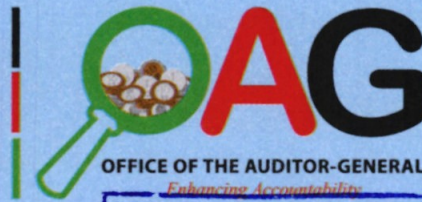


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 16 JUN 2026

DAY.

Thursday

TABLED
BY:

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

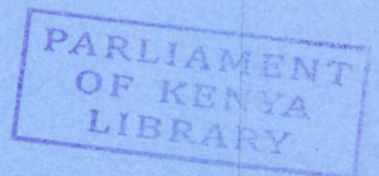
OF

CLERK-AT
THE-TABLE:

Lomale

THE AUDITOR-GENERAL

ON



OUR LADY OF MERCY MUTUNGURU GIRLS
SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

KIAMBU COUNTY



Revised 30th June 2025.



OUR LADY OF MERCY MUTUNGURU GIRLS SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional financial statement Prepared under the International Public Sector Accounting Standards
(IPSAS)

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

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1. 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

B. Definition of Key Terms

Comparative Year- Means the prior period.

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

2. Key School Information and Management

(a) Background information

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

The school was re-registered in 03/08/2022 under registration number 22S00300787 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and has 252 number of students as at 30th June 2025. It has 2 streams and 17 teachers .

(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	Mr Francis Kago	Chairman	11/6/2025
2	Ms Grace Wanyeki	Secretary - Principal	11/6/2025
3	Md Mercy Njoroge	Vice chair	11/6/2025
4	Ms Ann Ngotho	PA Chair	11/6/2025
5	Mr Isaac Nduru	Member Rep - Community	11/6/2025
6	Mrs Jane Karanja	Member Rep - Community	11/6/2025
7	Mr Peter Kiarie	Member Rep Teachers	11/6/2025
8	Perpetua Kamere	Members Rep- Sponsor	11/6/2025
9	Alphonse Karungu	Member Rep-Sponser	11/6/2025
10	Mr James Mukui	Member Rep - Community	11/6/2025
11	Mr Ken Hunja	Member Rep-Community	11/6/2025
12	Md Alice Kinyanjui	Member Rep-Special Needs	11/6/2025
13	Joan Mungai	Rep Students	11/6/2025

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.

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

- 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.Francis Kago 2.MercyNjoroge 3.Grace Wanyeki 4.Ann Ngotho 5.Isaac Nduru	Chairperson Member Member Member Member	4
2	Displine and welfare committee	1.Perpetua Kamere 2.Simon Mbugua 3.Alice Kinyanjui 4.Jane Karanja 5.Isaac Mukui 6.JaneRuth Kangiri	Chairman Secretary Member Member Member In attendance	3
3	Finance,procurement and general purposes Committee	1.Kenneth Hunja 2.Ann Ngotho 3.James Mukui 4.Francis Kago 5.Isaac Nduru	Chairperson Member Member Member Member	3
4	Academic Committee	1.Mercy Njoroge 2.Perpetua Kamere 3.Seline Adgiambo 4.Peter Kiarie 5.Jackson Mukui 6.Francis Kago	Chairperson Member Member Member Member Member	5
5	Infrastructure Committe (SIC)	1.Francis Ngugi 2.Mary Kamurua 3.JaneRuth Kangiri 4.Francis Kago 5.Grace Wanyeki 6.Alphones Karungu 7.Ann Ngotho	Chairperson SCDE Secretary Member Member Member Member	1

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

6	Audit Committee	1.Jackson Mukui 2.Alice Kinyanjui 3.Alphonse Karungu	Chairperson Member Member	3
7	Adhoc Committee (if any during the year)	1.Grace Wanyeki 2.Peter Kiarie 3. Jacob Mwangi	Chairman Secretary Member	2

d. 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	Mrs Grace Wanyeki	TSC No.351032
2	Deputy Principal	Mrs Jane Ruth Gathumbi	TSC No.335476
3	School Bursar	Tabitha Wanjiru Gitau	ID No.11397433
4	Other (specify)		

e. Schools contacts

Post Office Box: 8, Gatundu
 Telephone: 0701655242
 E-mail: Mutungurusecond@gmail.com
 Website:
 Facebook:
 Twitter:

f. School Bankers

Provide details of the school bankers.

SCHOOL FUND

1.Name of Bank : Family Bank
 Branch Gatundu
 Account Number. 004000003233

TUITION A/C

2. Name of Bank: Family
 Branch Gatundu
 Account Number 004000016715

OPERATION A/C

3. Name of Bank: Family Bank
 Branch Gatundu
 Account Number 0660291737170

INFRASTRUCTURE A/C

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

4. Name of Bank: Equity Bank
Branch Gatundu
Account Number 066025532176
5. **SAVINGS A/C**
Name of Bank: Equity
Branch Gatundu
Account Number 0660298413600

g. Independent Auditors

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

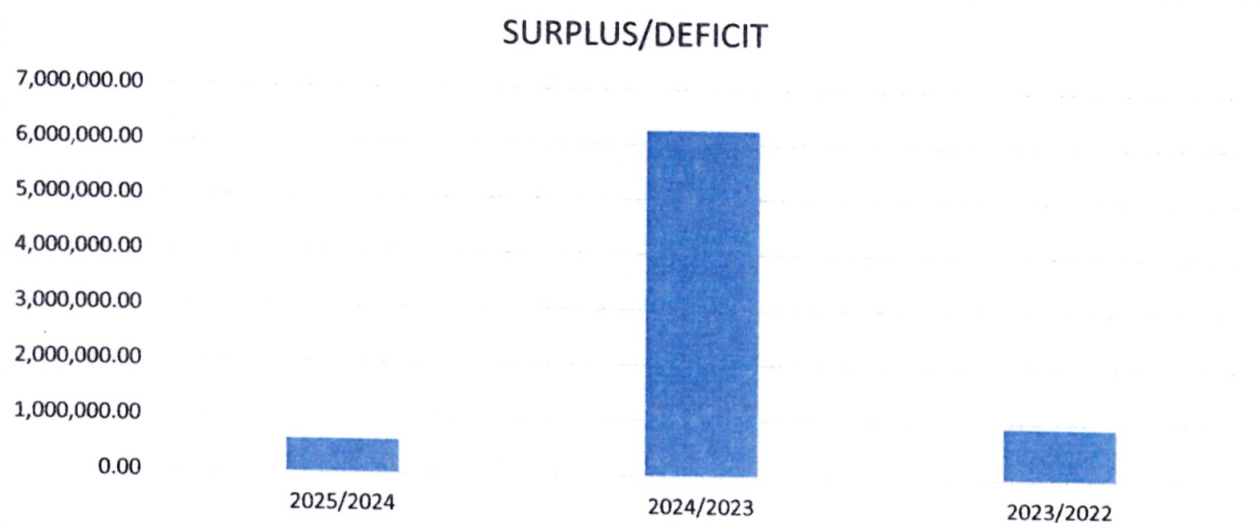
OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

