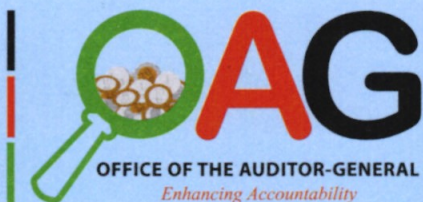


REPUBLIC OF KENYA

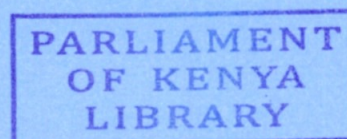


REPORT

		THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 JUN 2026		DAY: WED	
TABLED BY:	HON. NAOMI WARD, MP		
CLERK-AT THE-TABLE:	DEPUTY MAJORITY PARTY WHIP V. WAMBUI		

THE AUDITOR-GENERAL

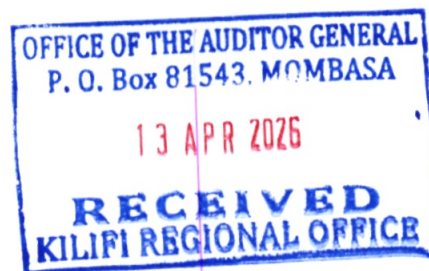
ON



RABAI SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

KILIFI COUNTY



Revised 30th June 2025.



Rabai Secondary School
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

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

Table of Contents	Page
1. Acronyms and Definition of Key Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	vi
4. Statement of School Management Responsibility	xiv
5. Report Of The Independent Auditors <i>(To be attached)</i>	xv
6. Statement Of Financial Performance for the Year Ended 30 th June 2025.....	1
7. Statement of Assets and Liabilities As At 30 th June 2025.....	2
8. Statement of Cash Flows for the Year Ended 30 th June 2025	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2025	5
10. Significant Accounting Policies.....	13
11. Notes To the Financial Statements	15
12. Annexes.....	28

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

1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)

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

2. Key School Information and Management

(a) Background information

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

The school was registered in 08/2008 under registration number GP/A/5055/08 and is currently categorized as a *Sub County* public school established, operated by the Government.

The school is a day school and had 1079 number of students as at 30th June 2025. It has 6 streams and 38 teachers of which 22 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	George Gona Kuza	Chairman	25/08/2022
2	Anderson Munga	Secretary - Principal	25/08/2022
3	Christine Chengo	Member	25/08/2022
4	Titus M. Lwambi	Member	25/08/2022
5	Washe Lewa Washe	Member	25/08/2022
6	George G, Chitsava	Member	25/08/2022
7	Eric Tinga Nyae	Member	25/08/2022
8	Ndune M, Hamisi	Member – Rep CEB	25/08/2022
9	Saumu Said	Member Rep Teachers	25/08/2022
10	Nancy Msundi	3 Members - Sponsor	25/08/2022
11	Bakari Saha	Member - Community	25/08/2022
12	Nzinga Saha	Member Special Needs	25/08/2022
13	Boniface Mwangi	Rep Students	01/7/2025

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

The functions of the School Board of Management are to:

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

(c) Committees of the Board

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

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Rev. George Kuza Anderson Munga Pingano Ngome Christine Chengo	Chaiperson Secretary PA Chairperson Member	3 out of 3
2	Audit Committee	Rev. Titus Lwambi Anderson Munga Nancy Musundi	Chaiperson Secretary PA Chairperson	3 out of 3
3	Finance,procurement and general purposes Committee	Rev. Titus Lwambi Anderson Munga Nancy Musundi	Chaiperson Secretary Member	3 out of 3
4	Academic Committee	Bakari Saha Saumu Said Hassan Nzinga	Chaiperson Secretary Member	3 out of 3
5	Development Committee	Hassan Nzinga Machoka Eunice Geaorge Kuza Saumu Mnyazi	Chaiperson Secretary Member Member	3 out of 3

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

		George Gonzi Anderson Munga	Member Member	
6	Discipline and welfare Committee	Eric Tinga Machoka Eunice Washe Lewa George Gonzi	Chaiperson Secretary Member Member	3 out of 3
7	Adhoc Committee (if any during the year)			

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

(d) School operation Management

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

Ref:	Designation	Name	Identification
1	Principal	Anderson Munga	TSC No.352669
2	Deputy Principal	Machoka Eunice	TSC No.578861
3	School Bursar	Arthur Kazikazi	ICPAK No. 23001160
4	Other (specify)		

(c) Schools contacts

Post Office Box: 17 Mazeras
Telephone: 0113559145
E-mail: rabaisc@bmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

Name of Bank: Family Bank
Branch Mombasa Nkrumah
Account Number 095000010959
Postal Address. 81630 Mombasa
Tuition Account

Name of Bank KCB Bank
Branch Mombasa Mvita
Account Number 1107933595
Postal Address. 83534 Mombasa
Operation Account

Name of Bank KCB Bank
Branch Mombasa Mariakani
Account Number 1125694661
Postal Address. 83534 Mombasa
Main Account

Name of Bank KCB Bank
Branch Mombasa Mariakani
Account Number 1276712286
Postal Address. 83534 Mombasa
Maintenance Account

Name of Bank KCB Bank
Branch Mombasa Mariakani

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

Account Number 114628333
Postal Address. 83534 Mombasa
Savings Account

(g) Independent Auditors

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

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

3. Summary Report of Performance of The School

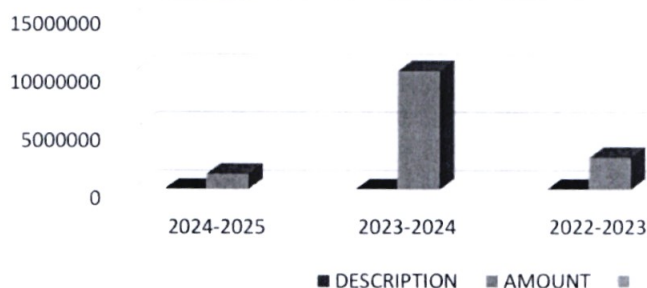
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

i) Surplus/deficit for the year and its comparison.

