

REPUBLIC OF KENYA



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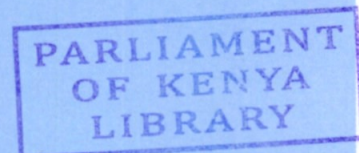
REPORT

OF

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 JUN 2025	DAY. WEDNESDAY
TABLED BY:	HON DWTON BAYA, MP DEPUTY LEADER OF MAJORITY
RUTHEN NGINTO	

THE AUDITOR-GENERAL

ON



ARABIA BOYS SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2021

MANDERA COUNTY



ARABIA BOYS' SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

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Page 93 of 93

Table of Contents

Page

I. Key School Information And Management	iv
II. Summary Report Of Performance Of The School	viii
III. Statement Of School Management Responsibility	xi
IV. Report Of The Independent Auditors (<i>To be attached</i>)	xii
V. Statement Of Receipts And Payments Period To 30 th June 2021	1
VI. Statement Of Financial Assets And Financial Liabilities As At 30 th June 2021	2
VII. Statement of Cash Flows for The Period Ended 30 th June 2021	3
VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2021	4
IX. Significant Accounting Policies	6
X. Notes To The Financial Statements	8

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

I. Key School Information and Management

(a) Background information

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

The school was registered in 2/1998 under registration number GP/A/3566/2005 (was initially issued with a registration number GP/A/795/1997) and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and had 327 number of students as at 30th June 2021. It has 8 streams and 13 teachers of which 5 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Hassan Abdullahi Abdikadir	Chairman	26/6/2019
2	Mohamed Abdirahman M	Secretary – Principal	26/6/2019
3	Habiba Ali Omar	Member	26/6/2019
4	Fatuma Abdikadir Kassim	Member	26/6/2019
5	Mohamed Adan Manur	Member	26/6/2019
6	Abdirahman Muktar	Member	26/6/2019
7	Abdinoor Dakane	Member	26/6/2019
8	Abdikheir Adan Hussein	Member – Rep CEB	26/6/2019
9	Abdiaziz Hassan Noor	Member Rep Teachers	26/6/2019
10	Maryam Dubow Dahir	3 Members – Sponsor	26/6/2019
11	Ali Salat Abdi	Member – Community	26/6/2019
12	Markaba Hassn	Member Special Needs	26/6/2019
13	Adan Noor Mohamud	Rep Students	26/6/2019
14.	Mohamed Hussein Y	Member	26/6/2019

Key School Information and Management (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			
		Hassan Abdullahi	Chairperson	5 out of 5
		Mohamed Abdirahmn	Secretary	5 out of 5
		Abdikheir Adan Hussein	Member	5 out of 5
		Maryam Dubow Dahir	Member	5 out of 5
2	Audit Committee			
		Hassan Abdullahi	Chairperson	3 out of 3
		Mohamed Hussein	Secretary	3 out of 3
		Abdiaziz Hassan Noor	Member/Dep. Princ	3 out of 3
3	Finance, procurement and general purposes Committee			
		Hassan Abdullahi	Chairperson	4 out of 4
		Abdiaziz Hassan Noor	Secretary	4 out of 4
4	Academics Committee	Abdiaziz Hassan Noor	Chairperson	8 out of 8
5	Development Committee	Hassan Abdullahi	Chairperson	4 out of 4

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

		Mohamed Abdirahman	Secretary	4 out of 4
		Habiba Ali Omar	Member	4 out of 4
		Abdiaziz Hassan Noor	Chairperson	8 out of 8
6	Discipline and welfare Committee	Fatuma Abdikadir	Secretary	8 out of 8
		Ali Salat Abdi	Member	7 out of 8
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC Number/ID NO
1	Principal	MOHAMED ABDIRAHMAN M	658876
2	Deputy Principal	ABDIAZIZ HASSAN NOOR	723599
3	School Bursar	AMIN ABDI NOOR	34114641

(e) Schools contacts

Post Office Box: 252-70300
 Telephone: +254728506467
 E-mail: arabiasecondaryschool@gmail.com
 Website:
 Facebook:
 Twitter:

(f) School Bankers

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

- Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103913956**
- Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103919822**
- Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1103921290**

4. Name of Bank: KCB
 Branch: MANDERA
 Account Numbers: **1117861457**
5. Name of Bank: EQUITY BANK
 Branch: MANDERA
 Account Number: **1000264454661**

6. MPESA Pay Bill No. **522522** attached to **1103913956** bank account

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

(g) Independent Auditors

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

II. Summary Report of Performance of The School

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

a) Financial performance:

(Under this section, the following information should be given:

- Surplus/ deficit for the year and a comparison of the same for the last three years
- Capitation grants from the Ministry of Education for the last three years
- Ratio of capitation grant per student over the last three years
- A three-year overview of growth of other income(s) earned by the school.
- A three-year overview of growth in expenditure of the school
- Movement of debtors and creditors of the school over the last three years
- Movement of cash and bank balances over the last three years

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

b) Teacher Student ratio:

Teacher: Student	1:29
Teachers recruited by TSC	0
Teachers recruited by BoM	4

c) Mean score in the 2021 KCSE:

Year	Mean Score
2019	2.8901 D
2020	4.460 D
2021	4.350 D+

d) Number of Candidates in the 2021 KCSE:

Year	Number of Candidates	Transition to higher learning
2019	91	10
2020	50	26
2021	65	27

e) Capacity of the school:

Facility	Number
Dormitories	7
Dining Hall	1
Laboratories	2
Classrooms	10
Toilets	15

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

PROJECT NAME	SOURCE OF FUND	STATUS
Renovation of 8NO classrooms	MOE (M&I)	Done

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date: 1/9/21 Sign: [Signature]

MOHAMED ABDIRAHMAN

School Principal

III. Statement Of School Management Responsibility

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board (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 Arabia Boys' School accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

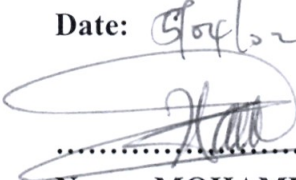
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.


.....

Name: HASSAN ABDULLAHI ABDIKADIR

Designation: Chairman, School Board of Management

Date: 30/6/21


.....

Name: MOHAMED ABDIRAHMAN

Designation: School Principal & Secretary to Board of Management

Date: 30/6/21
ARABIA BOYS' SEC. SCHOOL
P.O. BOX 20, EL TANDERA
Date: 30/6/21


.....

Name: AMIN ABDI NOOR

Designation: Bursar/ Finance Officer

Date: 30/6/21

REPUBLIC OF KENYA

Telephone: +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 ARABIA BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 – MANDERA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Arabia Boys Secondary School set out on pages 1 to 15, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Arabia Boys Secondary School as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported School Fund Income – Parent’s Contributions

The statement of receipts and payments reflects an amount Kshs.1,012,700 in respect of school fund income-parent’s contributions which relates to school fees paid as disclosed in Note 3 to the financial statements. However, school fee payment receipt books and students’ fee registers detailing names of students, admission number, amounts invoiced, amount paid, amount outstanding, bank deposit slips and bank statements were not provided to support the fees collected.

In the circumstances, the accuracy and completeness of the school fund income-parent’s contributions amount of Kshs.1,012,700 could not be confirmed.

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

1. Un-audited Comparative Balances

I draw your attention to the opening balances for the 2020/2021 financial year. The opening balances as at 1 July, 2020 were based on unaudited figures. Consequently, I was unable to obtain sufficient and appropriate audit evidence regarding the accuracy and completeness of the opening balances. My audit procedures were, therefore, limited to the current period transactions and balances.

My opinion is not modified in respect of this matter.

2. Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.9,300,000 and Kshs.5,591,922 respectively, resulting in under-funding of Kshs.3,708,078 or 40% of the budget. However, the

School spent an amount of Kshs 1,133,898 against actual receipts amounting to Kshs.5,591,922, resulting in an under-utilization of Kshs.4,458,024 or 80% of actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on School operations.