3. Summary Report of Performance of The School

a) Financial performance:

i) surplus /deficit for the last 3 yrs.

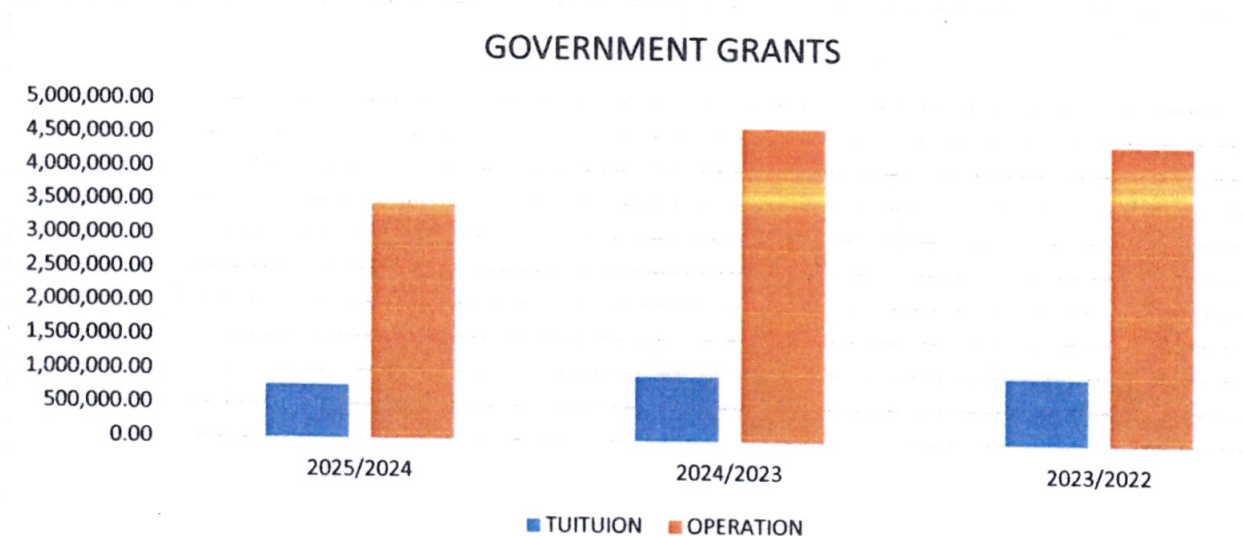
YEAR	SURPLUS/DEFICIT	
2025/2024	591,693.27	Surplus
2024/2023	6,246,195.00	Surplus
2023/2022	919,754.67	Surplus



OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

ii) Capitation grant from the ministry for the last 3 years

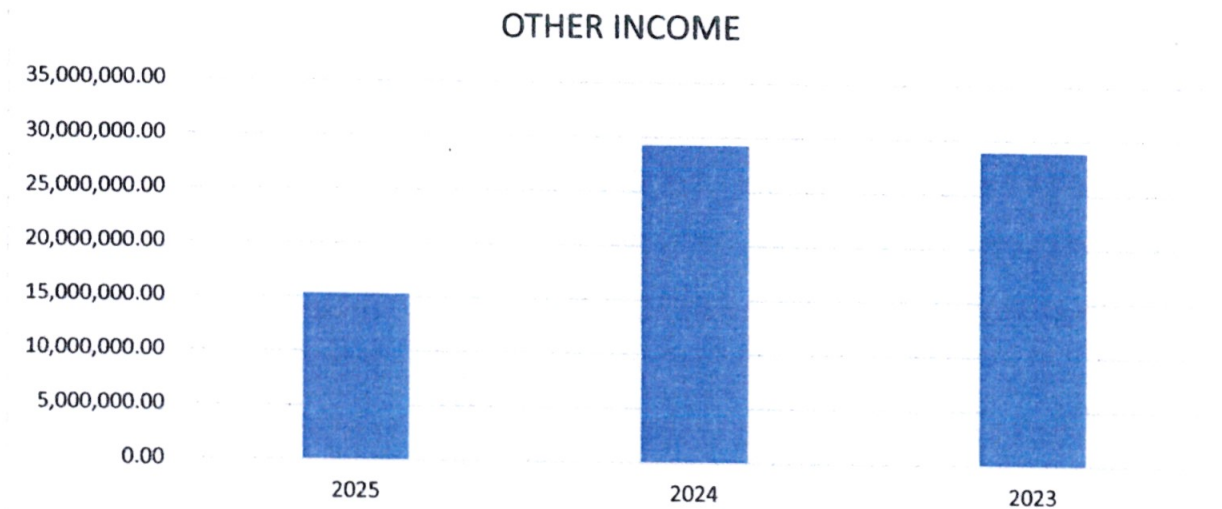
YEAR	TUITUION	OPERATION	TOTAL
2025/2024	781,880.50	3,473,678.52	4,177,559.02
2024/2023	952,886.40	4,641,030.21	5,593,916.61
2023/2022	972,924.00	4,427,891.72	5,400,815.72



OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

iii) A three year over view growth of other income earned by the school

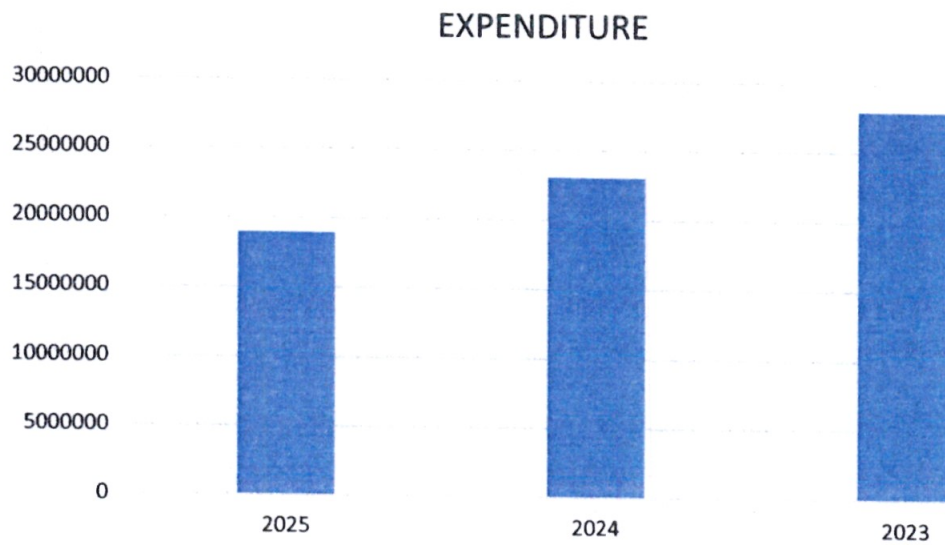
YEAR	OTHER INCOME
2025/2024	15,291,101.25
2024/2023	29,276,885.26
2023/2022	28,903,710.82



OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

iv) A 3 year over view of growth in expenditure of the school

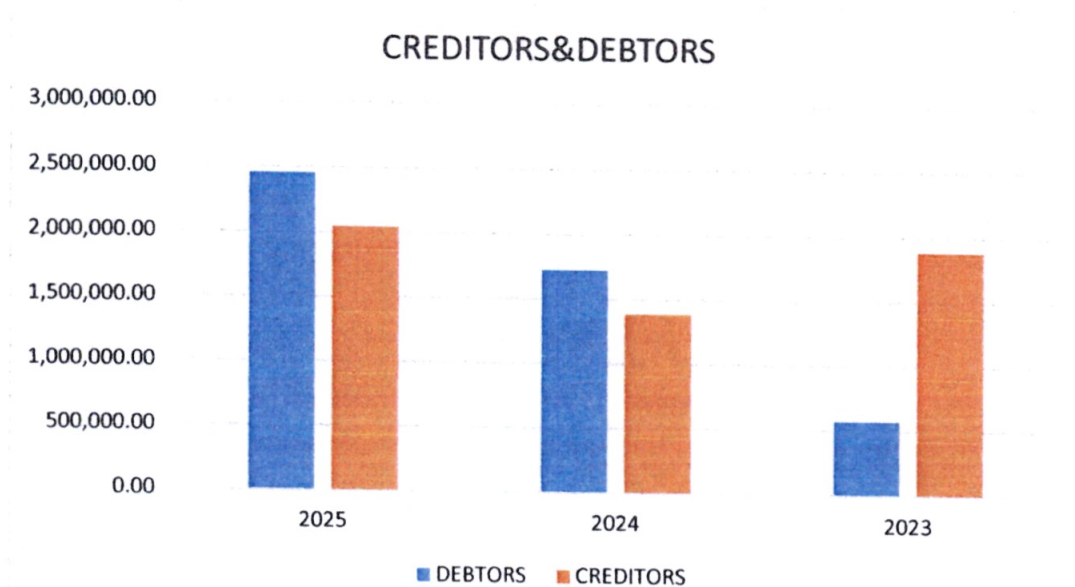
YEAR	EXPENDITURE
2025	18,954,967.00
2024	23,030,690.26
2023	27,983,953.15



OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

v) Movement of debtors and creditors of the school over the last 3 years

YEAR	DEBTORS	CREDITORS
2025	2,454,800.00	2,046,244.00
2024	1,723,491.00	1,389,012.00
2023	573,745.00	1,889,224.00



b) Teacher Student ratio:

YEAR	2024/2025	2023/2024	2022/2023
Teachers Student Ratio	1:14	1:21	1:24
Teachers posted	2	0	1
Teachers Retired	1	0	0
Teachers Transferred	1	0	0
Number of TSC Teachers	17	16	16
Number of B.O.M Teachers	1	2	2

c) The KCSE mean score of the school for the last 3 years

YEAR	2024/2025	2023/2024	2022/2023
Mean score	3.21	3.25	2.32
Joined Higher learning	3	3	0

d) Number of Candidates in the last 3 years

Year	2024	2023	2022
Number of candidates	101	88	82

e) The capacity of the school:

Facilities	Student	Ratio	Year
Toilets	252	1:19	2024/2025
Dormitories	252	1:120	2024/2025
Laboratory	252	1:40	2024/2025
Dining hall	252	1:240	2024/2025

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Classroom	MOEST	Complete	1,782,434.00	800,000.00	31 st Aug 2024


.....
School Principal

PRINCIPAL
MUTUNGURU SECONDARY SCHOOL
P.O. Box 6-01030, GATUNDU
DATE:.....SIGN:.....

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

4. Statement of School Management Responsibility

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

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

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

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

Name: FRANCIS G. KAHU
Designation: Chairman, School Board of Management
Sign: [Signature] Date: 25/3/26

Name: GRACE WANYEKI
Designation: School Principal & Secretary to Board of Management
Sign: [Signature] Date: 25/3/26

PRINCIPAL
MUTUNGURU SECONDARY SCHOOL
P.O. Box 8 - 01030, GATUNDU
DATE:.....SIGN:.....

Name: TABITHA GITAU
Designation: Bursar/ Finance Officer
Sign: [Signature] Date: 25/3/26

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OUR LADY OF MERCY MUTUNGURU GIRLS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 - KIAMBU 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 Our Lady of Mercy Mutunguru Girls Secondary School set out on pages 1 to 25, which comprise of the statement of assets and liabilities as at 30 June, 2025, and the statement of financial performance, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Our Lady of Mercy Mutunguru Girls Secondary School at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis including the transitional provisions permitted under IPSAS 33 and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

Review of the financial statements presented for audit revealed the following inaccuracies as indicated below;

1.1 Variances Between the Financial Statements and Notes

The statement of financial performance and as disclosed in Note 6 reflects tuition expenditure amounting Kshs.510,245 while Notes to the financial statements reflect Kshs.760,940 resulting in a variance of Kshs.250,695. Further, boarding and School fund as disclosed in Note 9 to the financial statements reflects an amount of Kshs.13,887,305 while on computation totalled Kshs.13,828,287.