Year	DESCRIPTION	AMOUNT
2024-2025	SURPLUS	1,332,412
2023-2024	SURPLUS	10,211,228
2022-2023	DEFICIT	2,744,665

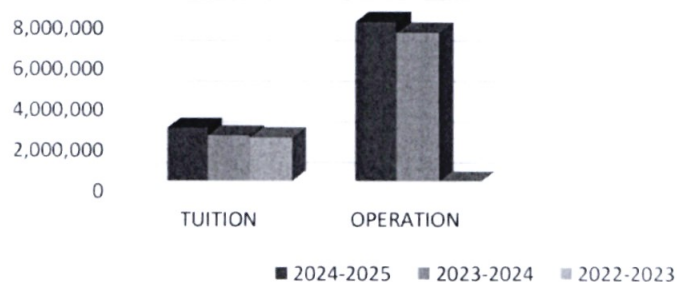
Surplus /Deficit for thr year



ii) Capitation Grant from Ministry.

ACCOUNT	2024-2025	2023-2024	2022-2023
TUITION	2,624,321	2,252,740	2,157,514
OPERATION	7,848,094	7,308,067	9,746,69

Capitation Grant from Ministry



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

iii) Capitation Grant per Student Ratio.

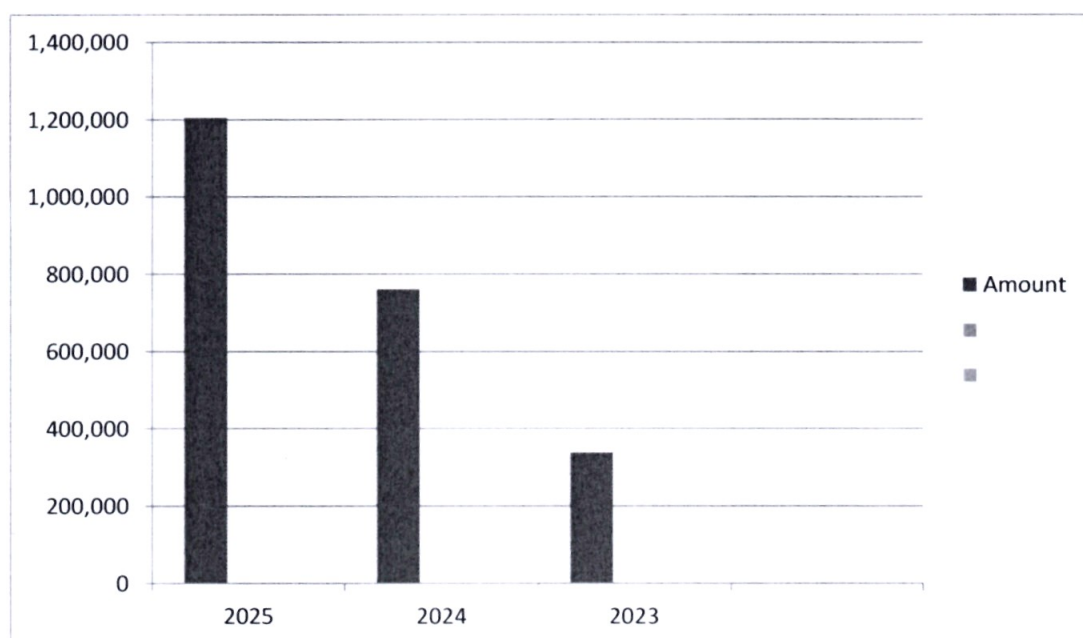
ACCOUNT	2025	2024	2023
TUITION	1:2962	1:2202	1:2738
OPERATION	1:12486	1:10589	1:12462

Capitation Grant per student Ratio



iv) A three – year overview of growth of other income (S) earned by school.

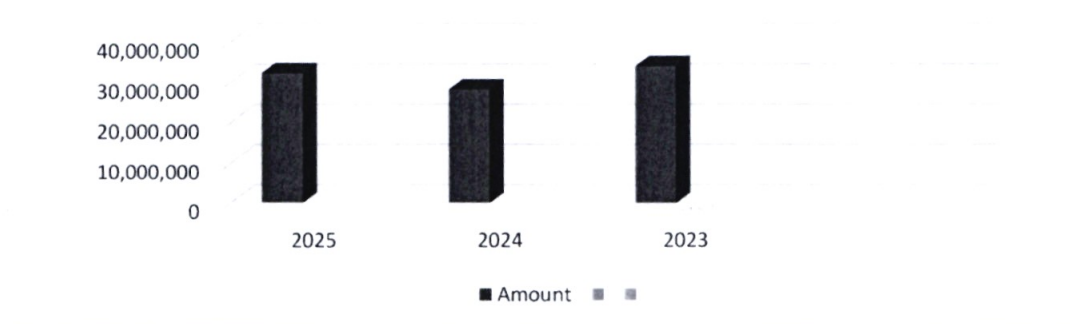
Year	Amount
2025	1,204,700
2024	760,000
2023	337,500



v) A three –year overview of growth in expenditure of the school.

