/09/2025

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON FRIENDS SCHOOL KIKAI BOYS SECONDARY FOR THE YEAR ENDED 30 JUNE, 2025 – BUNGOMA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of Friends School Kikai Boys Secondary set out on pages 1 to 21, which comprise of the statement

Report of the Auditor-General on Friends School Kikai Boys Secondary for the year ended 30 June, 2025 – Bungoma County

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

Basis for Qualified Opinion

1. Variances Between Financial Statements and Ledger Amounts

Review of amounts disclosed in the statement of receipts and payments and supporting ledgers revealed variances as detailed in Appendix 1. The variances have not been explained or reconciled.

In the circumstances, the accuracy and completeness of the respective amounts reflected in the statement of receipts and payments could not be confirmed.

2. Unconfirmed Accounts Payables Balance

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.4,749,431. However, Annex 1 to the financial statements on analysis of pending accounts payables reflects a balance of Kshs.1,590,840, resulting to unexplained variance of Kshs.3,158,591.

In the circumstances, the accuracy and completeness of accounts payables balance of Kshs.4,749,431 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Friends School Kikai Boys Secondary 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 budgeted of Kshs.16,344,232 compared to actual receipts of Kshs.8,462,156, resulting in an under-funding of Kshs.7,882,076 or 48% of the approved budget. Further, the School spent Kshs.8,199,629 against expenditure budget of Kshs.16,344,232, resulting in an under-utilization of Kshs.8,144,603 or 50% of expenditure budget.

In the circumstances, the under-funding and under-utilization affected implementation of 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 financial year 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

Management is responsible for the Other Information set out on page iii to x 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 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. Failure to Prepare 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 Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

2. Irregular Payments to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations amount of Kshs. 4,332,357 as disclosed under Note 7 to the financial statements. Included, in this is an administration cost of Kshs.511,090 that includes a payment of Kshs.211,700 to Bungoma County Kenya Secondary Schools Heads (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.211,700 could not be confirmed.

3. Long Outstanding Accounts Payables

The statement of assets and liabilities as disclosed in Note 14 to the financial statements reflects accounts payables balance of Kshs.4,749,431. Included in this balance is Kshs.3,203,141 relating to payables that have been outstanding for a period exceeding one year, exposing the School to the risk of loss of public funds through litigations, interests and penalties.

This was contrary to Regulation 42 (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

4. Unconfirmed Students Enrollment Data

Review of documents provided for audit revealed that, the National Education Management Information System (NEMIS) indicated students' enrollment numbers of five hundred and eight (508) students as at 2 August, 2024, three hundred and eighty (380) students as at 25 November, 2024, and three hundred and eighty (380) students as at 22 April, 2025. Schools are required to maintain accurate and up-to-date student attendance registers to verify actual learner presence and ensure alignment between physical attendance records, enrollment registers, and the National Education Management Information System (NEMIS).

However, the School did not maintain properly updated attendance registers for all learners across the various forms, as several registers were incomplete, inconsistently updated, or missing altogether. Consequently, the reported NEMIS enrolment numbers for the specified dates could not be independently verified against actual student attendance.

In the circumstances, absence of complete and reliable attendance records may result in misallocation of capitation funds.

5. Lack of an Approved Staff Establishment

The statement of receipts and payments reflects payments for operations amount of Kshs.4,332,357 as disclosed under in Note 7 to the financial statements. Included, in this is personnel emoluments expenditure of Kshs.2,264,290. However, there was no documentary evidence indicating that the School had an approved salary structure indicating the progression for each employee under their terms.

Further, the School had not developed and approved a scheme of service for Board of Management teachers and non-teaching staff defining job descriptions, recruitment criteria, qualifications, and terms of service. In addition, the School did not have an approved staff establishment outlining authorized positions and staffing levels.

In the circumstances, management may not be able to adequately plan for the optimum number of employees and remunerate them accordingly.

6. Lack of an Annual Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.58,505,854.50 and Kshs.58,882,589 in respect of total receipts and payments respectively. However, during the year under review, 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.

Further, a list of prequalified or registered suppliers was not provided for audit verification.

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

7. Non-Deduction of Capacity Building Levy

The statement of receipts and payments reflects an amount of Kshs.428,240 as disclosed in Note 8 to the financial statements in respect to infrastructure payments for renovations of classrooms and other School's facilities. However, review of payments 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.