In the circumstances, the classification, accuracy, completeness, presentation and disclosure of the financial statements could not be confirmed.

2. Unsupported Long Outstanding Accounts Payables

Note 14 to the financial statements reflects accounts payables balance of Kshs.6,092,057. Included in the amount was long outstanding payables amounting to

Kshs.3,262,949 being pending accrued bills for over three (3) years. Further, the supporting schedules amount of Kshs.2,202,624 provided for audit varied with financial statements balance of Kshs.6,092,057 resulting to unexplained balance of Kshs.3,889,433.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.6,092,057 could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects operations and infrastructure amount of Kshs.3,386,100 and Kshs.920,623 respectively as disclosed in Note 7 and Note 8 to the financial statements. However, supporting documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments, meeting attendance register.

In the circumstances, the accuracy and completeness of the operations and infrastructure amount of Kshs.4,306,723 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Our Lady of Mercy Mutunguru Girls Secondary School set 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 FY 2024/25 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 xiv which comprise of Key School Information and Management, The 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. Late Submission of Financial Statements for Audit

The financial statements for the year under review were submitted on 12 December, 2025 instead of the statutory date of 31 August, 2025. This was contrary to The National Treasury Circular AG.3/88 Vol. VII (41) dated 04 December, 2024 which stated that the School's financial statements should be ready by 31 August, 2025.

In the circumstances, Management was in breach of law.

2. Failure to Open a Separate Account for Miscellaneous Incomes

The statement on receipts and payments reflects miscellaneous income of Kshs.2,184,958 from various income generating activities as disclosed under Note 5 to the financial statements. The management failed to open a separate account for Miscellaneous income contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day Secondary Education (FDSE) which requires that Schools with income generating activities open separate bank accounts for the stream of income.

In the circumstances, Management was in breach of law.

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

The statement of receipts and payments reflects operations payments amount of Kshs.3,386,100 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.388,700 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by Schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.388,700 could not be confirmed.

4. Overfunding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.781,881 and Kshs.3,395,679, respectively as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of two hundred and fifty-two (252) students while the enrolment records provided by the School indicated a total number of two hundred and twenty-three (223) students, resulting in an unexplained variance of twenty-nine (29) students. As a result of the variances, the School was over funded by an amount of Kshs.121,707.

In the circumstances, the accuracy of student enrolment data used in determining capitation funding could not be confirmed.

5. 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.

6. Failure to Prepare an Annual Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.16,129,130 and Kshs.18,704,273 in respect of total receipts and total payments respectively. However, 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.

7. Failure to Establish a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications. Further, the management was engaging members without appointment letters, the same officer were engaged throughout the procurement process, there was no segregation of duties. Further, there were absence of budgets, need analysis reports, procurement plans, failure to advertise, wrong choice of procurement methods and failure to comply with evaluation regulations.

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

8. Irregular Prescription and Payment to a Supplier of School Uniforms

Note 9 to the financial statements boarding and School fund expenditure reflects an amount of Kshs.13,887,305 included in this payment is an amount of Kshs.167,500 on procurement of uniform. A review of payment vouchers and other supporting documents revealed that the payments were made to a supplier for the supply of School uniform against the Regulation 67(3) of the Basic Education Regulations, 2015 which require that no institution shall prescribe a specific supplier of School uniforms or any other materials for the parent or guardian.

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

9. Incomplete Asset Register and Failure to Prepare an Assets Disposal Plan

Annex 2 to the financial statements reflects a summary of fixed assets register balance of Kshs.80,870,000 However, Management did not maintain an updated fixed asset register. In addition, several assets at the School were not tagged and the register was not maintained in the prescribed format as it lacked key details such as historical cost, additions, and serial numbers. Further, Management had not prepared the annual disposal plan for all the assets for financial year 2024/2025. In the circumstances the School was in breach of the Regulation 170(2) of the Public Procurement and Asset Disposal Regulation, 2020.

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

10. Stalled School Bus Project

Note 9 to the financial statements reflects boarding and School fund expenditure of Kshs.13,887,305. Included in the payments is an amount of Kshs.125,750 for a bus

project. The School-initiated procurement of School bus in the year 2021 upon a Board approval to procure an Isuzu 33-seater bus per the Annual General Meeting (AGM) minute of 24 October, 2019. The tender for the procurement of the bus was awarded to a company at Kshs.6,145,000. The AGM authorized the School to apply for a loan facility with an initial deposit to the bank of Kshs.2,000,000 leaving a balance of Kshs.4,145,000 to be paid termly at the rate of Kshs.366,395 inclusive of principal plus interest at 13% per annum. The loan was to be completed in fifteen (15) months from 10 September, 2021. The parents consented to pay Kshs.15,000 par student one off in 3(three) phases. However, during the audit as at March, 2026 it was observed that, the loan balance as at 16 September, 2025 was Kshs.3,181,402. Further, the loan repayment was Kshs.366,395 termly therefore two terms from 1 July, 2024 to 30 the June, 2025 was to be Kshs.732,790 and not Kshs.125,750 as reflected in the financial statements. In addition, the loan repayment period of 3.8 years had lapsed and the loan facility was therefore likely to attract interest from the bank.

In the circumstances, value for money in the purchase of the School bus and whether all the money collected was used for the intended purpose could not be confirmed.

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 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-Adherences to the Frequency of Board Meetings

Review of the Board minutes revealed that the Board of Management met only once during the financial year under review contrary to the requirements Section 3 of the First Schedule of the Basic Education Act, 2013 which requires the Board to meet at least three times in a year.

In the circumstances, the effectiveness of the governance mechanism at the School could not be confirmed and the School may not achieve its strategic objectives.