Year	Amount
2025	32,376,441
2024	28,294,071
2023	34,021,871

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



vi) Movement of debtors and creditors of the school over the last three years.

DESCRIPTION	2025	2024	2023
DEBTORS	45,553,653	43,637,584	35,707,931
CREDITORS	665,380	705,936	1,089,806

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



vii) Movement of cash and bank balances over the last three years.

DESCRIPTION	2025	2024	2023
CASH BALANCES	50,513	64,653	19,412
BANK BALANCES	5,620,508	6,230,581	2,241,505

Movement of cash and bank balances over the last years.



b) Teacher student ration.

<i>Title</i>	<i>No.</i>
<i>Number of teachers</i>	<i>37</i>
<i>Number of students</i>	<i>1079</i>
<i>Ratio</i>	<i>1:29</i>
<i>Number of Teachers transferred</i>	<i>0</i>
<i>Number of Teachers employed by TSC</i>	<i>15</i>
<i>Number of Teachers employed by B.O.M</i>	<i>22</i>

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

<i>Number of Teachers per subject</i>	<i>Subject</i>	<i>No.</i>
	<i>Agriculture</i>	4
	<i>Biology</i>	5
	<i>Mathematics</i>	11
	<i>Physics</i>	5
	<i>Chemistry</i>	5
	<i>English</i>	7
	<i>Kiswahili</i>	9
	<i>Business studies</i>	4
	<i>Geography</i>	5
	<i>History</i>	4
	<i>C.R.E</i>	3
	<i>I.R.E</i>	3
	<i>Computer Studies</i>	1
	<i>French</i>	1

c) Mean score in the 2024 KCSE

Year	No. Candidates	Mean score	School's set score	No of students to university	Comments
2024	223	3.3587	4.0 (D+)	4	Improved performance but 4 students proceeded to university
2023	214	3.1636	4.0 (D+)	4	A drop in performance but 4 students proceeded to university
2022	208	3.317	4.0 (D+)	5	Improved performance but 5 students proceeded to university

d) Number of Candidates in the 2024 KCSE

Year	No. of candidates
2024	223
2023	214
2022	208

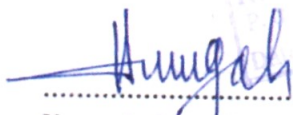
Annual Report and Financial Statements For the year ended 30th June 2025

e) Capacity of the school

No. of students	Facility	Quantity
1079	Dining hall	0
1079	Laboratory	4
1079	Library	1
1079	Toilets	32
1079	Dormitories	0

f) Development projects carried out by the school:

LIBRARY	MOE	ON GOING	2,707,244	2,402,648	31ST DEC.2024
RENOVATION OF SCHOOL BUILDINGS	MOE	COMPLETED	819,962	819,962	31 ST DEC 2024


.....

School Principal

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

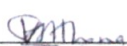
4. Statement of School Management Responsibility

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

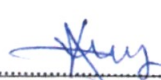
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

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

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


.....
Name: George Kuza
Designation: Chairman, School Board of Management
Date: 11/03/2026


.....
Name: Anderson Munga
Designation: School Principal & Secretary to Board of Management
Date: 11/03/2026


.....
Name: Arthur Kazikazi
Designation: Bursar/ Finance Officer
Date: 11/03/2026

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 RABAI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 - KILIFI COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional IPSAS financial statements of Rabai Secondary School set out on pages 1 to 27, which comprise of the statement of assets

Report of the Auditor-General on Rabai Secondary School for the year ended 30 June, 2025- Kilifi County

and liabilities as at 30 June, 2025, and the statement of financial performance, statement of cash flows and statement of budgeted versus actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Variance in the Financial Statements

- (i) The statement of financial performance reflects total expenditure of Kshs.28,794,071 in the 2023/2024 comparative column in the financial statements for the year ended 30 June, 2025. However, the recomputed total expenditure amounts to Kshs.28,294,071 resulting to a variance of Kshs.500,000. Further, the total expenditure of Kshs.28,794,071 in the 2023/2024 comparative column in the financial statements for the year ended 30 June, 2025 differs with total expenditure amount of Kshs.28,294,071 in the 2023/2024 financial statements resulting to a variance of Kshs.500,000.
- (ii) The statement of assets and liabilities and as disclosed in Note 10 and Note 11 to the financial statements reflects cash and cash equivalents of Kshs.5,671,021 and Kshs.6,295,234 as at 30 June, 2025 and 30 June, 2024 respectively while the statement of cashflows reflects cash and cash equivalents of Kshs.35,388,691 and Kshs.30,733,669 as at 30 June, 2025 and 30 June, 2024 respectively resulting to variances of Kshs.29,717,670 and Kshs.24,438,435.
- (iii) The statement of cashflows reflects total payments of Kshs.29,053,831. However, the statement of budgeted versus actual amounts reflects total payments of Kshs.32,372,463 resulting to a variance of Kshs.3,318,632.
- (iv) The statement of cashflows reflects total receipts of Kshs.33,708,853. However, the statement of budgeted versus actual amounts reflects total receipts of Kshs.32,685,367 resulting to a variance of Kshs.1,023,486.
- (v) The statement of cash flows reflects cash outflows for boarding/lunch and school fund payments of Kshs.16,552,520 for the year ended 30 June, 2024 while Note 9 reflects boarding and school fund payments of Kshs.16,522,520 resulting to a variance of Kshs.30,000.