8. Lack of a Functional Procurement Unit

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

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

9. Inadequate School Infrastructure

The audit of the school's operational facilities and infrastructure established that the institution lacks adequately maintained infrastructure to support effective teaching and learning. Key observations are summarized below:

- (i) **Dormitory Facilities:** The institution had two dormitories accommodating fifty-two (52) students. However, the facilities were found to be in a dilapidated condition, characterized by broken windows, cracked floors, worn out beds and poorly

maintained ablution blocks and bathrooms compromising the safety, hygiene, and comfort of the learners.

- (ii) Dining Hall: The school had one dining hall, which was not adequately furnished. It lacked essential furniture such as tables and chairs, making it unsuitable for proper meal service.
- (iii) Kitchen Area: The kitchen was found to be poorly maintained, with non-functional chimneys resulting in poor ventilation and leaking roofs that worse conditions during rainy season posing health and safety risks to both staff and students.
- (iv) Power House and Generators: The power house hosted two generators, both non-functional. This affects the institution's ability to maintain power supply during blackouts, disrupting learning and administrative activities.
- (v) Library Facilities: One classroom has been converted into a library. However, it was inadequately equipped with insufficient chairs, only three tables available, and inadequate storage for textbooks, many of which were stored in boxes. This limits student access to reading materials and effective study environments.
- (vi) Computer Laboratory: The computer lab had five outdated computers, which were insufficient for modern learning requirements. Additionally, there were no enough tables and chairs to support learners hence restricting ICT integration into the curriculum.
- (vii) Classroom Utilization: Although the school had eight classrooms, one remained unoccupied due to low student intake.
- (viii) Science Laboratory (Twin Lab): The available twin science laboratory had significant structural and functional limitations. One room had been converted into storage for broken furniture due to its damaged floor and cracked walls. Although the other room accommodated all science practical's, it lacked a preparation room and a functional water system hence hindering effective delivery of practical science lessons.
- (ix) The school had inadequate fencing with the temporary fencing currently not completed for the whole school compound.

In the circumstances, adequate and effective learning could not be achieved under the prevailing infrastructural constraints.

10. Potential Loss of School Property Due to Auction of School Bus

During the year under review, it was observed that the school bus was involved in an accident on 22 March, 2019, resulting in a court case in which the School was ordered to pay special and general damages totaling Kshs.985,525 on 24 September, 2024. The bus was insured with a local insurance firm, under policy number 9446083, for which the school had paid a premium of Kshs.160,000.

Management formally notified the insurer and requested settlement of the decretal amount. However, the insurer had not taken any action as at the time of the audit. Subsequently, the School received a repossession letter dated 18 February, 2026 from an Auctioneers firm, indicating an imminent auction of the school bus and other school property to recover the decretal sum.

In the circumstances, the School is exposed to a significant risk of losing essential institutional property through auction, which may disrupt learning and administrative operations.

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. Non- Compliance with Prescription on Principals, Board of Management and Committees' Terms of Services

During the year under review, School Management did not provide internal audit reports for audit verification.

In addition review of the records and documents relating to the Board of Management revealed that the Board had not constituted an Audit Committee as required under Section 61(2) of the Basic Education Act, 2013, which mandates the establishment of such a committee to enhance oversight over financial management, internal controls, and accountability.

Further, during the year under review, the Board of Management held only one meeting on 19 July, 2024. This is contrary to the provision of Section 3 of the Basic Education Act, 2013 that requires the Board to meet at least three times in each year. In addition, the school management did not provide attendance registers for Board meetings, making it impossible to verify the allowances paid to members of the Board of Management.

In the circumstances, the effectiveness of the School's governance could not be confirmed.

2. Inadequate Internal Control on Receipts

Review of the School's operations revealed that the institution did not have a computerized system for charging, receipting and recording school fees. All fee receipts, collections and balances are maintained manually. This limits effective monitoring and reconciliation of fees collected and outstanding balances, and exposing the school to risks of errors, revenue leakages, and unreliable financial records. Further, the school had not implemented computerized systems to support other key operational areas such as human resource management and procurement functions, including maintenance of staff records, payroll administration, supplier records, and procurement processing.

In the circumstances, key operational areas of the school are exposed to errors, omissions, and misstatements in financial records increasing the likelihood of inefficiencies in operations.