2. Long Outstanding Accounts Receivables

The statement of assets and liabilities reflects accounts receivables balance of Kshs.10,068,192 in respect of fees arrears as disclosed in Note. 13 to the financial statements. Included in the balance is accounts receivables balance of Kshs.3,289,748 which had been outstanding for more than three (3) years. However, there was no age analysis and policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

3. Lack of Key Policy Documents

The statement of receipts and payment reflects a total expenditure of Kshs.18,954,967. Review of operations in the School revealed lack of key policy documents including Strategic Plan and a Risk Management Policy as required by law. Further, review of the School's IT internal control environment revealed that, the School does not have an active IT Strategy and Steering Committee, IT Security Policy and lacks an Approved Operational IT policy

In the circumstance, the effectiveness of the Schools' operations could not e confirmed.

4. Lack of Internal Audit Function and Audit Committee

During the year under review, the School had not constituted an Audit Committee and an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which requires the internal audit unit of a National Government entity to assess its own effectiveness through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

5. Failure to Constitute Committees of the Board

Review of Board Records provided no evidence that, the Board of Management did constitute the stipulated committees of the Board contrary to Section 61 of Basic Education Act, 2013 guidelines on the committees of Board of Management.

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

6. Weaknesses in Management of Assets

Annex 2 to the financial statements reflects a summary of fixed assets register balance of Kshs.80,870,000 which includes land with a balance of Kshs.16,800,000. However, land ownership documents were not provided for audit. Further, Management did not maintain an updated fixed asset register and several assets at the School were not

tagged. The register in place was not maintained in the prescribed format as it lacked key details such as historical cost, additions and serial numbers.

In the circumstances, the existence of effective measures in the management of assets 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 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

05 May, 2026

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

6.Statement of Receipts and Payments for the Year Ended 30th June 2025

Description Of Vote Head	Note	2024/2025	2023/2024
		Kshs	Kshs
Receipts			
Government grants for tuition	1	781,881	952,886
Government grants for operations	2	3,395,679	4,641,030
Government Grants for infrastructure	3	78,000	0.00
School fund income- parents' contributions	4	9,688,612	17,617,191
Miscellaneous incomes	5	2,184,958	6,065,778
Total Receipts		16,129,130	29,276,885
Payments			
Tuition	6	510,245	820,180
Operations	7	3,386,100	2,252,662
Infrastructure	8	920,623	1,361,434
Boarding and school fund	9	13,887,305	18,592,444
Total Payments		18,704,273	23,026,720
Surplus/Deficit		(2,575,143)	6,250,165

The school financial statements were approved on April 2026 2025 and signed by:

Name: FRANCIS B. ISAGO

Chair BOM
 Sign: [Signature]

Date: 20/4/26

Name: GRACE NANG'AI

School Principal/ Secretary to
 BOM
 Sign: [Signature]

Date: 20/4/26

Name: Esther Gitau

Bursar/ Finance Officer
 Sign: [Signature]

Date: 20/4/26

OUR LADY OF MERCY MUTUNGURU SECONDARY 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	2023/2024
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,136,562.25	2,013,137
Cash balances	11	46,242.32	60,745
Short term investments	12	0.00	0.00
Total cash and cash equivalent		<u>1,182,805</u>	<u>2,073,883</u>
Account's receivables	13	10,068,192	8,957,910
Total financial assets (a)		11,250,997	11,031,793
Financial liabilities			
Accounts payables	14	6,092,057	6,464,547
Total Financial Liabilities (b)		6,092,057	6,464,547
Net financial assets (a-b)		5,158,940	4,567,276
Represented by			
Accumulated fund b/fwd	15	4,567,247	(1,682,919)
Surplus/deficit for the year		(2,575,143)	6,250,165
Net Assets		5,205,690	4,567,246

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

Name: FRANCIS KALO

Chair BOM
 Sign: [Signature]

Date: 20/4/26

Name: GRACE WANJIKI

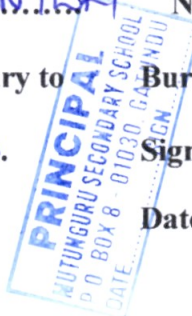
School Principal/ Secretary to
 BOM
 Sign: [Signature]

Date: 20/4/26

Name: Tabitha Litem

Bursar/ Finance Officer
 Sign: [Signature]

Date: 20/4/26



OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

8.Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024/2025	2023/2025
		Kshs	Kshs
Cash flow from operating activities			
Reciept			
Government grants for tuition		781,880	952,886
Government grants for operations		3,395,678	4,641,030
infrastructure		78,000	
School fund income- parents contributions/ fees		13,106,143	17,617,191
Other income		2,184,958	6,065,777
Total receipts		19,546,660	29,276,885
Payments			
Cash outflows for tuition		760,940	820,180
Cash outflows for operations		3,386,100	2,252,662
Cash outflows Boarding/lunch and school fund payments		13,887,304	18,592,444
Total payments		18,034,344	21,665,286
Net cash inflow/outflow from operating activites		1,512,316	7,611,599
Changes in receivables		(1,110,282)	(5094,417)
Changes in payable		(372,490)	(955,481)
Cash flow from investing activities			
infrastructure		(920622)	(1,361,434)
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflow from investing activities		(920622)	(1,361,434)
Cash flow from financing activities			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents		891,078	200,267
Cash and Cash Equivalent at BEGINNING of the Year		2,073,883	1,873,616
Cash and Cash Equivalent at End of the Year		1,182,805	2,073,883.00

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

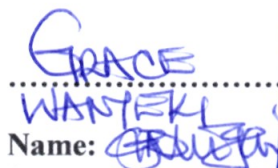
The school's financial statements were approved on 20/4/26 20 and signed by:



Name: Francis G. Kalo

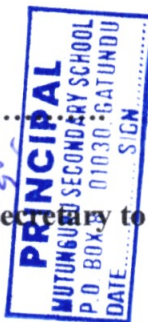
Chair BOM

Date: 20/4/26



Name: Grace Wanyeki
School Principal/ Secretary to
BOM

Date: 20/4/26





Name: Tabitha Gitau

Bursar/ Finance Officer

Date: 20/4/26

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 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	f = d/c %
	Kshs	Kshs			Kshs
Receipts					
(1) Capitation Grant on Tuition					
Reference Materials	0.00	0.00	0.00	0.00	NaN
Exercise Books	0.00	0.00	0.00	0.00	NaN
Laboratory Equipment	0.00	0.00	0.00	0.00	NaN
Internal Exams	0.00	0.00	0.00	0.00	NaN
Teaching / laboratory /learning material	800,000.00	0.00	800,000.00	781,881.51.00	98
Exams And Assessment	0.00	0.00	0.00	0.00	NaN
	800,000.00	0.00	800,000.00	781,881.00	98
(2) Capitation Grant on Operations					
Personnel Emoluments	850,000.00	0.00	850,000.00	842,893.00	99
Repairs And Maintenance	1,000,000.00	0.00	1,000,000.00	959,250.00	96
Local Transport / Travelling	300,000.00	0.00	300,000.00	266,974.00	89
Electricity And Water	600,000.00	0.00	600,000.00	533,917.00	89
Medical	300,000.00	0.00	300,000.00	288,400.00	96

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Administration Costs	350,000.00	0.00	350,000.00	312,974	89
Activity	200,000.00	0.00	200,000.00	191,270.00	96
Gratuity	0.00	0.00	0.00	0.00	NaN
SAMASSE	0.00	0.00	0.00	0.00	NaN
	3,600,000.00	0.00	3,600,000.00	3,395,679	94
(3) FDSE for Infrastructure					
Maintenance & Improvement MoE	100,000.00	0.00	100,000.00	78,000.00	78.00
M&I parents' contribution	0.00	0.00	0.00	0.00	NaN
Economic Stimulus Programs	0.00	0.00	0.00	0.00	NaN
Transition Infrastructure Grants	0.00	0.00	0.00	0.00	NaN
Administration Block	0.00	0.00	0.00	0.00	NaN
	100,000.00	0.00	100,000.00	78,000.00	78.00
(4) Fees Charged on Parents					
Personnel Emoluments	1000000	0	1,000,000.00	1,180,045.00	94
Repairs And Maintenance	500000	0	500,000.00	523,500.00	91
Local Transport / Travelling	300000	0	300,000.00	314,512.00	82
Electricity And Water	1200000	0	1,200,000.00	1,234,060.00	84
Medical	0	0	0.00	0.00	NaN
Administration Costs	500000	0	500,000.00	635,710.00	100
Activity	70000	0	70,000.00	79,250.00	72
SMASSE	0	0	0.00	0.00	NaN
Fee On Boarding Equipment and Stores	7500000	0	7,500,000.00	7,846,365.00	95

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Bus Project	1200000	0	1,200,000.00	1,287,701.00	92
	13,270,000.00	0.00	13,270,000.00	13,106,143.00	93
(5) Miscellaneous Income					
Loans / Borrowing	0	0	0.00	0.00	NaN
Rent income	0	0	0.00	0.00	NaN
Income From Farming Activities	300000	0	300,000.00	251,347	84
Insurance Compensation	0	0	0.00	0.00	NaN
Income From Posho Mill	0	0	0.00	0.00	NaN
Income From Bus Hire	0	0	0.00	55,300.00	NaN
Fee For Hire of Ground and Equipment	0	0	0.00	0.00	NaN
Interest Income	0	0	0.00	0.00	NaN
BUS/ toilet				1,748,761	
insurance				129,550	
	300,000.00	0.00	300,000.00	2,184,958	84
Total Income	18,070,000.00	0.00	18,070,000.00	16,129,130	94
(6) Expenditure For Tuition					
Textbooks	0	0	0.00	0.00	NaN
Reference Materials	0	0	0.00	0.00	NaN
Exercise Books	0	0	0.00	0.00	NaN
Laboratory Equipment	150000	0	150,000.00	296,775.00	90
Internal Exams	0	0	0.00	0.00	NaN
DEPARTMENTAL SUBJECTS	0	0	0.00	0.00	NaN

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Teaching and learning aid	400000	0	400,000.00	464,165.00	94
Exams And Assessment	0	0	0.00	0.00	NaN
Teachers Guides	0	0	0.00	0.00	NaN
Administration Costs	0	0	0.00	0.00	NaN
Bank Charges	0	0	0.00	0.00	NaN
	550,000.00	0.00	550,000.00	760,940.00	93
(7) Expenditure For Operations					
Personnel Emoluments	1200000	0	1,200,000.00	1,378,505.00	97.36
Repairs, Maintenance & Improvements	0	0	0.00	0.00	NaN
Local Transport / Travelling	200000	0	200,000.00	156,500.00	78.25
Electricity, Water and Conservancy	300000	0	300,000.00	387,444.00	96.59
Medical	450000	0	450,000.00	416,004.00	92.45
Administration Costs	600000	0	600,000.00	533,467.00	86.08
Activity Expenses	550000	0	550,000.00	506,500.00	92.09
Bank charges	0	0	0.00	7,680.00	NaN
SMASSE	0	0	0.00	0.00	NaN
	3,300,000.00	0.00	3,300,000.00	3,386,100.00	93
(8) Expenditure for Infrastructure					
Construction of classrooms	1000000	0	1,000,000.00	918,890.00	91.89
Construction of LAB	0	0	0.00	0.00	NaN
Construction of DORMS	0	0	0.00	0.00	NaN
Purchase of furniture	0	0	0.00	0.00	NaN

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Purchase of equipment	0	0	0.00	0.00	NaN
Bank charges	0	0	0.00	1733.00	NaN
	1,000,000.00	0.00	1,000,000.00	920,622.00	92
(9) Expenditure for school fund					
Personnel Emoluments	1200000	0	1,200,000.00	1,180,880.00	92
Repairs, Maintenance and Improvements	1000000	0	1,000,000.00	898,783.00	82
Local Transport / Travelling	800000	0	800,000.00	764,020.00	90
Electricity, Water and Conservancy	600000	0	600,000.00	556,418.00	86
Medical Expenses	100000	0	100,000.00	99,540.00	87
Administration Costs	700000	0	700,000.00	868,129.00	94
Activity	600000	0	600,000.00	539,690.00	90
Gratuity	0	0	0.00	0.00	NaN
Saturday Support Programme	2000000	0	2,000,000.00	.00	45
Boarding Equipment and Stores	6700000	0	6,700,000.00	7,258,034.00	98
Expenditure For Income Generating Activity	250000	0	250,000.00	223,132.00	89
Insurance Costs/Medical	0	0	0.00	167,500.00	NaN
Other Expenses On Investments	0	0	0.00	0.00	NaN
PA Expenses	0	0	0.00	1,122,000.00	NaN
Bank Charges	0	0	0.00	24,411.00	NaN
Loan Interest Repayment	0	0	0.00	0.00	NaN
Loan Principal Repayment	0	0	0.00	0.00	NaN
Acquisition Of Assets	0	0	0.00	0.00	NaN

