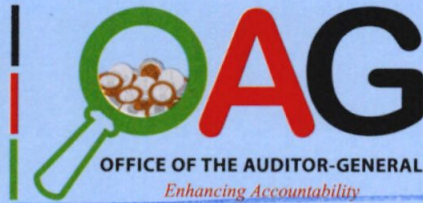


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 29 JUL 2026

DAY.
WED.

TABLED
BY

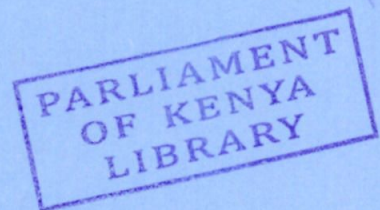
Hon. Robert p...se

CLERK-AT
THE-TABLE

T. Lemerulle.

THE AUDITOR-GENERAL

ON



LANET SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2023**

NAKURU COUNTY





LANET SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Table of Contents

Page

1. Acronyms and Glossary of Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	vii
4. Statement of School Management Responsibility	xiii
5. Report Of The Independent Auditors (<i>To be attached</i>)	xiv
6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023	1
7. Statement of Assets and Liabilities As At 30 th June 2023	2
8. Statement of Cash Flows for the Year Ended 30 th June 2023	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023	5
10. Significant Accounting Policies	10
11. Notes To The Financial Statements	12
12. Annexes	22

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

1. Acronyms and Glossary of Terms

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

2. Key School Information and Management

(a) Background information

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

The school was registered in **11/4/2022** under registration number **32S30000272** and is currently categorized as a Sub-County School established, owned or operated by the Government.

The school is a day mixed school and had number of students as at 30 June 2023. It has 6 streams in form 1 and 2, 5 streams in Form 3 and 4, and 45 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	Major General. J.M. Nkoimo	Chairman	23 rd May, 2022
2	Agnes Ann Awino	Secretary-Principal	23 rd May, 2022
3	George Kinyanjui	Member	23 rd May, 2022
4	Nancy Kinyanjui	Member	23 rd May, 2022
5	Alice Nganga	Member	23 rd May, 2022
6	Ruth Chepngeni	Six Parents/local community Reps	23 rd May, 2022
7	George Ndirai		23 rd May, 2022
8	George Mwaura		23 rd May, 2022
9	David Kanuri		23 rd May, 2022
10	Sammy Njoroge		23 rd May, 2022
11	Viginia Ngumba		23 rd May, 2022
12	Willy Kariuki	One County Education Board (CEB) Rep	23 rd May, 2022
13	Janet Ruto	One Teaching Staff Rep	23 rd May, 2022
14	Maj. Caren B. Makori	Three Sponsor Rep	23 rd May, 2022
15	WOI Harriet Anyonge		23 rd May, 2022
16	Maj (Fr) P K Korir		23 rd May, 2022
17	Judy Wairimu Mirangoh	Member Special Needs	23 rd May, 2022

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, 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

	Names of Members	Designation	Number of meetings attended during the year
Executive Committee	1. J.M. Nkoimo 2. Agnes Awino 3. Nancy Kinyanjui 4. George Mwaura 5. Alice Ng'ang'a	BOM Chairman Principal/Secretary Vice Chair Member PA chair	3
Audit Committee	1. David Kanuri 2. George Kinyanjui 3. Judy Wairimu 4. Ruth Chepngeni	Member PA Chair Member Member	1
Finance, procurement and general purposes Committee	1. J.M. Nkoimo 2. Agnes Awino 3. George Ndirai 4. Harriet Anyonge 5. George Kinyanjui	BOM Chair Principal/Secretary BOM Member PA Chair	1
Academic Committee	1. Janet Ruto 2. Willy Kariuki 3. Pastor Alice Nganga 4. Caren B. makori 5. Maj. Fr. P.K Korir	Deputy principal- Acd Member Member Member member	2
Development Committee	1. Virginia Ngumba 2. Anne Awino 3. Janet Ruto	Chair Person Principal Deputy principal	4

LANET SECONDARY SCHOOL

- Annual Report and Financial Statements For the year ended 30 June 2023

	4. Brig. J.M Nkoimo 5. George Kinyanjui	BOM Chairman PA Chair	
Discipline and welfare Committee	1. Judy Wairimu 2. Alice Nganga 3. Caren Makori 4. George Mwaura	Chair Person Member Member Member	1

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Agnes Anne Awino	311064
2	Deputies Principal	1. Samson gitau 2. Janet Ruto	373708 271915
3	School Bursar	Duncan gacheru	n/a

(e) Schools contacts

Post Office Box: 577-20100
Telephone: 0703111475
E-mail: lanetmixedhighschool@yahoo.com
Website: <http://www.lanetsecondaryschool.sc.ke>
Facebook: N/A
Twitter: N/A

(f) School Bankers

Provide details of the school bankers.

1. Name of Bank: National Bank
Branch: Nakuru
Account Number: 01025021073400 – Tuition
01025021174100- Operations
01021019829700- Lunch/BES-dormant
0102211383500 – Infrastructure
2. Name of Bank: Equity
Branch: Gate-House
Account Number: 013029940611 – lunch/ BES
0130267309024 – School Bus
0130279015064 - CDF
3. MPESA Pay Bill No. 247247 Account No 611940#ADM.NO attached to
013029940611 Equity bank account