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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iv to xi which comprise of Key School Information and Management, Summary Report of Performance of the School and the Statement of School Management Responsibilities. 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 ended 30 June, 2021 were submitted to the Auditor-General on 11 March, 2024 instead of the statutory deadline of 30 September, 2021. This was contrary to Section 68(2) of Public Finance

Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three (3) months after the end of each financial year.

In the circumstances, Management breached the law.

2. Under-disbursement of Capitation Grants from Ministry of Education

The statement of receipts and payments reflects an amount Kshs.3,036,769 in respect of Government grants as disclosed in Notes 1 and 2 to the financial statements. However, during year under review the School had a total of three hundred and fifty-nine (359) students as per National Education Management and information System (NEMIS) data.

The Ministry of Education Circulars for the period under review showed that the Ministry disbursed total capitation grants for tuition and operations at a rate of Kshs.15,260 per student instead of the approved amount of Kshs.22,244 therefore resulting in an under-disbursement of Kshs.7,044 per student translating to total under-disbursement of Kshs.2,528,796. This was contrary Ministry of Education Circular ref MOE/CONF/G5 dated 26 November, 2019 which provides that the government will continue to disburse the Government of Kenya (GOK) Subsidy (Capitation) to schools to actualize Free Day Secondary Education following the normal financial calendar at the rate of Kshs.22,244 annually per learner.

In the circumstances, under-funding of the school may have affected service delivery to the students.

3. Lack of 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.

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

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

REPORT ON 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 effects of the matter 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

Lack of Internal Audit Function and Audit Committee

The School did not have an Audit Committee and an Internal Audit Unit. This was contrary to Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015, which requires each National Government entity to establish an audit committee and Section 73(1)(a) of the Public Finance Management Act, 2012, which provides that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the School 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

07 May, 2026

V. Statement Of Receipts and Payments Period To 30 th June 2021

Description Of Vote Head	Note	JAN-JUNE 2021
Receipts		
Capitation grants for tuition	1	226,890
Capitation grants for operations	2	2,809,879.90
School fund income- parents' contributions	3	1,012,700
Proceeds from borrowings		
Total Receipts		4,049,470
Payments		
Payments for tuition	4	441,076
Payments for operations	5	2,265,504
Boarding and school fund payments	6	1,324,298
		4,030,878
Total Payments		
		18,592
Surplus		

The school financial statements were approved on 30.6 2021 and signed by:



Name: Hassan Abdullahi

Chair BOM

Date: 05/4/2026



Name: Mohamed Abdirahman
School Principal/ Secretary to
BOM

Date: 05/4/26



Name: Amin Abdi Noor

Bursar/ Finance Officer

Date: 5-4-26

PRINCIPAL/ BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date: Sign:

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

Statement Of Financial Assets And Financial Liabilities As At 30TH JUNE 2021

Description	Note	JAN – JUNE 2021
Financial Assets		
Cash and cash equivalents		
Bank Balances	7	1,471,240.00
Cash Balances		-
Short term Investment		-
Total Cash and Cash Equivalents		1,471,240.00
Account's receivables	8	1,700,030
Total financial assets (a)		3,171,270
Financial liabilities		
Accounts Payable		-
Total Financial Liabilities (b)		-
Net financial assets (a-b)		3,171,270
Accumulated fund b/fwd		3,171,270
Surplus/Deficit for the year		18,592
Net Assets		3,189,862

The school's financial statements were approved on 30.6 2021 and signed by:

Name: Hassan Abdullahi

Chair BOM

Date: 05/4/2026

Name: Mohamed Abdirahman
School Principal/ Secretary to
BOM

Date: 05/4/2026

Name: Amin Abdi

Bursar/ Finance Officer

Date: 05-4-26

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date: Sign:

vi. Statement of Cash Flows for The Period Ended As At 30th June 2021

Description	Notes	JAN – JUNE 2021
Operating activities		
Receipts		
Government grants for tuition	1	226,890
Government grants for operations	2	2,809,879.9
Government grants for infrastructure		0.00
School fund income-parents contribution/fees	3	1,012,700
Other income		0.00
Total receipts		4,049,470
Payments		
Cash outflows for tuition	5	441,076
Cash outflows for operations	6	2,265,504
Cash outflows for Boarding/ school fund payments	7	1,324,298
Total Payments		4,030,878
Net cash flow from operating activities		18,592
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets		
Acquisition of Assets	8	
Proceeds from investments		0.00
Net cash flows from Investing Activities		
NET CASHFLOW FROM FINANCING ACTIVITIES		
Net cash flows from Financing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENT		18,592
Cash and cash equivalent at beginning of the year		1,452,648
Cash and cash equivalent at END of the year		1,471,240

(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools' should therefore adopt the direct method of cashflow as recommended by PSASB).