3. Lack of a Fixed Assets Register

Annex 2 to the financial statements reflects summary of fixed assets balance of Kshs.16,093,820. However, the school did not maintain a fixed assets register with critical disclosures including asset status, year of acquisition, custodian details, asset identification/serial numbers, tag numbers, make/model, delivery and installation dates, depreciation rates, annual and accumulated depreciation, net book values, disposal dates and values, details of responsible officers, revaluation dates and amounts, and asset condition as required by Assets and Liability Management in the Public Sector, 2020 guidelines issued by The National Treasury.

In the circumstances, the effectiveness of management of the School's assets could not be confirmed.

4. Weaknesses in Inventory Management

Note 19 to the financial statements on Other Important Disclosure indicates that the school held inventories consisting of laboratory equipment, chemicals, and foodstuffs amounting to Kshs.305,340. However, the audit noted significant weaknesses in inventory management, as annual and quarterly stock counts were not carried out, and the few stock verifications done were incomplete and unsupported due to missing or unaccounted-for pre-numbered stock count sheets, thereby undermining the reliability of inventory records. In addition, goods in transit such as textbooks, chemicals, and food supplies from suppliers or the Ministry of Education were not properly identified or reconciled to the accounting records, thereby affecting the cut-off period procedures and completeness of the reported inventory balances.

Further, inventory records, including bin cards and store ledgers, were not consistently updated and were often unsupported by essential documents such as purchase invoices, goods received notes, and issue vouchers, thereby compromising the accuracy and completeness of inventory movement information.

In the circumstances, the existence of effective internal controls on management of inventory could not be confirmed.

5. Ineffective Textbooks Management

Audit review of textbooks delivery records, store ledgers, and class distribution lists revealed inconsistencies between the quantities of textbooks delivered and those recorded in the school inventory records. In some classes, the student-to-textbook ratio was below the prescribed 1:1 requirement, indicating under-supply, while in other subjects there appeared to be excess copies that were not aligned to students enrolment numbers. The school did not provide a comprehensive reconciliation between textbooks received and those issued to learners.

Textbooks inventory records were either incomplete or not updated, periodic stock takes were not conducted, and no documented reports were available to confirm regular monitoring of textbook balances. Physical verification revealed variances between the quantities in store and the inventory records, raising concerns over possible loss or misplacement of textbooks.

In the circumstances, the existence of effective internal controls on management of textbooks could not be confirmed.

6. Long Outstanding Accounts Receivables Balance

The statement of assets and liabilities reflects a balance of Kshs.15,746,433 in respect to accounts receivables as disclosed under Note 13 to the financial statements. The balance includes fees arrears amounting to Kshs.14,757,200 that had been outstanding for over one (1) year as indicated in Note 13b on ageing analysis, without clear strategy to ensure recovery of the same. Additionally, there was no policy on the impairment of long outstanding accounts receivables casting doubt on the fair statement of accounts receivables balance.

Further, detailed ageing analysis indicating the period each receivable balance had been outstanding was not provided for audit review.

In the circumstances, the effectiveness of controls on accounts receivables could not be confirmed.

7. Lack of Up-to Date Procurement and Stores Records

The statement of receipts and payments reflects boarding and school fund expenditure amounting to Kshs.2,669,795 as disclosed under Note 9 to the financial statements. However, review of documents provided for audit revealed that stock records such as bin cards and store ledgers, were either not maintained or were not up to date. Additionally, periodic stock counts were not conducted and reconciliations between physical stock balances and ledger records were not provided for audit verification.

In the circumstances, the effectiveness of procurement controls 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 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or cease its operations.

Those charged with governance are 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

Appendix 1: Variances Between Financial Statements and Ledger Amounts

Component	Amounts in the Financial Statements (Kshs)	Amount in the Ledger (Kshs)	Variance (Kshs)
Capitation grants for operation			
Personnel Emoluments	1,988,800	1,888,800	100,000
Local Transport / Travelling	264,083	214,083	50,000
Electricity And Water	320,000	270,000	50,000
Administration Costs	491,000	406,000	85,000
Payment for operations			
Personnel Emoluments	2,264,290	2,358,600	94,310
Administration Cost	511,090	444,430	66,660
Local Transport / Travelling	293,000	303,300	10,300
Electricity And Water	611,760	670,650	58,890
Medical	35,000	-	35,000
Activity Expenses	490,580	455,380	35,200
Insurance Cost	125,000	60,000	65,000
Transfer of funds to Infrastructure	-	1,141,000	1,141,000
Boarding and school fund payments			
Repairs And Maintenance and Improvements	104,440	11,340	93,100
Local Transport / Travelling	85,700	75,970	9,730
Electricity And Water	47,700	90,400	42,700
Administration Costs	34,290	51,290	17,000
Expenses on Income Generating Activities	5,500	-	5,500
Fee on Boarding Equipment and Stores	2,370,725	2,108,695	262,030
Activity Expenses	7,000	14,000	7,000
Tuition payments			
Exercise Books	118,500	87,850	30,650
Laboratory Equipment	366,830	295,000	71,830
Teaching / Learning Materials	462,750	414,650	48,100
Chalk	271,842	309,742	37,900
Others (specify)	7,950	-	7,950