(g) Independent Auditors

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

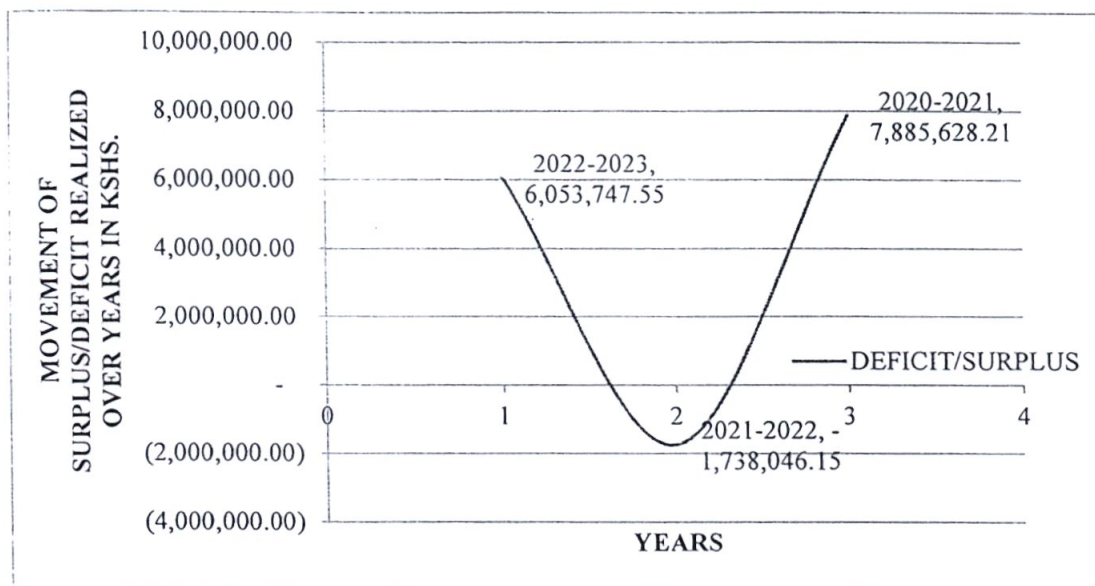
3. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

(a) Financial performance:

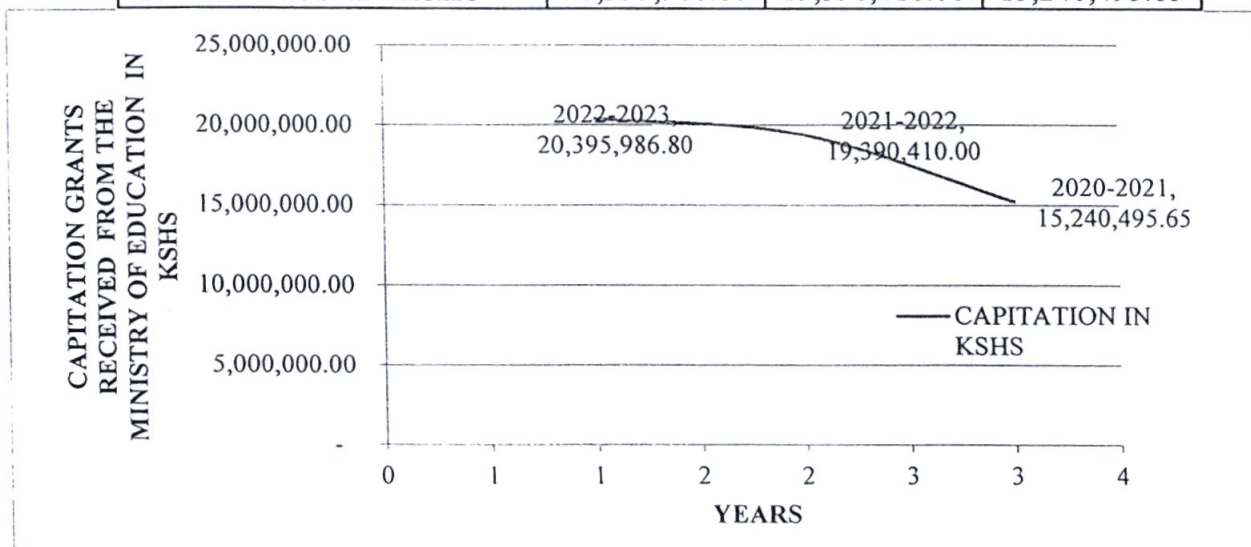
- Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	2022-2023	2021-2022	2020-2021
SURPLUS/DEFICIT IN KSHS	6,053,747.55	(1,738,046.15)	7,885,628.21



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

YEAR	2022-2023	2021-2022	2020-2021
CAPITATION IN KSHS	20,395,986.80	19,390,410.00	15,240,495.65

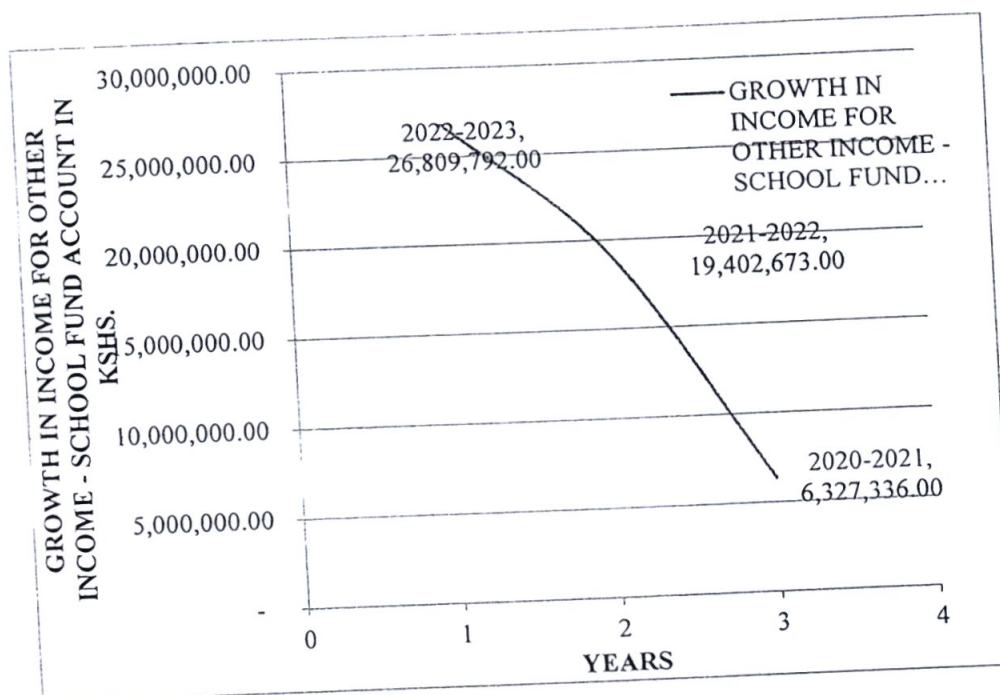


- A three-year overview of growth of other income(s) earned by the school.