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Bus expenses	2600000	0	2,600,000.00	125,750.00	44
	16,550,000.00	0.00	16,550,000.00	13,887,304.00	80
Total Expenditure	21,400,000.00	0.00	21,400,000.00	18,704,273.00	83

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

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 school fees from parents, 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 various sources when the event occurs, and the related cash has been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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.

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

4. Cash and cash equivalents

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

5. 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.

6. 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.

7. 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.

8. Comparative figures

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

9. Subsequent events

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

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.

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

10. Notes To the Financial Statements

1. Government Grants For Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Reference Materials	0.00	0.00
Exercise Books	0.00	0.00
Laboratory Equipment	0.00	0.00
Internal Exams	0.00	0.00
Teaching / Learning Materials	781,881.00	952,886.00
Total	781,881.00	952,886.00

2. Government Grants For Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	842,893.00	1,146,608.00
Infrastructure	959,250.00	1,514,000.00
Local Transport / Travelling	266,974.00	259,153.00
Electricity And Water	533,917.00	654,353.00
Medical	288,400.00	326,700.00
Administration Costs	312,974.00	428,420.00

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Activity	191,270.00	311,796.00
Total	3,395,679.00	4,641,030.00

3. Government Grants For Infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance & Improvement	78,000.00	0.00
Transition infrastructure grants	0.00	0.00
Administration Block	0.00	0.00
Economic stimulus grants	0.00	0.00
Total	78,000.00	0.00

4. School Fund Income - Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel emoluments	925,835.00	1,886,099.00
Repairs and maintenance	448,961.00	827,253.00
Local transport / travelling	245,900.00	497,330.00
Electricity and water	1,234,060.00	1,691,355.00
Medical	0.00	0.00
Administration costs	498,900.00	977,175.00
Activity	50,210.00	100,250.00

OUR LADY OF MERCY MUTUNGURU SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Fee on Boarding Equipment and stores	6,284,999.00	11,637,729.00
Lunch Programme	0.00	0.00
Total	9,688,612.00	17 617 191.00

5. Miscellaneous Incomes

Description	2024/2025	2023/2024
	Kshs	Kshs
Rent Income	0.00	0.00
Income From Farming Activities	251,347.00	206,352.00
Insurance Compensation	0.00	0.00
Income From Posho Mill	0.00	0.00
Income From Bus Hire	55,300.00	0.00
Fee For Hire of Ground and Equipment	0.00	0.00
Income From Grants and Donations	0.00	0.00
Interest Income	0.00	0.00
Bus/Toilet Project	1748761.00	4,448,926.00
Uniform	129550.00	0.00
SSP		1,410,500
Total	2,184,958.00	6,065,777

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6. Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Exercise Books	0.00	76,000.00
Textbooks	0.00	110,760.00
Reference materials	0.00	0.00
Laboratory Equipment	296,775.00	107,920.00
Teaching / Learning Materials	464,165.00	525,500.00
Exams And Assessment	0.00	0.00
Teachers Guides	0.00	0.00
Bank Charges	0.00	0.00
Total	760,940.00	820,180.00

7. Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	1,378,505.00	1,420,362.00
Service Gratuity	0.00	0.00
Administration Cost	533,467.00	341,717.00
Repairs And Maintenance & Improvements	0.00	48,000.00

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Local Transport / Travelling	156,500.00	106,500.00
Electricity And Water	387,444.00	175,671.00
Medical	416,004.00	31,630.00
Activity Expenses	506,500.00	127,855.00
Insurance Cost	0.00	0.00
Bank Charges	7,680.00	928
Total	3,386,100.00	2,252,662

8. Infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Construction of classrooms	918,890.00	1,361,434.00
Construction of laboratory	0.00	0.00
Construction of dormitory	0.00	0.00
Purchase of furniture	0.00	0.00
Purchase of equipment	0.00	0.00
Purchase of apparatus	0.00	0.00
Drilling of boreholes	0.00	0.00
Bank Charges	1,733.00	0.00
Total	920,622.50	1,361,434.00

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9. Boarding And School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	1,180,880.00	1,402,987.00
Service Gratuity	0.00	0.00
Repairs And Maintenance & Improvements	898,783.00	855,065.00
Local Transport / Travelling	764,020.00	561,258.00
Electricity And Water	556,418.00	835,360.76
Medical Expenses	99,540.00	730,980.00
Administration Costs	868,129.00	1,225,945.00
Lunch Programme	0.00	0.00
Bank Charges	24,411.00	27,157.00
Expenses On Income Generating Activities-Farm	223,132.00	165,347.00
Fee On Boarding Equipment and Stores	7,258,034.00	9,963,049.00
Rent Expenses	0.00	0.00
Insurance Cost (Life Property)	0.00	0.00
Loan Principal Repayment	0.00	0.00
Loan Interest Repayment	0.00	0.00
Acquisition Of Assets	0.00	0.00
PA expenses	1,122,000.00	1,069,500.00
Activity Expenses	539,690.00	824,170.00
Uniform	167,500.00	0.00

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Bus Project Expenses	125,750.00	512,190.00
Total	13,887,304.00	18,592,447.00

10. Bank Accounts

Name of Bank, Account No. & Currency	2024/2025	2023/2024
	Kshs	Kshs
Tuition Account	183,062.00	271,442.00
Operations Account	279,048.00	1,115,664.00
School Fund Account/Boarding	207,297.00	167,056.00
Savings Account	14,531.00	0.00
Parent Association Development Account	0.00	0.00
Income Generating Activities Account	0.00	0.00
Infrastructural Account	452,625.00	413,357.00
Total	1,136,562.00	2,013,137.00