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****v. Statement of Financial Performance for the Year Ended 30th June 2025**

Description Of Vote Head	Note	2024/2025 Kshs	2023/2024 Kshs
Receipts			
Government grants for tuition	1	1,162,878.00	1,222,094.20
Government grants for operations	2	3,773,262.90	4,052,268.95
Government Grants for infrastructure	3	1,141,000.00	1,852,700.00
School fund income- parents' contributions	4	2,944,229.00	4,038,804.00
Miscellaneous incomes	5	11,000.00	121,500.00
Total Receipts		9,032,369.90	11,287,367.15
Payments			
Tuition	6	1,233,626.20	1,089,217.00
Operations	7	4,332,356.96	3,448,073.00
Infrastructure	8	428,240.00	1,834,830.00
Boarding and school fund	9	2,669,795.00	3,656,470.00
Total Payments		8,664,018.16	10,028,590.00
Surplus/Deficit		368,351.74	1,258,777.15

The school financial statements were approved on 05/09/2025 and signed by:



Name: Habakkuk Nakiboli

Chair BOM

Date: 05/09/2025



Name: Kituyi K. Saul
School Principal/ Secretary to
BOM

Date: 05/09/2025



Name: Concephta Wasike

Bursar

Date: 05/09/2025

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****7. Statement of Assets and Liabilities As At 30th June 2025**

Description	Note	2024/2025 Kshs	2023/2024 Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,179,504.95	916,787.21
Cash balances	11	304.45	494.45
Short term investments	12	-	-
Total cash and cash equivalent		<u>1,179,809.40</u>	<u>917,281.66</u>
Account's receivables	13	15,746,433.00	15,185,219.00
Total financial assets (a)		16,926,242.40	16,102,500.66
Financial liabilities			
Accounts payables	14	4,749,431.00	4,294,041.00
Total Financial Liabilities (b)			
Net financial assets (a-b)		12,176,811.40	11,808,459.66
Represented by			
Accumulated fund b/fwd	15	11,808,459.66	10,549,682.51
Surplus/deficit for the year		368,351.74	1,258,777.15
Net Assets		12,176,811.40	11,808,459.66

The school's financial statements were approved on 05/09/2025 and signed by:



Name: Habakkuk Nakiboli

Chair BOM

Date: 05/09/2025



 Name: Kituyi K. Saul
 School Principal/ Secretary to
 BOM

Date: 05/09/2025



Name: Conceptha Wasike

Bursar

Date: 05/09/2025

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****G. Statement of Cash Flows for the Year Ended 30th June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	1,162,878.00	1,222,094.20
Government grants for operations	2	3,773,262.00	4,052,268.95
Government grants for infrastructure	3	1,141,000.00	1,852,700.00
School fund income- parents contributions/ fees	4	2,374,015.00	3,389,665.00
Other income	5	11,000.00	121,500.00
Total receipts		8,462,155.90	10,638,228.15
Payments			
Cash outflows for tuition	6	1,112,996.20	857,377.00
Cash outflows for operations	7	4,293,696.96	3,574,963.00
Cash outflows Boarding/lunch and school fund payments	9	2,364,695.00	3,468,640.00
Total payments		7,771,388.16	7,900,980.00
Net cash inflow/outflow from operating activities		690,767.74	2,737,248.15
Cash flow from investing activities			
Acquisition of assets (Renovation of classrooms)	8	428,240.00	1,834,830.00
Proceeds from sale of Assets		0	0
Proceeds from investments		0	0
Purchase of investments		0	0
Net cash inflow/outflows from investing activities		428,240.00	1,834,830
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	0	0
Repayment of principal borrowings		0	0
Net cash inflow/outflow from financing activities		0	0
Net increase/decrease in cash and cash equivalents		262,527.74	902,418.15
Cash and cash equivalent at beginning of the 2024		917,281.66	14,863.51
Cash and cash equivalent at end of the 2025		1,179,809.40	917,281.66