- (vi) The statement of cash flows reflects Nil amounts for acquisition of assets for the year ended 30 June, 2025 and 30 June, 2024 while the statement of budgeted versus actual, statement of financial performance and Note 8 to the financial statements reflects infrastructure expenditure of Kshs.3,322,610 and Kshs.1,640,140 for the financial years ended 30 June, 2025 and 30 June, 2024 respectively resulting to a variance of Kshs.3,322,610 and Kshs.1,640,140 respectively.
- (vii) The statement of budget versus actual amounts reflects total actual income of Kshs.32,685,367 while the recomputed actual total income amounts to Kshs.33,708,853 resulting to a variance of Kshs.1,023,486.

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

(viii) Unsupported Remittance for Co-curricular Activities

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects boarding and school fund payments of Kshs.15,936,317. Included in the amount was administration costs of Kshs.1,643,197 which included an amount of Kshs.606,000 transferred to County and Sub County Directors of Education of Kshs.100,000 and Kshs.506,000 respectively on 6 February, 2025 and 29 May, 2025 respectively. However, these payments were not supported with circulars and documents approving the rates to be remitted, or showing how these particular amounts were ascertained.

In the circumstances, the eligibility of this expenditure could not be ascertained.

(ix) Unsupported Cash Balances

The statement of assets and liabilities and as disclosed in Note 11 to the financial statements reflects cash balance of Kshs.50,513. However, board of cash survey was not conducted at the end of the financial year.

In the circumstances, the cash balance of Kshs.50,513 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Rabai Secondary School Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters

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

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

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

Other Information

The Management is responsible for the Other Information set out on page iii to xiv which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects boarding and school fund payments amount of Kshs.15,936,317. Included in the amount was administration costs of Kshs.1,643,197 which included Kshs.636,400 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.636,400 could not be confirmed.

2. Late Transfer of Infrastructure Funds from Operations Bank Account

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects government grants for infrastructure of Kshs.3,214,500. However, an amount of Kshs.664,500 was transferred 21 days after receipt. This was contrary to the Ministry of Education Circular Ref. No: HQS/3/13/3, dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

3. Under Funding of Capitation Grants

The statement of financial performance and as disclosed in Note 1 and Note 2 to the financial statements reflects government grants for tuition and operations amounts of Kshs.2,624,321 and Kshs.7,848,094 respectively. During the financial year, NEMIS reported a total number of three thousand five hundred and forty-one (3,541) students while the enrolment records provided by the school indicated a total number of four thousand four hundred and twelve (4,412) students, resulting to a variance of eight hundred and seventy-one (871) students which led to underfunding of the School by Kshs.3,353,083. This was contrary to Section 3.2 of Ministry of Education Circular Ref:MOE.HQS/10/18 VOLII/(33) dated 7 March, 2024 which states that it is the responsibility of the Principal to ensure accuracy of the data available in NEMIS where every eligible learner is fully registered on the platform.

In the circumstances, the under-funding of the School may have affected service delivery to the public.

4. Virement of Tuition Account Funds

The statement of assets and liabilities and as disclosed in Note 10 to the financial statements reflects bank balances of Kshs.5,620,508 which includes tuition account balances of Kshs.239,042. During the financial year under review, the management transferred Kshs.105,000 from the tuition account to the operations account. This is contrary to Paragraph 3.5 of the Ministry of Education Circular Ref. No. MOE.HQS/10/18 vol.II/(33) dated 7 March, 2024 on , which states that no virement is authorized from the tuition account.

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

5. Failure to Open Income Generating Activities Bank Account

The statement of financial performance and as disclosed in Note 5 to the financial statements reflects miscellaneous income of Kshs.1,204,700 which relates to income earned from hiring services of the school bus and income from farming activities. The school management did not open a separate bank account for the income generating activities contrary to the Ministry of Education Circular MOE.HQS/10/18 vol.II/(33) dated 7 March, 2024 which states that a saving account is an account for banking funds paid by parents for boarding related expenses and that Schools with income generating activities shall open separate bank accounts for the same.

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

6. Failure to Prepare School Improvement Plan

During the 2024/2025 financial year, the School did not have an approved school improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

7. Irregularities in Human Resource Management

The statement of financial performance and as disclosed in Note 9 to the financial statements reflects boarding and school fund payments of balance of Kshs.15,936,317 which includes personnel emoluments amount of Kshs.7,352,301. The personnel emolument was paid to twenty two (22) of the School's Board of Management teachers and fifteen (15) non-teaching staff. However, management did not provide for audit the approved staff establishment contrary to Section 4.8.1 of Norms and Standards for Management of Human Resource in the Public Service, June 2017 which states that staff

recruitment and selection will be based on human resource plans, authorized staff establishment and clear job descriptions and specifications.

Further Management did not provide terms and conditions of service contrary to Section 13 of the Fourth Schedule of the Basic Education Act, 2013 which states that a Board of Management may, upon such terms and conditions of service as the County Education Board may determine, employ such staff or hire the services of such consultants or experts as may be necessary for the proper performance of its functions.