LANET SECONDARY SCHOOL

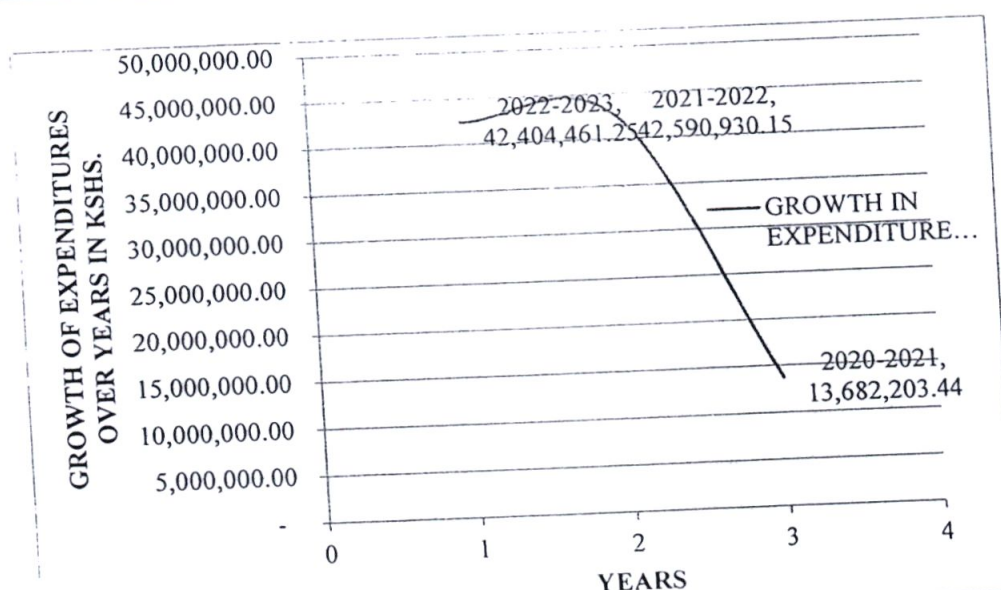
- Annual Report and Financial Statements For the year ended 30 June 2023

YEARS	2022-2023	2021-2022	2020-2021
GROWTH IN INCOME FOR OTHER INCOME - SCHOOL FUND ACCOUNT	26,809,792.00	19,402,673.00	6,327,336.00



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

YEARS	2022-2023	2021-2022	2020-2021
GROWTH IN EXPENDITURE IN KSHS.	42,404,461.25	42,590,930.15	13,682,203.44

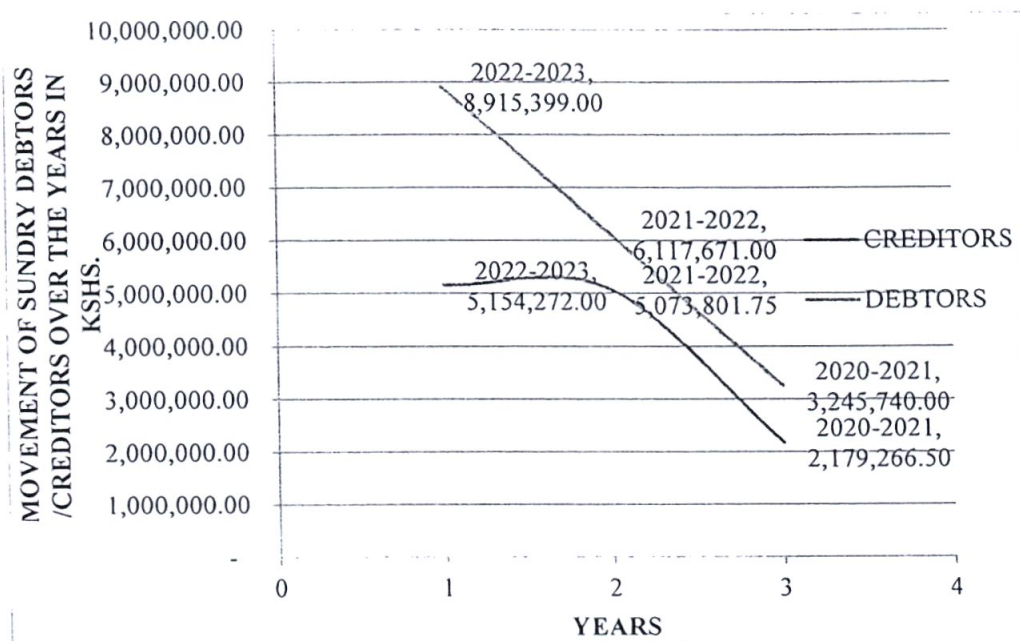


- Movement of debtors and creditors of the school over the last three years

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

YEARS	2022-2023	2021-2022	2020-2021
CREDITORS	5,154,272.00	5,073,801.75	2,179,266.50
DEBTORS	8,915,399.00	6,117,671.00	3,245,740.00



(b) Teacher Student ratio:

Ration of teachers to students is 1: 33

Posted Teachers during the year 2022/2023:-

1. MARY KAMUNGE	-	TSC.NO. 350602
2. CATHERINE KWAMBOKA	-	TSC:NO: 481095
3. BEATRICE WANJIRU	-	TSC.NO 497247
4. NAOMI MANOTI	-	TSC.NO 537595
5. JOHN RUKWARO	-	TSC.NO 334050
6. GEORGE NYAIGERO	-	TSC.NO 382089
7. MERCY MUSANGA	-	TSC.NO. 569455

Bom Teachers – 5 - Female 4 Male 1

TSC teachers 40 Female 25 male 15

Shortage in priority

Maths/Bss	-	3
Phy/Maths	-	3
Maths/Bio	-	2
Chem/Phy	-	2
Maths/Geo	-	2

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Kisw/CRE -	2
Geo/CRE/His -	2
Eng/Lit -	2
Agri/Bio -	1
Hsc/Bio -	2
French/Eng -	1
Kisw/Hist -	1
Comp/Any other -	1
Total -	26

(c) Mean score in the 2022 KCSE:

YEAR	ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	M.SC	DEV
2022	222	0	0	0	3	2	9	12	25	31	43	89	8	3.3424	-0.1443
2021	187	0	0	1	0	5	4	11	16	35	62	49	4	3.486	-0.6274
2020	158	0	0	1	1	4	6	11	32	41	43	19	0	4.1139	-0.3721

Transition to higher Education

2022	C+ and above -	14 students
2021	C+ and above -	10 students
2020 -	C+ and above -	12 students
2019	C+ and above -	24 students

(d) Number of Candidates in the 2023 KCSE:

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

2022	222
2021	187
2020	158

(e) Capacity of the school:

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

INFRASTRUCTURE

1. Class rooms - 15

Shortfall - 8

2. Laboratories

		<u>Available</u>	<u>Shortfall</u>
Science	(each for 60 student	3	1
Home Science	(Capacity of 45 students)	1	1(Bigger and appropriate)
Computer	(Capacity of 30 Students)	1	1(Bigger)
3. Library capacity to	(Capacity of 50 students)		1 1(Bigger, More than 200 students)
4. Geography room		N/A	
5. French room		N/A	
6. Kitchen		Semi permanent	
7. Multipurpose Hall (Hall and Kitchen) -Paused at foundation level.			
8. Water sources – Rain water, Kenya Military Academy piped water (rationed) and water bowsers.			
There is a need for borehole, urgently .			