The school's financial statements were approved on 05/09/2025 and signed by:

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL

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

.....
Name: Habakkuk Nakiboli

Chair BOM

Date: 05/09/2025

.....
Name: Kituyi K. Saul
School Principal/ Secretary to BOM

Date: 05/09/2025

.....
Name: Concephta Wasike

Bursar

Date: 05/09/2025

9. Statement of Budgeted Versus Actual Amounts for the Year Ended 30th June 2025

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Exercise Books	156,500.00	0	156,500.00	50,000.00	35%
Laboratory Equipment	591,020.00	0	591,020.00	450,000.00	76%
Internal Exams	300,000.00	0	300,000.00	155,170.00	52%
Teaching / Learning Materials	600,000.00	0	600,000.00	500,708.00	84%
Exams And Assessment	135,600.00	0	135,600.00	0	0
Chalk	16,000.00	0	16,000.00	7,000.00	44%
(2) Capitation Grant on Operations					
Personnel Emoluments	2,146,000.00	0	2,146,000.00	1,988,800.00	93%
Repairs And Maintenance	0	0	0	0	0
Local Transport / Travelling	424,000.00	0	424,000.00	264,082.90	62%
Electricity And Water	479,400.00	0	479,400.00	320,000.00	67%
Medical/Insurance	550,000.00	0	550,000.00	427,240.00	78%
Administration Costs	756,200.00	0	756,200.00	491,000.00	65%
Activity	705,300.00	0	705,300.00	282,140.00	40%
Gratuity	0	0	0	0	0

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
3) FDSE for infrastructure					
Maintenance &Improvement MOE	1,500,000.00	0	1,500,000.00	1,141,000.00	76%
M&I parents' contribution	0	0	0	0	0
Economic Stimulus Programs	0	0	0	0	0
Transition Infrastructure Grants	0	0	0	0	0
Administration Block	0	0	0	0	0
(4) Fees Charged on Parents					
Personnel Emoluments	238,000.00	0	238,000.00	58,550.00	25%
Repairs And Maintenance	546,100.00	0	546,100.00	58,780.00	11%
Local Transport / Travelling	312,000.00	0	312,000.00	36,900.00	12%
Electricity And Water	206,200.00	0	206,200.00	103,260.00	50%
Medical	0	0	0	0	0
Administration Costs	212,000.00	0	212,000.00	57,200.00	27%
Activity	105,300.00	0	105,300.00	13,500.00	13%
KCSE	0	0	0	0	0
Fees Arrears recovered		0	0	419,019.00	
Fee On Boarding Equipment and Stores	6,314,612.00	0	6,314,612.00	1,626,806.00	26%
5) Miscellaneous Income					
Loans / Borrowing	0	0	0	0	0
Rent income	0	0	0	0	0

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Insurance Compensation	0	0	0	0	0
Income From Posho Mill	0	0	0	0	0
Income From Bus Hire	50,000.00	0	50,000.00	11,000.00	22%
Fee For Hire of Ground and Equipment	0	0	0	0	0%
Bursary	.00	0	0	.00	0%
Income From Any Other Investment	0	0	0	0	0%
TOTAL	16,344,232.00	0	16,344,232.00	8,462,156.00	52%
<i>(6) Expenditure For Tuition</i>					
Exercise Books	156,500.00	0	156,500.00	118,500.00	75%
Laboratory Equipment	591,020.00	0	591,020.00	265,000.00	45%
Internal Exams	300,000.00	0	300,000.00	194,842.00	65%
Teaching / Learning Materials	600,000.00	0	600,000.00	405,450.00	68%
Chalks	16,000.00	0	16,000.00	7,950.00	50%
Exams And Assessment	135,600.00	0	135,600.00	0	0%
Teachers Guides	0	0	0	0	0%
Creditors paid		0	0	115,500.00	
Bank Charges		0	0	5,754.20	
<i>(7) Expenditure For Operations</i>					
Personnel Emoluments	2,146,000.00	0	2,146,000.00	1,450,940.00	68%
Local Transport / Travelling	424,000.00	0	424,000.00	293,000.00	69%
Electricity, Water and Conservancy	479,400.00	0	479,400.00	530,650.00	110%