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

8. Irregularities in Procurement of Goods and Services

The statement of financial performance and as disclosed in Note 6 and Note 9 to the financial statements reflects tuition and school fund payments amounts of Kshs.2,696,163 and Kshs.15,936,317 respectively. Included in this is expenditure amounting Kshs.5,542,052 paid to seven suppliers for goods and services procured. However, review of the payment vouchers and supporting documentation revealed the following procurement irregularities:

- (i) The School did not have a procurement plan and need analysis report as required by Section 53(2) of the Public Procurement and Asset Disposal Act, 2015.
- (ii) The School did not maintain a list of pre-qualified suppliers as required under Section 57(1) of the Public Procurement and Asset Disposal Act, 2015.
- (iii) In some instances, less than three quotations were obtained contrary to Section 106 (2)(d) of Public Procurement and Asset Disposal Act, 2015 which states that at least three persons shall submit their quotations prior to evaluation.
- (iv) There was no evidence that the goods were inspected after delivery to confirm if what was requested is what was delivered. This is contrary to Section 48(3) of the Public Procurement and Asset Disposal Act, 2015 which states that the inspection and acceptance committee shall immediately after the delivery of the goods, works or services inspect and where necessary, test the goods received.
- (v) There were no signed contracts between the school and the suppliers contrary to Section 134(1) of the Public Procurement and Asset Disposal Act, 2015 and Section 3 of the Ministry of Education operation manual for utilization of learner capitation grant and other school funds, 2020 which requires the school to prepare a contract for supply of goods, works or services, and arrange for the signing between the selected supplier and the school Head teacher fourteen days from the date of award notification.

- (vi) The value of capacity building levy to be paid by the suppliers on all procurement contracts could not be determined since there were no signed contracts. This is contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023 which states that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of 0.03% of the value of the signed contract, exclusive of applicable taxes

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

9. Delay in Implementation and Completion of Library/ICT Project

The statement of assets and liabilities and as disclosed in Note 10 to the financial statements reflects bank account balances of Kshs.5,620,508 which includes Kshs.3,417,496 in the infrastructure account. Further included in the infrastructure bank balance of Kshs.3,417,496 is Kshs.3,214,500 allocated for completion of first floor of Library/ICT room received in the period between 6 February, 2025 to 11 June, 2025.

The project on completion of Library/ICT room was approved in School Infrastructure Development Plan for 2023/2024 financial year at a total cost of Kshs.4,304,580 which includes materials cost of Kshs.2,667,170 and labour cost of Kshs.1,637,410 in a meeting held on 2 July, 2024. The project was started in 2024/2025 financial year, however, the contract agreement, tender forms, evaluation minutes, award letter and acceptance letter and project implementation status report were not provided for audit verification.

Further, the interim certificate Number 5 indicates value of work done as at 8 December, 2025 amounted to Kshs.1,079,351 and anticipated completion date was 31 December, 2025. Physical verification of the project in March, 2026 revealed that the project was yet to be completed.

In the circumstances, the delay in implementation and completion of the project affected service delivery to the public.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Long Outstanding Accounts Receivables

The statement of assets and liabilities as disclosed in Note 13 to the financial statements reflects accounts receivables of Kshs.45,553,653. Included in the balance is accounts receivable balance of Kshs.24,032,742 which has been outstanding for more than three (3) years. Management did not provide evidence of the efforts being made towards recoverability of the long outstanding fees arrears.

In the circumstances, the recoverability of fees arrears from students, who have since left the School, amounting to Kshs.24,032,742 is doubtful.

2. Ineffectiveness of Audit Committee and Lack of Internal Audit Function

The Key School Information and Management section of the financial statements indicates the School has an audit committee that held three (3) meetings. However, no minutes or reports were provided to confirm the audit committee was operational contrary to Section 73(5) of Public Finance Management Act, 2012 which states that every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

Further, no reports were provided to confirm internal audit work was carried out during the year under review contrary to Section 73(1)(a) of Public Finance Management Act, 2012 which states 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.

In the circumstances, the effectiveness of oversight and independent assurance that the risk management, governance and internal control processes are operating effectively could not be confirmed.

3. Weaknesses in Stock/Inventory Management

Other important disclosures Notes 19 to the financial statements reflects stock/inventory balance of Kshs. Nil as at 30 June, 2025. However, the School holds various inventory inform of books, stationeries and food stuffs but there was no stock take report done as at 30 June, 2025.

In the circumstances, the effectiveness of controls over management of stock/inventory could not be confirmed.

4. Weaknesses in Supply and Management of Text Books

Audit verification carried out revealed that the School had 1,900 Form 2, Form 3 and Form 4 English, Mathematics and Kiswahili text books for use by 2,825 students in three

subjects resulting to shortfall of nine hundred and twenty-five (925) text books contrary to Guidelines for Implementation for Free Secondary School Education which recommend one text book to one pupil ration.

However, the School had oversupply of one thousand one hundred and fifty-one (1151) text books in 10 text books in History, Biology, Agriculture, English set books and Kiswahili set books as at the time of the audit. Further, the School lacks a textbooks inventory management system and textbooks recovery policy therefore it was not possible to establish the textbooks held, their location and the current status of the books.

In the circumstances, value for money of one thousand one hundred and fifty-one (1151) textbooks could not be confirmed, and effective learning may have been affected by the inadequate text books.

5. Failure to Prepare Fixed Assets Register

The school did not maintain a fixed assets register for its assets to record necessary information such as date of acquisition, type of asset, condition and cost. This is Contrary Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, controls over management of fixed assets are not effective and lack of ownership documents may lead to misappropriation and physical loss of assets.

6. Failure to Prepare Strategic Plan

During the financial year under audit the School did not have current strategic plan to guide its operations since the existing strategic plan covers the five year period between 2018 to 2023 and had therefore lapsed. This contravenes Section 68(2)(g) of the Public Finance Management Act, 2012 which states that an Accounting Officer shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the national government.