9. Sanitation:

Boys' toilet = 16

Boys' Special need toilets – 1door

Girls Toilets = 18

TOTAL 34

Staff toilets - male – 5

Female -4

TOTAL 9

Washing hand points – 45 taps

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2023

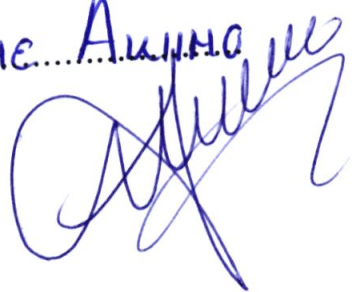
(f)

(g)

(h) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
9 no of classrooms	MOE	stalled	11,529,135.00	8,038,595.00	2024
Multipurpose hall	MOE	stalled	14,453,609.00	4,730,865.00	2024

AGNES ANNE ANJIMO
 School Principal



LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

3. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

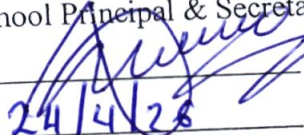
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

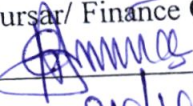
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of **LANET 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, 2023, and of the school's financial position as at that date.

Name: **MAJOR GENERAL J.M NKOIMO**
Designation: Chairman, School Board of Management
Sign: 
Date: 24/4/26

Name: **AGNES ANNE AWINO**
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 24/4/26

Name: **DUNCAN GACHERU KARIUKI**
Designation: Bursar/ Finance Officer
Sign: 
Date: 24/4/26

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 LANET SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – NAKURU COUNTY

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such schools are applied for intended purpose.
- 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, the risk management environment, and the 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 Lanet Secondary School set out on pages 1 to 21, which comprise of the statement of assets and liabilities as at

30 June, 2023, and the statement of receipts and payments, statement of cash flows, statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lanet Secondary School as at 30 June, 2023, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracy in the Statement of Receipts and Payments

The statement of receipts and payments the following variances;

	Note	Ledger Balance (Kshs.)	Financial Statements Amount (Kshs.)	Variance (Kshs.)
Government Grants on Operations	2	15,417,905	11,084,801	4,333,105
Government grants on Infrastructure	3	0	5,564,000	(5,564,000)
School Fund Income- Parent Contribution	4	18,789,441	26,809,792	-8,020,351
Payments for Tuition	6	3,116,832	4,977,185	(1,860,353)
Payments for Operations	7	11,266,189	11,845,509	(579,320)
Payments for Infrastructure	8	3,742,063	5,223,555	1,481,492
Boarding and School Fund Payments	9	18,457,989	20,358,212	(1,900,223)

Further, Note 8 to the financial statements reflects Kshs.5,223,555 in respect to payment for infrastructure. However, the corresponding note reflect Kshs.5,564,000 resulting in an unexplained and unreconciled variance of Kshs.340,445.

In the circumstances the accuracy and completeness of the statement of receipts and payments could not be confirmed.

2.0 Inaccuracy in Accounts Payable Balance

The statement of assets and liabilities reflects accounts payables balance of Kshs.5,154,272 as disclosed in Note 14 to the financial statements. However, the ledger reflects a balance of Kshs.7,036,176 resulting in an unexplained and unreconciled variance of Kshs.1,881,904.

In the circumstances, the accuracy and completeness of the accounts payable balance of Kshs.5,154,272 could not be confirmed.

3.0 Unsupported Accounts Receivable Balance

The statement of assets and liabilities reflects accounts receivable balance of Kshs.8,915,399 as disclosed in Note 13 to the financial statements. However, the ledger and the detailed aging analysis supporting the fees arrears exceeding one (1) year of Kshs.4,447,222 was not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.8,915,399 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lanet Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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 judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on pages iii to xiii which comprise of Key School Information and Management, Summary Report of Performance of the School, and the 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. Based on the audit procedures performed and the matters described in

my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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 thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. The statement of cash flows is presented in both the direct and indirect methods instead of the recommended direct method only;
- ii. Further, net cashflows from investing activities reflect Kshs.5,564,000 in respect to acquisition of assets as a cash inflow instead of a cash outflow;
- iii. In the Summary Report on the School's Performance section, "development projects carried out by the school" has been incorrectly presented as subsection (h) instead of subsection (f). Further, subsections (f) and (g) contain no narration and therefore should not have been included in the report;
- iv. The Statement of School Management Responsibility provides for the signatures of the Chairman of the School's Board of Management, the School Principal, and the Bursar. However, the designated signature slot for the School Principal was not signed;
- v. In the statement of budgeted versus actual amounts, the subtotals for capitation grant on tuition, capitation grant on operations, government grants for infrastructure, school fund – parent contribution, expenditure for tuition, expenditure for operations, and expenditure for infrastructure have been omitted.
- vi. The statement of budgeted versus actual amounts does not contain a column for budget utilisation;
- vii. The approved financial reporting template for public secondary schools for the 2022–2023 financial year includes 'other important disclosures' under the notes to

the financial statements, requiring disclosure of stock/inventory items held by the School at the end of the financial period. However, both the stock items and their corresponding monetary values were omitted.

In the circumstances, Management did not comply with the PSASB guidelines.

2. Late submission of Financial Statements to the Auditor-General

During the year under review, the School Management submitted their financial statement to the Office of the Auditor General on 12 April, 2024 contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. These financial statements have been audited as a result of a proactive initiative by the Auditor-General.