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Medical/Insurance	550,000.00	0	550,000.00	113,000.00	21%
Administration Costs	756,200.00	0	756,200.00	511,090.00	68%
Activity Expenses	705,300.00	0	705,300.00	490,580.00	70%
Gratuity	0	0	0	0	0
Bank charges	0	0	0	1,636.96	0
Creditors paid	0	0	0	902,800.00	
(8) Expenditure For infrastructure					
Renovation of 5 No. Classrooms with tiled floors	1,500,000.00	0	1,500,000.00	428,240.00	29%
Construction of LAB	0	0	0	0	0
Construction of DORMS	0	0	0	0	0
Purchase of furniture	0	0	0	0	0
Purchase of equipment	0	0	0	0	0
Purchase of machinery	0	0	0	0	0
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	238,000.00	0	238,000.00	13,000.00	5.5%

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Repairs, Maintenance and Improvements	546,100.00	0	546,100.00	32,540.00	6%
Local Transport / Travelling	312,000.00	0	312,000.00	85,700.00	27%
Electricity, Water and Conservancy	206,200.00	0	206,200.00	47,700.00	23%
Administration Costs	212,000.00	0	212,000.00	34,290.00	16%
Activity	105,300.00	0	105,300.00	7,000.00	7%
Lunch programme	1,800,000.00	0	1,800,000.00	254,620.00	14%
Boarding Equipment and Stores	4,514,612.00	0	4,514,612.00	1,810,305.00	40%
Expenditure For Income Generating Activity	50,000.00	0	50,000.00	5,500.00	11%
KCSE	0	0	0	0	0
Bursary	0	0	0	0	0
Bank Charges	0	0	0	1,440.00	0
Creditors paid	0	0	0	72,600.00	0
Loan Principal Repayment	0	0	0		0
Acquisition Of Assets	0	0	0	0	0
Totals	16,344,232.00	0	16,344,232.00	8,199,629.00	50%

- i. *Fees payment was poor, The school being in local region where parents are not exposed to fees payment, Most of them tend to have negative attitude towards Education.*
- ii. *MOE disbursed less funds compared to expected figure –Its due to incomplete student registration on NEMIS, Some students did not have documents that are required for registration.*

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 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 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.

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****11. Notes to the Financial Statements****1 Government Grants for Tuition**

Description	2024/2025	2023/2024
	Kshs	Kshs
Reference Materials	0	0
Exercise Books	50,000.00	200,000.00
Laboratory Equipment	450,000.00	400,000.00
Internal Exams	155,170.00	240,000.00
Teaching / Learning Materials	500,708.00	353,156.00
Chalk	7,000.00	28,938.20
Total	1,162,878.00	1,222,094.20

2 Government Grants for Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	1,988,800.00	2,635,600.00
Repairs And Maintenance	0	0
Local Transport / Travelling	264,082.90	177,025.02
Electricity And Water	320,000.00	234,800.70
Medical	427,240.00	224,775.00
Administration Costs	491,000.00	381,473.00
Activity	282,140.00	398,595.23
Total	3,773,262.90	4,052,268.95

3 Government Grants for infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance & Improvement	1,141,000.00	1,852,700.00
Transition infrastructure grants		0
Administration Block		0
Economic stimulus grants		0

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025**

Description	2024/2025	2023/2024
	Kshs	Kshs
Total	1,141,000.00	1,852,700.00

4 School Fund Income -Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel emoluments	86,250.00	204,475.00
Repairs and maintenance	83,780.00	195,660.00
Local transport / travelling	53,300.00	115,900.00
Electricity and water	139,260.00	210,400.00
Medical	0	0
Administration costs	71,200.00	141,470.00
Activity	23,900.00	54,420.00
Fee on Boarding Equipment and stores	2,486,539.00	3,116,479.00
PA Levies*	0	0
KCSE EXAMS	0	18,100.00
Total	2,944,229.00	4,056,904.00

4b. Repairs and

5 Miscellaneous Incomes

Description	2024/2025	2023/2024
	Kshs	Kshs
Rent Income	0	0
Income From Farming Activities	0	70,000.00
Insurance Compensation	0	0
Income From Posho Mill	0	0
Income From Bus Hire	11,000.00	51,500.00
Fee For Hire of Ground and Equipment	0	0
Income From Grants and Donations*	0	0
Interest Income	0	0
Dividends Income	0	0
Loans/Borrowings*	0	0
Total	11,000.00	121,500.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****6 Tuition**