VII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Receipts						
(1) Capitation Grant on Tuition						
Teaching / Learning Materials	2,000,000		2,000,000	1,123,191.70	1,123,192	7.80%
(2) Capitation Grant on Operations						
Personnel Emoluments	2,000,000		2,000,000	1,240,000	760,000	62.00%
Repairs And Maintenance	100,000		100,000	17,520	82,480	17.50%
Local Transport / Travelling	500,000		500,000	230,880	269,120	46.20%
Electricity And Water	700,000		700,000	737,360	xxx	105.30%
Administration Costs	500,000		500,000	312470	187,530	62.50%
(3) Fees Charged on Parents						
Personnel Emoluments	2,500,000		2,500,000	1,641,900	858,100	65.70%
Repairs And Maintenance	200,000		200,000	150,000	50,000	75.00%
Electricity And Water	600,000		600,000	40,000	560,000	6.70%
Administration Costs	200,000		200,000	98,600	101,400	49%

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

<i>Total Income</i>	9,300,000		9,300,000	5,591,922	3,991,822	60%
<i>(1) EXPENDITURE FOR TUITION</i>						
Exercise books	2,000,000		2,000,000	177,700	1,822,300	9%
Laboratory equipment				262,500	-262,500	
Bank Charges				876	-876	
<i>(2) EXPENDITURE FOR OPERATIONS</i>						
Personnel emoluments	2000000		2,000,000.00	753,600	1,246,400	38%
Repairs, maintenance & improvements	100000		100,000.00	1,160,000	-1,060,000	1160%
Local transport / travelling	500000		500,000.00	73,800	426,200	15%
Electricity, water and conservancy	700000		700,000.00	30,000	670,000	4%
NHIF				34,000	-34,000	
Administration costs	500,000		500,000.00	201,600	298,400	40%
NSSF				12,000	-12,000	
<i>(3) EXPENDITURE FOR SCHOOL FUND</i>						
Personnel emoluments	2,500,000		2,500,000	190,400	2,309,600	8%
Repairs, maintenance and improvements	200,000		200,000	42,700	157,300	21%
Electricity, water and conservancy	600,000		600,000	93,500	506,500	16%
Administration costs	200,000		200,000	3,000	197,000	2%
Boarding Equipment and Stores	0		0	991,800	-991,800	
Bank Charges	0		0	2,898	-2,898	
TOTALS	9,300,000		9,300,000	1,133,898	8,166,102	

VIII. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

Significant Accounting Policies (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

IX. Notes to the Financial Statements

1 Capitation Grant for Tuition

Description	JAN - JUNE21
Teaching / Learning Materials	226,890
Total	226,290

2 Capitation Grant for Operations

Description	JAN - JUNE21
Personnel Emoluments	1,240,000.00
Repairs And Maintenance	17,520.00
Local Transport / Travelling	230,880.00
Electricity And Water	737,360.00
Maintenance & Improvement	584,120
Administration Costs	
Activity	
Total	2,809,879.90

3 Parents Contribution/Fees - School Fund Account

Description	JAN - JUNE2021
Personnel emoluments	
Repairs and maintenance	150,000.00
Local transport / travelling	98,600.00
Electricity and water	40,000.00
BOARDING	724,100
TOTAL	1,012,700

4 Payments For Tuition

Description	JAN - JUNE2021
Textbooks And Reference Materials	
Exercise Books	177,700
Laboratory Equipment	262,500
Bank Charges	876
Total	441,076