In the circumstances, Management did not comply with the PSASB guidelines.

3. Irregularities in Procurement Processes

3.1 Unstructured Procurement Processes

The statement of receipts and payments reflects total payments amounting to Kshs.42,404,461. However, Management did not provide for audit verification the requisite procurement documents, including the tender register; tender opening committee appointment letters and minutes; tender evaluation committee appointment letters and minutes; preliminary tender evaluation checklists; individual technical and financial evaluation score sheets; acceptance letters of award by the successful bidders; signed contracts or local purchase orders; and professional opinions, thereby limiting the ability to verify compliance with procurement procedures.

In the circumstances, Management was in breach of the law

3.2 Lack of a Functional Procurement Unit

The School did not have a formal procurement function managed by a 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. Instead, procurement activities were carried out by individuals without the necessary qualifications, thereby exposing the School to the risk of applying inappropriate procurement methods.

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

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

The statement of receipts and payments reflects operations payments amount of Kshs.11,845,509 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.1,269,100 paid 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.1,269,100 could not be confirmed.

5. Lack of an Approved Procurement Plan

The statement of receipts and payments reflects total payments of Kshs.42,404,461. However, Review of the procurement processes of the School revealed that there was no approved procurement plan that outlines the procurement procedures for the school such as; -

- a) A schedule of the planned delivery, implementation or completion dates for all goods, works, or services;
- b) The sources of funds;
- c) A master procurement schedule, showing the target dates for procurement related activities and the actual progress;
- d) An allocation reserved to youth, women and people living with disabilities.
- e) The procurement method to be used.

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

6. Failure to Open Separate Bank Account

The statement of receipts and payments reflects miscellaneous incomes of Kshs.1,252,430 as disclosed in Note 5 to the financial statements. Included in this amount are Kshs.868,280 and Kshs.384,150 relating to income from farming activities and bus hire, respectively. However, review of revenue records revealed that the miscellaneous income was receipted and banked into the savings account which is designated for gratuity funds and related expenses. Further, Management did not open or operate a separate bank account contrary to 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 to open separate bank accounts for the same.

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

7. Irregularities in Procurement Process for Construction of Classrooms

The statement of receipts and payments reflects infrastructure payments of Kshs.5,223,555 as disclosed in Note 8 to the financial statements. Records availed for audit indicate that the School awarded a contract on 31 July, 2020 for the construction of a Multi-Purpose Hall within the School. The Minutes of the School Infrastructure Committee meeting held on 15 September, 2021, indicated that the same contractor was awarded additional works for the construction of a nine (9) classroom tuition block. A

formal contract was later signed on 26 July, 2022 for the construction of the nine classrooms at a contract sum of Kshs.30,170,817 (Kshs.23,473,710 for materials and Kshs.6,697,107 for labour). Review of tender and procurement documents revealed the following anomalies:

- i. The additional works were awarded without subjecting the procurement to a competitive process. This amounts to direct procurement (single sourcing) without evidence that the conditions set out under Section 103(1) and (2) of the Public Procurement and Asset Disposal Act, 2015 were met. The Act provides that direct procurement may only be used where justified and not for the purpose of avoiding competition.
- ii. The School awarded the tender to the contractor without conducting due diligence on the National Construction Authority Certificate. The contractor provided a Category 8 certificate that allows bidding for tenders valued up to Kshs.10 million, while the contract sum was Kshs.30,170,817, in breach of Section 83(1) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances Management was in breach of law.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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, and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the year under review, the School did not constitute an internal audit unit and an audit committee as required by Section 73 Subsection (1) (a), and Subsection 5 of the Public Finance Management Act 2012 which state that every national government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board and that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

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

2. Lack of Risk Management Policy

Review of documents revealed that the School does not have a formally documented and approved Risk Management Policy. There is no structured framework in place to identify, assess, monitor, and mitigate risks across operational, financial, strategic, and compliance areas.

In the circumstances, the School is exposed to heightened operational, financial, and compliance risks due to the absence of a structured framework for identifying, assessing, and managing risks.

3. Weaknesses in Information Technology Internal Controls

The review of Information Communication Technology (ICT) revealed that the School did not have in place the following controls in regards to Information Technology (IT):

- a) Documented policies which cover physical access to IT environments;
- b) Disaster management and recovery policies including fire suppression systems;
- c) An IT steering committee and IT strategic committee;
- d) Lack of a duly signed contract between the Accounting System vendor and the School; and
- e) Business continuity plan and the IT continuity plan including an off-site back up plan.

In the circumstances, the School is exposed to significant risks including loss or compromise of data, disruption of critical operations and inability to promptly recover from disasters or system failures, which may adversely affect service delivery and financial reporting.

4. Long Outstanding Accounts Receivable Balance

The statement of assets and liabilities reflects accounts receivable balance of Kshs.7,146,905 in respect of fees arrears as disclosed in Note 13 to the financial statements. However, included in the balance are receivables amounting to Kshs.6,707,397 which had been outstanding for more than one (1) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivable balance.

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

5. Non-Disclosure of Summary of Fixed Assets Register in the Financial Statements

Annex 2 to the financial statements presents a summary of the fixed asset register which does not indicate the date of purchase. Further, the columns for disposals during the year

and historical cost carried forward were omitted, while the columns for location, historical cost brought forward, and additions during the year were blank.

In addition, review of the School records revealed that the School is situated in a parcel of land measuring 508.1 hectares. This land was issued to the Cabinet Secretary, National Treasury, with the Department of Defence designated as trustee of the land. The School is situated within this parcel of land measuring 508.1 hectares. Further review of the deed plan indicated that the School was allocated 16.786 acres within the larger parcel. However, as at the time of audit, the School did not possess a title deed in its name, as the portion occupied by the School had not been surveyed and delineated from the mother title.