Description	2024/2025	2023/2024
	Kshs	Kshs
Exercise Books	118,500.00	63,000.00
Textbooks	0	0
Reference materials	0	0
Laboratory Equipment	366,830.00	461,000.00
Teaching / Learning Materials	462,750.00	283,081.00
Exams And Assessment	0	267,668.00
Chalk	271,842.00	14,000.00
Bank Charges	5,754.20	468.00
Others (<i>specify</i>)	7,950.00	0
Total	1,233,626.20	1,089,217.00

7 Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	2,264,290.00	1,729,160.00
Service Gratuity	0	0
Administration Cost	511,090.00	581,060.00
Repairs And Maintenance & Improvements	0	0
Local Transport / Travelling	293,000.00	154,000.00
Electricity And Water	611,760.00	660,620.00
Medical	35,000.00	15,000.00
Activity Expenses	490,580.00	201,000.00
Insurance Cost	125,000.00	95,080.00
Bank charges	1,636.96	12,153.00
Total	4,332,356.96	3,448,073.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****8 Infrastructure**

Description	2024/2025	2023/2024
	Kshs	Kshs
Renovation of classrooms with floored tiles	428,100.00	1,826,950.00
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Bank charges	140.00	7,880.00
Total	428,240.00	1,834,830.00

9 Boarding and School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	13,000.00	44,000.00
Repairs And Maintenance & Improvements	104,440.00	39,170.00
Local Transport / Travelling	85,700.00	158,860.00
Electricity And Water	47,700.00	92,810.00
Medical Expenses	0	0
Administration Costs	34,290.00	110,230.00
Bank Charges	1,440.00	2,880.00
Expenses on Income Generating Activities	5,500.00	40,300.00
Fee on Boarding Equipment and Stores	2,370,725.00	3,102,970.00
Activity Expenses	7,000.00	105,550.00
Insurance Cost (<i>Life Property</i>)	0	0
Loan Principal Repayment	0	0
Loan Interest Repayment	0	0
Acquisition Of Assets	0	0
Bursary	0	0
KCSE EXAMS	0	18,100.00
Total	2,669,795.00	3,714,870.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****10 Bank Accounts**

Account Name & Currency	Status	Bank Account Number	2024/2025	2023/2024
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	01139049936000	420,122.45	370,595.65
Operations Account	Active	01139049936001	1,659.05	521,808.11
School Fund Account/Boarding	Active	01021054619700	23,722.65	3,142.65
Savings Account	Dormant	324	1000.30	1000.30
Parent Association Development Account	No.	NO.	0	0
Income Generating Activities Account	No.	NO.	0	0
Infrastructural Account	Active	01139049936002	733,000.50	20,240.50
Total			1,179,504.95	916,787.21

11 Cash In Hand

Description	2024/2025	2023/2024
	Kshs	Kshs
Operation account	153.00	83.00
Infrastructural account	100.00	100.00
School fund account	51.45	311.45
Total	304.45	494.45

12 Short Term Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
Cooperative Shares	0	0
Treasury Bills	0	0
Fixed Deposit accounts	0	0
Other Investments	0	0
Total	0	0

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****13.Accounts Receivable**

Description	2024/2025	2023/2024
	Kshs	Kshs
Fees Arrears	15,746,433.00	15,185,219.00
Other Non-Fees Receivables	0	0
Salary Advances (list/schedule attached)	0	0
Imprest (list/schedule attached)	0	0
Rent arrears(list/schedule attached)	0	0
Total	15,746,433.00	15,185,219.00

13 b) Ageing Analysis of Accounts Receivable

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	989,233.00	6%	1,0516,880.00	7%
Between 1- 2 years	632,861.00	4%	957,239.00	6%
Between 2-3 years	2,334,029.00	15%	1,385,790.00	9%
Over 3 years	11,790,310.00	75%	11,790,310.00	78%
Total (should tie to note 13 a)	15,746,433.00	100%	15,185,219.00	100%

13 Accounts Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	4,749,431.00	4,294,041.00
Prepaid Fees		0
Retention Monies		0
Unpaid salaries and statutory deductions		0
Caution money		0
Other payables (<i>specify</i>)		0
Total	4,749,431.00	4,294,041.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****14a. Ageing Analysis of Accounts Payable**