In the circumstances, the School may not have effectively managed and aligned its activities with long-term objectives. Management was in breach of the law.

7. Weaknesses in the Board of Management

The key school information and management section of the financial statements indicates that the School Board of Management constituted thirteen (13) members. However, appointment letters, board charter and board annual work plan was not provided for audit. In the circumstances, weaknesses in the governance mechanism may hinder the management achievement of the school's strategic objectives.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

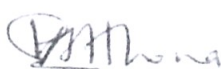
4 May, 2026

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

6. Statement of Financial Performance for the Year Ended 30th June 2025

Revenue			
Government grants for tuition	1	2,624,321	2,252,740
Government grants for operations	2	7,848,094	7,308,067
Government Grants for infrastructure	3	3,214,500	4,312,540
School fund income- parents' contributions	4	18,817,238	23,871,952
Miscellaneous incomes	5	1,204,700	760,000
Total Revenue		33,708,853	38,505,299
Expenditure			
Tuition	6	2,696,163	1,553,472
Operations	7	10,421,351	8,577,939
Infrastructure	8	3,322,610	1,640,140
Boarding and school fund	9	15,936,317	16,522,520
Total Expenditure		32,376,441	28,794,071
Surplus/Deficit		1,332,412	10,211,228

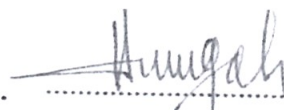
The school financial statements were approved on 12/04/2026 and signed by:



Name: George Kuza

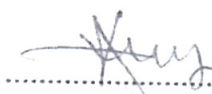
Chair BOM

Date: 12/04/2026



Name: Anderson Munga
School Principal/ Secretary to
BOM

Date: 12/04/2026



Name: Arthur Kazikazi
Bursar/ Finance Officer

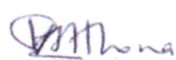
Date: 12/04/2026

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

7. Statement of Assets and Liabilities As At 30th June 2025

Financial Assets			
Cash and cash equivalents			
Bank balances	10	5,620,508	6,230,581
Cash balances	11	50,513	64,653
Short term investments	12	0	0
Total cash and cash equivalent		5,671,021	6,295,234
Account's receivables	13	45,553,653	43,637,584
Total financial assets (a)		51,224,674	49,932,818
Financial liabilities			
Accounts payables	14	665,380	705,936
Total Financial Liabilities (b)		665,380	705,936
Net financial assets (a-b)		50,559,294	49,266,882
Represented by			
Accumulated fund b/fwd	15	49,226,882	39,055,654
Surplus/deficit for the year		1,332,412	10,211,228
Net Assets		50,559,294	49,266,882

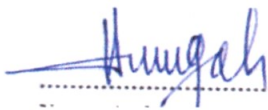
The school's financial statements were approved on 12/04/2026 and signed by:



Name: George Kuza

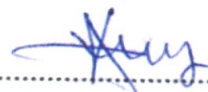
Chair BOM

Date: 12/04/2026



Name: Anderson Munga
School Principal/ Secretary to
BOM

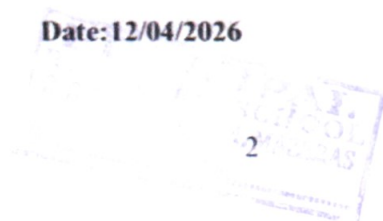
Date: 12/04/2026



Name: Arthur Kazikazi

Bursar/ Finance Officer

Date: 12/04/2026



Annual Report and Financial Statements For the year ended 30th June 20258 Statement of Cash Flows for the Year Ended 30th June 2025

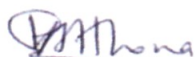
Description	Note	2024-2025 Kshs	2023-2024 Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	2,624,321	2,252,740
Government grants for operations	2	7,848,094	7,308,067
Government grants for infrastructure	3	3,214,500	4,312,540
School fund income- parents contributions/ fees	4	18,817,238	23,871,952
Other income	5	1,204,700	760,000
Total receipts		33,708,853	38,505,299
Payments			
Cash outflows for tuition	6	2,696,163	1,553,472
Cash outflows for operations	7	10,421,351	8,577,939
Cash outflows Boarding/lunch and school fund payments	9	15,936,317	16,552,520
Total payments		29,053,831	26,683,931
Net cash inflow/outflow from operating activities		4,655,022	11,821,368
Cash flow from investing activities			
Acquisition of assets		0	0
Proceeds from sale of Assets		0	0
Proceeds from investments		0	0
Purchase of investments		0	0
Net cash inflow/outflows from investing activities		0	0
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	0	0
Repayment of principal borrowings		0	0
Net cash inflow/outflow from financing activities		0	0
Net increase/decrease in cash and cash equivalents		4,655,022	11,821,368
Cash and cash equivalent at beginning of the FY		30,733,669	18,912,301
Cash and cash equivalent at end of the FY		35,388,691	30,733,669

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

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

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

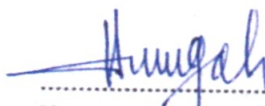
The school's financial statements were approved on 12/04/2026 and signed by:



Name: George Kuza

Chair BOM

Date: 12/04/26



Name: Anderson Munga
School Principal/ Secretary to BOM

Date: 12/04/26



Name: Arthur Kazikazi

Bursar/ Finance Officer

Date: 12/04/26



Annual Report and Financial Statements For the year ended 30th June 20258. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparabil Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Reference Materials	1,533,013	0	1,533,013	0	0% Retained by MOE
Exercise Books	781,549	0	781,549	1,023,486	131% The no.of students differed from no.budgeted
Laboratory Equipment	636,860	0	636,860	734,810	115% The no.of students differed from no.budgeted
Internal Exams	0	0	0	0	
Teaching / Learning Materials	272,940	0	272,940	288,675	106% The no.of students differed from no.budgeted
Exams And Assessment	363,920	0	363,920	419,890	115%
	181,960	0	181,960	157,460	86% The number of students differed from the number budgeted.
(2) Capitation Grant on Operations					
Personnel Emoluments	4,549,000	0	4,549,000	3,334,362	72% The no.of students differed from no.budgeted
Repairs And Maintenance	0	0	0	0	

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Local Transport / Travelling	909,800	0	909,800	692,036	76% The no.of students differed from no.budgeted
Electricity And Water	1,273,720	0	1,273,720	943,685	74% The no.of students differed from no.budgeted
Medical	1,819,600	0	1,819,600	954,950	74% The no.of students differed from no.budgeted
Administration Costs	2,729,400	0	2,729,400	1,321,161	48% The no.of students differed from no.budgeted
Activity	1,364,700	0	1,364,700	601,900	44% The no.of students differed from no.budgeted
Gratuity	0	0	0	0	
	181,960	0	181,960	0	0% Retained by the government
3) FDSE for infrastructure					
Maintenance &Improvement MoE	3,639,200	0	3,639,200	3,214,500	88% students differed from no.budgeted
M&I parents' contribution	0	0	0	0	
Economic Stimulus Programs	0	0	0	0	
Transition Infrastructure Grants	0	0	0	0	
Administration Block	0	0	0	0	
(4) Fees Charged on Parents					

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Personnel Emoluments	7,186,000	0	7,186,000	8,328,763	116% The no.of students differed from no.budgeted
Repairs And Maintenance	0	0	0	0	
Local Transport / Travelling	0	0.	0.	0	
Electricity And Water	0	0	0	0	
Medical	0	0	0	1,649,443	
Administration Costs	0	0	0	0	
Activity	0	0	0	0	
SMASSE	0	0	0	0	
Fee On Boarding Equipment and Stores	7,702,500	0	7,702,500	8,839,032	115% The no.of students differed from no.budgeted
5) Miscellaneous Income					
Loans / Borrowing	0	0	0	0	
Rent income	0	0	0	0	
Income From Farming Activities	0	0	0	41,600	
Insurance Compensation	0	0	0	0	

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Income From Posho Mill	.0	0	0	0	
Income From Bus Hire	0	0	0	1,163,100	
Fee For Hire of Ground and Equipment	0	0	0	0	
Interest Income	0	0	0	0	
Income From Any Other Investment	0	0	0	0	
Total Income	35,126,122	0	35,126,122	32,685,367	93%
(6) Expenditure For Tuition					
Textbooks	1,533,013	0	1,533,013	0	0% Retained by the government
Reference Materials	0	0	0	0	
Exercise Books	781,549	0	781,549	622,244	80% The no.of students differed from no.budgeted
Laboratory Equipment	636,860	0	636,860	528,015	83% The no.of students differed from no.budgeted
Internal Exams	0	0	0	0	
Teaching / Learning Materials	272,940	0	272,940	156,305	57% The no.of students differed from no.budgeted
Chalks	181,960	0	181,960	89,040	49% The no.of students differed from no.budgeted

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Exams And Assessment	363,920	0	363,920	1,291,764	355% The no.of students differed from no.budgeted
Teachers Guides	0	0	0	0	
Administration Costs	0	0	0.	0	
Bank Charges	0	0	0	8,795	0% Not budgeted
(7) Expenditure For Operations					
Personnel Emoluments	4,549,000	0	4,549,000	4,032,995	89% The no.of students differed from no.budgeted
Repairs, Maintenance & Improvements	0	0	0	0	88% The no.of students differed from no.budgeted
Local Transport / Travelling	909,800	0	909,800	1,072,521	118% The no.of students differed from no.budgeted
Electricity, Water and Conservancy	1,273,720	0	1,273,720	755,707	59% The no.of students differed from no.budgeted
Medical	1,819,600	0	1,819,600	185,103.00	10% The no.of students differed from no.budgeted
Administration Costs	2,729,400	0	2,729,400	2,736,427	100%
Activity Expenses	1,364,700	0	1,364,700	1,634,620	120% The no.of students differed from no.budgeted

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=d+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Gratuity	0	0	0	0	
SMASSE	181,960	0	181,960	0	0% Retained by the government
(8) Expenditure For infrastructure					
Construction of classrooms	0	0.	0	0	
Construction of LIBRARY	3,639,200	0	3,639,200	3,322,610	89% The no.of students differed from no.budgeted
Construction of DORMS	0	0	0	0	
Purchase of furniture	0	0	0	0	
Purchase of equipment	0	0	0	0	
Purchase of machinery	0	0.	0	0	
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	7,186,000	0.	7,186,000	7,352,301	88% The no.of students differed from no.budgeted
Repairs, Maintenance and	0	0.	0	693,380	0% Not budgeted