In the circumstances, the transfer of the title deed was still pending and ownership 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 Board of Management

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Schools ability to sustain its services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or 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 are in compliance 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 Schools financial reporting process, reviewing the effectiveness of how the 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

14 May, 2026

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2023

Description Of Vote Head	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Government grants for tuition	1	3,747,186.25	3,614,673.80
Government grants for operations	2	11,084,800.55	9,789,236.20
Government Grants for infrastructure	3	5,564,000.00	5,986,500.00
School fund income- parents' contributions	4	26,809,792.00	19,402,673.00
Miscellaneous incomes	5	1,252,430.00	2,059,801.00
Total Receipts		48,458,208.80	40,852,884.00
Payments			
Tuition	6	4,977,185.25	3,574,184.75
Operations	7	11,845,509.00	10,001,321.10
Infrastructure	8	5,223,555.00	9,769,888.00
Boarding and school fund	9	20,358,212.00	19,245,536.30
Total Payments		42,404,461.25	42,590,930.15
Surplus/Deficit		6,053,747.55	(1,738,046.15)

The school financial statements were approved on _____ 2023 and signed by:

Name: NANCY KINYAMTU

Chairman, BoM

Sign: [Signature]

Date: 24/4/26

Name: Agnes Anne Awino

School Principal/
Secretary to BoM

Sign: [Signature]

Date: 24/4/26

Name: DUNCAN GACHERU

Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/26

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

6. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS			
Bank balances	10	3,809,492.06	466,922.26
Cash balances	11	686,973.70	693,053.70
Short term investments	12	-	-
Total cash and cash equivalent		4,496,465.76	1,159,975.96
Account's receivables	13	8,915,399.00	6,117,671.00
TOTAL FINANCIAL ASSETS		13,411,864.76	7,277,646.96
FINANCIAL LIABILITIES			
Accounts payables	14	5,154,272.00	5,073,801.75
NET FINANCIAL ASSETS		8,257,592.76	2,203,845.21
REPRESENTED BY			
Accumulated fund b/fwd	15	2,203,845.21	3,941,891.36
Surplus/deficit for the year		6,053,747.55	(1,738,046.15)
NET FINANCIAL POSITION		8,257,592.76	2,203,845.21

The school financial statements were approved on _____ 2023 and signed by:

Name: NANCY KINYANTUI
Chairman, BOM

Sign: [Signature]

Date: 24/4/26

Name: Agnes Anne Awino
School Principal/
Secretary to BOM

Sign: [Signature]

Date: 24/4/26

Name: DUNAN GACHERU
Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/26

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2023

7. **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

Description	Note	2022-2023 Kshs	2021-2022 Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		3,747,186.25	3,614,673.80
Government grants for operations		11,084,800.55	9,789,236.20
Government grants for infrastructure		5,564,000.00	5,986,500.00
School fund income- parents contributions/ fees		26,809,792.00	19,402,673.00
Other income		1,252,430.00	2,059,801.00
Total receipts		48,458,208.80	40,852,884.00
Payments			
Cash outflows for tuition		4,977,185.25	3,574,184.75
Cash outflows for operations		11,845,509.00	10,001,321.10
Cash outflows Boarding/lunch and school fund payments		20,358,212.00	19,245,536.30
Total payments		37,180,906.25	32,821,042.15
Net cash inflow/outflow from operating activities		11,277,302.55	8,031,841.85
Adjusted for:			
Changes in Receivables		(2,797,728.00)	(2,871,931.00)
Changes in Payables		80,470.25	2,894,535.25
Cash flow from investing activities			
Acquisition of assets		5,564,000.00	9,769,888.00
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		5,564,000.0	9,769,888.00
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from financing activities		-	-
Net increase/decrease in cash and cash equivalents		3,336,489.80	(1,715,441.90)
Cash and cash equivalent at beginning of the FY		1,159,975.96	2,875,417.86
Cash and cash equivalent at end of the FY		4,496,465.76	1,159,975.96

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

The school financial statements were approved on _____ 2023 and signed by:

Name: NANCY KINYANJUI
Chairman, BOM

Sign: [Signature]

Date: 24/4/26

Name: Agnes Anne Awino
School Principal/
Secretary to BOM

Sign: [Signature]

Date: 24/4/26

Name: DUNCAN GAGHERU
Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/26

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

8. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) <i>Capitation Grant on Tuition</i>					
Reference Materials	48,950.00	-	48,950.00	-	0%
Exercise Books	990,500.00	-	990,500.00	667,100.00	67%
Laboratory Equipment	604,967.00	-	604,967.00	497,395.00	82%
Internal Exams	258,556.00	-	258,556.00	391,900.00	152%
Teaching / Learning Materials	596,520.00	-	596,520.00	702,022.50	118%
Chalk & Dusters	40,855.00	-	40,855.00	-	0%
(2) <i>Capitation Grant on Operations</i>					
Personnel Emoluments	3,615,664.00	-	3,615,664.00	4,349,480.00	120%
Repairs And Maintenance	-	-	-	-	
Local Transport / Travelling	746,986.00	-	746,986.00	460,634.00	62%
Electricity And Water	887,000.00	-	887,000.00	366,790.37	41%
Medical	240,200.00	-	240,200.00	163,600.00	68%
Administration Costs	1,005,650.00	-	1,005,650.00	843,978.05	84%
Activity	517,000.00	-	517,000.00	469,046.00	91%
Gratuity	-	-	-	-	
3) <i>FDSE for infrastructure</i>					
Maintenance & Improvement MoE	4,085,000.00	-	4,085,000.00	3,337,580.00	82%
M&I parents' contribution	-	-	-	-	
Economic Stimulus Programs	-	-	-	-	
Transition Infrastructure Grants	-	-	-	-	

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Administration Block	-	-	-	-	
<i>(4) Fees Charged on Parents</i>					
Personnel Emoluments	-	-	-	-	
Repairs And Maintenance	-	-	-	-	
Local Transport / Travelling	-	-	-	-	
Electricity And Water	-	-	-	-	
Medical	-	-	-	-	
Administration Costs	-	-	-	-	
Activity	-	-	-	-	
SMASSE	-	-	-	-	
Fee On Boarding Equipment and Stores	14,890,000.00	-	14,890,000.00	15,653,432.00	105%
<i>5) Miscellenous Income</i>					
Loans / Borrowing	-	-	-	-	
Rent income	-	-	-	-	
Income From Farming Activities	-	-	-	-	
Insurance Compensation	-	-	-	-	
Income From Posho Mill	-	-	-	-	
Income From Bus Hire	-	-	-	-	
Fee For Hire of Ground and Equipment	-	-	-	-	
Interest Income	-	-	-	-	
Income From Any Other Investment	-	-	-	-	
Total Income	28,527,848.00	-	28,527,848.00	27,902,957.92	98%