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	1,546,290.00		1,582,840.00	37%
Between 1- 2 years	1,582,840.00		2,711,201.00	63%
Between 2-3 years	1,620,301.00		0	0
Over 3 years	0		0	0
Total (should tie to note 14)	4,749,431.00		4,294,041.00	100%

14 Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Balances	916,787.21	14,474.06
Cash Balances	494.45	389.45
Short Term Investments	0	0
Receivables	15,185,219.00	14,536,080.00
Payables	(4,294,041.00)	(4,001,261.00)
Total	11,808,459.66	10,549,682.51

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****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.

15 Non-current Liabilities Summary

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Loans	0	0
Outstanding Leases	0	0
Hire Purchase	0	0
Gratuity And Leave Provision	0	0
Others (specify)	0	0
Total	0	0

16 Biological assets

Description	Numbers	2024/2025	2023/2024
		Kshs	Kshs
Cattle	2	60,000.00	40,000.00
Goats	2	10,000.00	33,000.00
Trees	45	94,500.00	94,500.00
Coffee	1460	101,616.00	101,616.00
Poultry	0	0	0
Others (specify)	0	0	0
Total		266,116.00	269,116.00

17 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0	0
Borrowings during the year	0	0
Repayments during the year	0	0
Balance at the end of the year	0	0

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025**

Other important disclosure notes**18 Stock/ Inventory**

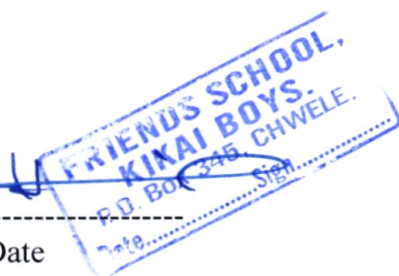
Description	2024/2025	2023/2024
	Kshs	Kshs
Food stuffs	81,540.00	223,850.00
Lab consumables	62,490.00	81,490.00
Farm produce	0	0
Medication	0	0
Construction Materials	0	0
Others (specify)	0	0
	144,030.00	305,340.00

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2025****19 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)
FSKB/24/07/2026	-Inaccuracy in financial statements	Proper & accuracy financial statements should be maintained		
	-Non-compliance	Compliance should be key factor in preparation of financial statements		
	-Huge outstanding fees arrears	-Enhance fees collection policy, to recover fees arrears.		
	-Long lasting creditors	-Pay creditors within financial, make income generating projects to be active, which will also assist the school to offset the creditors.		

Sign and Date
Principal



FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2024/2025	Outstanding Balance 2023/2024	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply Of Goods						
1. BES GOODS	3,643,265.00	01/07/2023	3,202,875.00	399,740.00	40,650.00	Fair.
2. OPERATION GOODS	3,682,440.00	01/07/2023	3,505,490.00	176,950.00	0	Fairly done
3. TUITION	857,377.00	01/07/2023	476,287.00	381,090.00	0	Fairly done
Sub- Total	8,183,082.00		7,184,652.00	957,780.00	40,650.00	
SUPPLY OF SERVICES						
4. SALARIES	1,875,180.00	01/7/2023	1,250,120.00	625,060.00	0	Poor
5. LABOUR	28,000.00	25/05/2023	20,000.00	8,000.00	0	Improved
Sub-Total	1,903,180.00		1,270,120.00	633,060.00	.00	
Grand Total	10,086,262.00		8,454,772.00	1,590,840.00	40,650.00	

FRIENDS SCHOOL KIKAI BOYS SEC.SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2025
Land	1,350,000.00	00	0	3,350,000.00
Buildings And Structures	4,800,000.00	00	0	4,800,000.00
Motor Vehicles (BUS KBQ016D)	5,200,000.00	0	0	2,500,000.00
Office Equipment, Furniture and Fittings	990,500.00	00	0	990,500.00
Textbooks	3,991,800.00	00	0	3,991,800.00
ICT Equipment	374,720.00	00	0	374,720.00
Tools And Apparatus	5,200.00	0	0	5,200.00
Other Machinery and Equipment	76,000.00	0	0	76,000.00
Heritage And Cultural Assets	0	0	0	0
Intangible Assets- Soft Ware	5,600.00	0	0	5,600.00
Total	16,793,820.00	00	0	16,093,820.00