5 Payments For Operations

Description	JAN - JUNE2021
Personnel Emoluments	753,600
Service Gratuity	
Administration Cost	201,600
Local Transport / Travelling	73,800
Electricity And Water	30,000
nhif	34,000
Maintenance and improvement	1,160,000
nssf	12,000
Bank Charges	504
TOTAL	2,265,504

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

Notes To the Financial Statements (Continued)

6 Boarding And School Fund Payments

Description	JAN - JUNE 2021
Personnel Emoluments	190,400
Service Gratuity	
Repairs And Maintenance & Improvements	42,700
Local Transport / Travelling	
Electricity And Water	93,500
Bank Charges	2898
Fee on boarding equipment and stores	991,800
Admin	3000
Acquisition Of Assets	
Bank Charges	1,324,298

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

Notes To The Financial Statements (Continued)

7 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	JAN - JUNE 2021
Tuition Account		66,874.10
Operations Account		391,644.00
School Fund Account/Boarding		803,888.75
Infrastructural Account		208,833.15
Total		1,471,240.00

8 Accounts Receivable

Description	JUNE 21
Fees Arrears	1,700,030
Other Non-Fees Receivables	
Salary Advances	
Imprest	
Total	1,700,030

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

Description	JUNE 21
Fees Arrears For Current Year	500,000.00
Fees Arrears For The Previous Year	1,200,030
Fees Arrears For Prior Periods (Over Two Years)	
Total	1,700,030

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

9 Accounts Payable

Description	JUNE 21
	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	
Prepaid Fees	
Retention Monies	
Total	

[Include an ageing of the creditor's arrears below]

Description	JUNE2021
	Kshs
Trade Creditors for Current Year	
Trade Creditors for The Previous Year	
Trade Creditors for Prior Periods (Over Two Years)	
Total	

10 Fund Balance Brought Forward

Description	JUNE 21
Bank Balances	1,471,240
Cash Balances	
Short Term Investments	
Receivables	1,700,030
Payables	
Total	3,189,862

Other important disclosure notes

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

11 Non-current Liabilities Summary

Description	JAN-JUNE 2021
	Kshs
Bank Loan(S)	xxx
Outstanding Leases	xxx
Hire Purchase	xxx
Gratuity And Leave Provision	xxx
Total	xxx

12 Biological assets

Description	Numbers	JUNE2021
		Kshs
Cattle		xxx
Goats		xxx
Trees		xxx
Coffee Or Tea Plantation		xxx
Poultry		xxx
Total		xxx

13 Borrowings

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

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

Other important disclosure notes

14 Stock/ Inventory

Description	JUNE 21
	Kshs
b) Inventory	
Stock/ inventory at beginning of the year	
1. Bean 1 bag = 5000	
2. Rice 25kg = 3000	
3. Sugar 25kgs = 3200	11,200.00
Stock/ inventory purchased during the year	3,863,250.00
Stock/ inventory issued during the year	(3,870,840.00)
Balance at end of the year	
1. Sugar 10kgs = 1000	
2. Rice 12kgs = 1440	
3. Pasta = 1170	3,610.00

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

15 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)

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA

Date: 7/1/2021 Sign: [Signature]

Sign and Date
Principal

Arabia Boys' Secondary School
Reports and Financial Statements For the year ended 30TH JUNE 2021

Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 30/6/2024	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
Sub-Total						
Supply Of Goods						
1. Foodstuff						
2. Meat						
Sub-Total						
Supply Of Services						
Sub-Total						

Annex 2 – Summary Of Fixed Assets Register

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

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2023
Land 1						
Land 2						
Buildings And Structures						
Motor Vehicles (School Bus)	1/7/2015	Arabia	3,150,000.00	NIL	NIL	3,050,000.00
Office Equipment, Furniture and Fittings						
ICT Equipment, And Other ICT Assets	4/4/2019	Arabia	650,000.00	NIL	NIL	607,860.00
Tools And Apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage And Cultural Assets						
Intangible Assets- Soft Ware	10/4/2016	Arabia	94,800.00	NIL	NIL	100,000.00
Total			3,894,800.00			3,757,860.00