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2023

<i>(6) Expenditure For Tuition</i>					
Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
	-	-	-	-	
Textbooks	48,950.00	-	48,950.00	17,040.00	35%
Reference Materials	990,500.00	-	990,500.00	667,100.00	67%
Exercise Books	604,967.00	-	604,967.00	441,050.00	73%
Laboratory Equipment	258,556.00	-	258,556.00	376,000.00	145%
Internal Exams	596,520.00	-	596,520.00	1,081,682.00	181%
Teaching / Learning Materials	40,855.00	-	40,855.00	-	
Chalks	-	-	-	-	
Exams And Assessment	-	-	-	-	
Teachers Guides	-	-	-	-	
Administration Costs	-	-	-	5,169.60	0
Bank Charges	-	-	-		
<i>(7) Expenditure For Operations</i>					
Personnel Emoluments	3,615,664.00	-	3,615,664.00	3,518,559.00	97%
Repairs, Maintenance & Improvements	-	-	-	30,000.00	
Local Transport / Travelling	746,986.00	-	746,986.00	721,300.00	97%
Electricity, Water and Conservancy	887,000.00	-	887,000.00	306,715.00	35%
Medical	240,200.00	-	240,200.00	-	0%
Administration Costs	1,005,650.00	-	1,005,650.00	1,277,800.00	127%
Activity Expenses	517,000.00	-	517,000.00	410,612.00	79%
Gratuity	-	-	-	-	
SMASSE	-	-	-	-	
Bank Charges	-	-	-	10,950.00	0

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

<i>(8) Expenditure For infrastructure</i>					
Construction of classrooms	4,085,000.00	-	4,085,000.00	3,290,920.00	81%
Construction of LAB	-	-	-	-	
Construction of DORMS	-	-	-	-	
Purchase of furniture	-	-	-	-	
Purchase of equipment	-	-	-	-	
Purchase of machinery	-	-	-	-	
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments	-	-	-	-	
Repairs, Maintenance and Improvements	-	-	-	-	
Local Transport / Travelling	-	-	-	-	
Electricity, Water and Conservancy	-	-	-	-	
Medical Expenses	-	-	-	-	
Administration Costs	-	-	-	-	
Activity	-	-	-	-	
Gratuity	-	-	-	-	
Lunch Programme	14,890,000.00	-	14,890,000.00	15,870,403.00	107%
Boarding Equipment and Stores	-	-	-	-	-
Expenditure For Income Generating Activity	-	-	-	-	-
Insurance Costs	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-
Rent Expenses	-	-	-	-	-
Bank Charges	-	-	-	20,120.00	-
Loan Interest Repayment	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Acquisition Of Assets	-	-	-	-	-
Totals	28,527,848.00	-	28,527,848.00	28,045,420.60	98%

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

- There was increase in enrolment leading to more funds received enabling over expenditure.
- The school had been under funded by the ministry of education leading to less funds received.

9. 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 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*. 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.

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.

Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2023.

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2023

10. **NOTES TO THE FINANCIAL STATEMENTS**

1 **Government Grants for Tuition**

Description	2022-2023	2021-2022
	Kshs	Kshs
Reference Materials	187,359.00	36,147.00
Exercise Books	412,191.00	1,265,136.00
Laboratory Equipment	524,606.25	722,935.00
Internal Exams	1,836,121.00	469,908.00
Teaching / Learning Materials	786,909.00	1,084,400.80
Chalk & Dusters	-	36,147.00
Total	3,747,186.25	3,614,673.80

2 **Government Grants for Operations**

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	3,562,408.00	2,867,891.00
Repairs And Maintenance	-	-
Local Transport / Travelling	2,816,384.00	1,433,945.10
Electricity And Water	631,405.00	1,338,349.10
Medical	135,800.00	226,600.00
Administration Costs	3,017,485.00	3,270,851.00
Activity	921,318.55	651,600.00
Other Vote Heads	-	-
Total	11,084,800.55	9,789,236.20

3 **Government Grants for infrastructure**

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	5,564,000.00	5,986,500.00
Transition infrastructure grants	-	-
Administration Block	-	-
Economic stimulus grants	-	-
Other Vote Heads	-	-
Total	5,564,000.00	5,986,500.00

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

4 School Fund Income - Parents Contribution/Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	-	-
Repairs and maintenance	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
Fee on Boarding Equipment and stores	26,809,792.00	19,402,673.00
PA Levies*	-	-
Others (specify)	-	-
Total	26,809,792.00	19,402,673.00

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Rent Income	-	-
Income From Farming Activities	868,280.00	1,037,601.00
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	384,150.00	1,022,200.00
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
Loans/Borrowings*	-	-
Other Income (specify)*	-	-
Total	1,252,430.00	2,059,801.00

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Exercise books	1,357,090.00	1,370,758.00
Textbooks and reference materials	-	-
Reference Materials	659,445.00	-
Laboratory equipment	790,478.25	853,185.75
Internal exams	1,515,380.00	599,290.00
Teaching / learning materials	654,792.00	715,651.00
Exams and Assessment	-	-
Teachers guides	-	35,300.00
Bank Charges	-	-
Chalks	-	-
Total	4,977,185.25	3,574,184.75

7 Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	3,562,408.00	2,662,260.00
Service Gratuity	-	-
Administration Cost	3,017,485.00	3,270,851.00
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	2,525,098.00	1,344,719.10
Electricity And Water	1,207,925.00	1,910,819.00
Medical	130,215.00	-
Activity Expenses	1,399,578.00	651,600.00
Insurance Cost	-	161,072.00
Bank Charges	2,800.00	-
Total	11,845,509.00	10,001,321.10

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	5,564,000.00	9,769,888.00
Construction of laboratory		
Construction of dormitory	-	-
Purchase of furniture	-	-
Purchase of equipment	-	-
Purchase of apparatus	-	-
Drilling of boreholes	-	-
Construction of Library	-	-
Total	5,564,000.00	9,769,888.00

9 Boarding and School Fund

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	-	-
Service Gratuity	-	-
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical Expenses	-	-
Administration Costs	-	-
Lunch Programme	18,465,924.00	16,739,524.30
Bank Charges	314,139.00	-
Expenses On Income Generating Activities	1,578,149.00	2,506,012.00
Fee On Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (<i>Life Property</i>)	-	-
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
PA expenses	-	-
Others (specify)	-	-
Total	20,358,212.00	19,245,536.30