11. Cash In Hand

Description	2024/2025	2023/2024
	Kshs	Kshs
Notes and Coins	46,242.00	60,746.00
Total	46,242.00	60,746.00

12. Short Term Investments

Description	2024/2025	2023/2024
	Kshs	Kshs

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Cooperative Shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed Deposit accounts	0.00	0.00
Other Investments	0.00	0.00
Total	0.00	0.00

13. Accounts Receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
Fees Arrears Less than 1 year	2,454,800.00	5,133,652.00
Fees Arrears Between 1- 2 years	3,789,134.00	534,510.00
Fees Arrears Between 2-3 years	534,510.00	3,289,748.00
Fees Arrears Over 3 years	3,289,748.00	0.00
Salary Advances (list/schedule attached)	0.00	0.00
Imprest (list/schedule attached)	0.00	0.00
Rent arrears (list/schedule attached)	0.00	0.00
Total	10,068,192.00	8,957,910.00

14. Accounts Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade Creditors Less than 1 year	2,046,244.00	1,389,012.00
Trade Creditors Between 1- 2 years	251,804.00	531,060.00

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Trade Creditors Between 2-3 years	531,060.00	0.00
Trade Creditors Over 3 years	1,629,195.00	1,629,195.00
Prepaid Fees	515,994.00	788,440.00
Bus Loan	1,117,760.00	2,126,840.00
Unpaid salaries and statutory deductions	0.00	0.00
Caution money	0.00	0.00
TOTAL	6,092,057.00	6,464,547.00

15. Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank balances	1,136,562.25	213,137.00
Cash balances	46,242.32	60,746.00
Short Term Investments	0.00	0.00
Receivables	10,068,192.00	8,957,910.00
(Payables)	6,092,057.00	6,464,547.00
Total	5,158,940	4,67,246

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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.

1 Non-current Liabilities Summary

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Loans	3,365,000.00	3,755,000.00
Outstanding Leases	0.00	0.00
Hire Purchase	0.00	0.00
Gratuity And Leave Provision	0.00	0.00
Others (specify)	0.00	0.00
Total	3,365,000.00	3,755,000.00

2 Biological assets

Description	Numbers	2024/2025	2023/2024
		Kshs	Kshs
Cattle		0.00	0.00
Goats		0.00	0.00
Trees	250.00	100,000.00	100,000.00
Coffee Or Tea Plantation	1500.00	90,000.00	90,000.00
Poultry		0.00	0.00
Others (specify)		0.00	0.00
Total	17500.00	190,000.00	190,000.00

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3 Borrowings

Description	Kshs 2024/2025	Kshs 2023/2024
Borrowings at beginning of the year	3,365,000.00	3,755,000.00
Interest earned from the principal	606,648.00	606,648.00
Repayments during the year	390,000.00	390,000.00
Balance at the end of the year	2,975,000.00	3,365,000.00

Other important disclosure notes

4 Stock/ Inventory

Description	2024/2025	2023/2024
	Kshs	Kshs
Food stuffs	100,000.00	240,320.00
Lab consumables	50,000	48,250.00
Farm produce	0.00	0.00
Medication	6000.00	3000.00
Construction Materials	0.00	150,000.00
Others (specify)	0.00	0.00
	150,600.00	441,570.00

5 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.

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Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	To starting using LPO and LSO	Agreed		3 months
2	To buy store consumable books	Agreed		3 months
3.	Filing of NHIF and NSSF copies in personal files	Agreed		

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11. 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	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply Of Services						
DAN MAX				31,500.00		
NIGHT DUTY				44,600.00		
KCSE MOTIVATION				100,000.00		
SATURDAY SUPPORT PROGRAM				24,879.00		
SHAURITRANSPORTERS AND METAL WORKS				25,470.00		
STAFF SALARIES				120,873.00		
NSSF AND SHA				19,789.00		
Sub-Total				367,111.00		
Supply Of Goods						
CALVA -LAB SOLUTIONS				213,695.00		
AGNES WANJIKU NJOROGE				9,440.00		
KPLC				64,399.00		
DPL FEATIVE				33,315.00		
ANN CYBER				4,500.00		
ASUMPTA WANJIRU				38,000.00		
BWAMS				21,800.00		
SERAH WAMBUI				37,220.00		
CLEVALAND PHARMACY				13,010.00		
DAN GATHAKWA				55,000.00		
DAVID WAGICIU				22,980.00		

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Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2024/2025	Outstanding Balance	Comments
GASTON KENYA				204,434.00		
GATUNDU WATER				60,000.00		
GELIGEN ENT				54,000.00		
JEREMIAH KIHURIA				39,000.00		
JOEMAX TOP INVESTMENT				60,000.00		
MARK KANJA				12,480.00		
MARY NYANJIRU				38,000.00		
MARY WANGARI KIMANI				107,050.00		
MICHAEL WANYOIKE				27,500.00		
NAOMI KAREITHI				75,000.00		
PIUS KUNGU				11,860.00		
SABINA MAGIRI				15,000.00		
SARAH WANGUI MAINA				104,950.00		
WILISON GICHINGA				52,100.00		
JASMAS INVESTMENT				30,000.00		
GEOKARI TECHNICAL				17,000.00		
GEORADIUS PROTECTION SERVICES				126,000.00		
PEAK VIEW				55,000.00		
VIRSAM				8,400.00		
SONJOKI				50,000.00		
Sub-Total				1,679,133.00		
Grand Total				2,046,244.00		

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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	12,800,000.00			16,800,000.00
Buildings And Structures	46,000,000.00	1,800,000.00		46,844,000.00
Motor Vehicles	6,700,000.00			6,566,000.00
Office Equipment, Furniture and Fittings	4,000,000.00			3,200,000.00
Textbooks	2,000,000.00	370,000.00		2,300,000.00
ICT Equipment	1,000,000.00			800,000.00
Tools And Apparatus	2,000,000.00			2,000,000.00
Other Machinery and Equipment	2,769,000.00			2,000,000.00
Heritage And Cultural Assets				0.00
Intangible Assets- Soft Ware	350,000.00			360,000.00
Total	77,619,000.00	2,170,000.00		80,870,000.00