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Bank Accounts

Account Name & Currency	Status Active/Dormant	Bank Account Number	2022-2023	2021-2022
			Kshs	Kshs
Tuition Account	Active		428,457.55	51,761.30
Operations Account	Active		1,110,863.85	17,107.30
School Fund Account/Boarding	Active		1,196,255.66	338,746.66
Savings Account	Active		641,521.00	36,448.00
Parent Association Development Account			-	-
Income Generating Activities Account			-	-
Infrastructural Account	Active		432,394.00	22,859.00
Total			3,809,492.06	466,922.26

11 Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Notes and Coins	686,973.70	693,053.70
Total	686,973.70	693,053.70

12 Short Term Investments

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	8,877,899.00	6,086,671.00
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	37,500.00	31,000.00
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
Total	8,915,399.00	6,117,671.00

13 b Ageing Analysis of Accounts Receivable

Description	2022 - 2023		2021 - 2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	4,430,677.00	49.91%	3,829,411.00	62.91%
Between 1- 2 years	2,189,962.00	24.67%	55,600.00	0.91%
Between 2-3 years	898,260.00	10.12%	1,243,760.00	20.43%
Over 3 years	1,359,000.00	15.31%	957,900.00	15.74%
Total (should tie to note 13 a)	8,877,899.00	100.00%	6,086,671.00	100%

14 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	4,154,305.00	4,648,745.75
Prepaid Fees	999,967.00	425,056.00
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables (specify)	-	-
Total	5,154,272.00	5,073,801.75

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14a. Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 Year	4,154,305.00	100%	4,648,745.75	100%
Between 1 - 2 years			-	-
Between 2 - 3 years	-		-	-
Over 3 years	-	-	-	-
Total	4,154,305.00	100%	4,648,745.75	100%

15 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balances	466,922.26	2,632,804.86
Cash Balances	693,053.70	242,613.00
Short Term Investments	-	-
Receivables	6,117,671.00	3,245,740.00
Payables	(5,073,801.75)	(2,179,266.50)
Total	2,203,845.21	3,941,891.36

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

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.

16 Non-current Liabilities Summary

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
Total	-	-

17 Biological assets

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle	8	-	-
Goats	-	-	-
Trees	270	-	-
Coffee Or Tea Plantation	-	-	-
Poultry	30	-	-
Others (specify)	-	-	-
Total	308	-	-

18 Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Other important disclosure notes

19 Stock/ Inventory

Description	2022-2023	2021-2022
	Kshs	Kshs
Food stuffs	-	-
Lab consumables	-	-
Farm produce	-	-
Medication	-	-
Construction Materials	-	-
Others (specify)	-	-
	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

20 Progress on Follow up Of Auditor Recommendations

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

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

Sign and Date
Principal

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current 2021-2022	Outstanding Balance Comparative 2022-2023	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. classrooms		-	-	-		
Sub-Total		-	-	-		
Supply Of Goods						
2. Sankins Enterprises		22/2/2023			90,700.00	
3. Muspa investment		4/2/2023			237,100.00	
4. Atoms electrician		16/1/2023			85,830.00	
5. Kings and queens		13/10/2022			631,400.00	
6. Streamline concept		23/1/2023			293,300.00	
7. Ereto bookshop		13/10/2022			161,196.00	
8. Remo stationers and printers		9/12/2023			498,457.68	
9. Solvent enterprises		9/5/2023			90,000.00	
10. Unipro enterprises		5/4/2023			136,500.00	
11. Copyright digital		23/6/2023			16,500.00	

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current 2021-2022	Outstanding Balance Comparative 2022-2023	Comments
12. Faneli traders	24,400.00	22/6/2023			24,400.00	
13. Magjom Posho mill	7,700.00	16/6/2023			7,700.00	
14. Roadside Butchery	98,400.00	30/6/2023			98,400.00	
15. Grace Wangeci Mwangi	105,440.00	18/6/2023			105,440.00	
16. Narosher Enterprises	5,650.00	10/6/2023			5,650.00	
17. Alliance Technologies	177,150.00	18/1/2023			177,150.00	
18. Anne Daphine	63,400.00	17/5/2023			63,400.00	
19. Sosfurnis Enterprises	201,500.00	13/2/2023			201,500.00	
20. Atoms Electricals	33,270.00	15/5/2023			33,270.00	
21. Optimum Armour Security Group	54,000.00	30/6/2023	3,600.00		50,400.00	
22. Douglas Urani	38,500.00	30/6/2023			38,500.00	
23. H. Downing Ltd	6,650.00	30/6/2023			6,650.00	
Sub-Total						
Supply Of Services						
24. Collins lang'at	20,000.00	29/6/2023	2,000.00		18,000.00	
25. Taztazi holdings	4,086,961.42	14/3/2023	2,800,000.00		1,286,961.42	
26. Copy solutions	33,000.00		-		33,000.00	
Sub-Total						
Grand Total					<u>4,154,305.00</u>	

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20XX
Land 1 – Under Kenya Defence Forces	- 13Acres			
<i>Buildings and structures</i>				
- Classes	- 23			
- Laboratory	- 3			
- Abolition block	- 3			
- Kitchen	- 1			
- Administration Block	- 1			



LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Asset Class	Historical Cost at 1st July 2022 (KShs)	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost at 30th June 2023 (KShs)
- Library	- 1			
Motor vehicles -bus KCE 719D	1			
Office equipment, furniture and fittings				
- Student desks & chairs	1526			
- Teachers' desks & chairs	60			
- Office cabinets	5			
- Office safes	2			
ICT Equipment, and Other ICT Assets	-			
Tools and apparatus				
- Farm Tools	38			
- Laboratory apparatus	6273 pcs			
Textbooks, teachers guides & set books	19,241cps			
Other Machinery and Equipment				
Vegetable cutting machine	- 1			
Water dispensers	- 1			
Sewing machines	- 6			
freezer	- 1			
Heritage and cultural assets	-			
Intangible Assets – Soft Ware				



LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2023

Assets	Estimated Cost b/f (£KSDs) 1 July 2023	Additions during the year (£KSDs)	Disposals during the year (£KSDs)	Estimated Cost c/f (£KSDs) 30 June 20XX
- Accounts software	- 1			
- library software	- 1			
- Exam software	- 1			
Total	14,072			

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