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Improvements					
Local Transport / Travelling	0	0	0	0	
Electricity, Water and Conservancy	0	0	0	0	
Medical Expenses	0	0	0	0	
Administration Costs	0	0	0	0	
Activity	0	0	0	1,643,197	
Gratuity	0	0	0	0	
Lunch Programme	7,702,500	0	7,702,500	5,654,600	77% The no.of students differed from no.budgeted
Boarding Equipment and Stores	0	0	0	0	
Expenditure For Income Generating Activity	0	0	0	563,565	0% Not in the budget
Insurance Costs	0	0	0	0	
Other Expenses On Investments	0	0	0	0	
Rent Expenses	0	0	0	0	
Bank Charges	0	0	0	29,274	Not budgeted .
Loan Interest Repayment	0	0	0	0	
Loan Principal Repayment	0	0	0	0	

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Acquisition Of Assets	0	0	0	0	
Totals	35,126,122	0	35,126,122	32,372,463	92%

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

- i. Xxx
- ii. Xxx

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

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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/third/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of financial

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

performance both as revenue and as expenditure in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2025

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

10. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2024-2025	2023-2024
	Kshs	Kshs
Reference Materials	0.00	0.00
Exercise Books	1,023,486	870,769
Laboratory Equipment	734,810	625,168
Internal Exams	419,890	357,237
Teaching / Learning Materials	288,675	265,602
Chalk	157,460	133,964
Total	2,624,321	2,252,740

**Include others as per MOE circulars*

2 Government Grants for Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments	3,334,362	3,107,260
Repairs And Maintenance	0	0
Local Transport / Travelling	692,036	644,902
Electricity And Water	943,685	879,412
Medical	954,950	727,725
Administration Costs	1,321,161	1,231,178
Activity	601,900	717,590
Other Vote Heads (specify)*		
Total	7,848,094	7,308,067

**Include others as per MOE circulars*

3 Government Grants for infrastructure

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance & Improvement	3,214,500	4,312,540
Transition infrastructure grants	0	0
Administration Block	0	0
Economic stimulus grants	0	0
Other (specify)(NGCDF and County govt.	0	0
Total	3,214,500	4,312,540

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

4 School Fund Income - Parents Contribution/Fees

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments	8,328,763.	12,389,316
Repairs and maintenance	0	0
Local transport / travelling	0	0
Electricity and water	0	0
Medical	0	0
Administration costs	1,649,443	136,072
Activity	0	0
Fee on Boarding Equipment and stores	8,839,032	11,346,564
PA Levies*	0	0
Others (specify)	0	0
Total	18,817,238	23,871,952

*Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.

5 Miscellaneous Incomes

Description	2024-2025	2023-2024
	Kshs	Kshs
Rent Income	0	0
Income From Farming Activities	41,600	23,000
Insurance Compensation	0	0
Income From Posho Mill	0	0
Income From Bus Hire	1,163,100	737,000
Fee For Hire of Ground and Equipment	0	0
Income From Grants and Donations*	0	0
Interest Income	0	0
Dividends Income	0	0
Loans/Borrowings*	0	0
Other Income (specify)*	0	0
Total	1,204,700	760,000

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

*Ensure proper authorization from MOE before obtaining loans/borrowings.

*Indicate what other income relates to including income arising from writebacks if any.

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

6 Tuition

Description	2024-2025	2023-2024
	Kshs	Kshs
Exercise Books	622,244	553,374
Textbooks	0	0
Reference materials	0	0
Laboratory Equipment	528,015	327,206
Teaching / Learning Materials	156,305	216,630
Exams And Assessment	1,291,764	389,670
Teachers Guides	0	0
Bank Charges	8,795	9,672
Chalk	89,040	56,920
Total	2,696,163	1,553,472

7 Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments	4,032,995	3,753,122
Service Gratuity	0	0
Administration Cost	2,736,427	1,993,664
Repairs And Maintenance & Improvements	0	0
Local Transport / Travelling	1,072,521	816,725
Electricity And Water	755,707	746,700
Medical	185,103	17,710
Activity Expenses	1,634,620	1,246,350
Insurance Cost	0	0
Bank Charges	3,978	3,668
Total	10,421,351	8,577,939

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

8 Infrastructure

Description	2024-2025	2023-2024
	Kshs	Kshs
Construction of classrooms	0	0
Construction of laboratory	0	0
Construction of dormitory	0	0
Purchase of furniture	0	0
Purchase of equipment	0	0
Purchase of apparatus	0	0
Drilling of boreholes	0	0
Construction of Library/ICT Room	3,322,610	1,640,140
Total	3,322,610	1,640,140

9 Boarding And School Fund

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments	7,352,301	6,433,288
Service Gratuity	0	0
Repairs And Maintenance & Improvements	693,380	891,660
Local Transport / Travelling	0	0
Electricity And Water	0	652,966
Medical Expenses	0	0
Administration Costs	1,643,197	1,926,066
Lunch Programme	5,654,600	6,042,791
Bank Charges	29,274.	9.789
Expenses On Income Generating Activities**	563,565	565,960
Fee On Boarding Equipment and Stores	0	0
Rent Expenses	0	0
Insurance Cost (Life Property)	0.	0
Loan Principal Repayment	0	0
Loan Interest Repayment	0	0
Acquisition Of Assets	0	0
PA expenses	0	0
Others (specify)	0	0
Total	15,936,317	16,522,520

(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous revenue as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).

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

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024-2025	2023-2024
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	095000010959	239,042	310,884
Operations Account	Active	1107933595	174,856	2,946,678
School Fund Account/Boarding	Active	1125694661	239,095	112,595
Savings Account	Active	1146262833	1,550,019	900,605
Parent Association Development Account	-	-	0	0
Income Generating Activities Account	-	-	0	0
Infrastructural Account	Active	1276712286	3,417,496	1,959,819
Total			5,620,508.	6,230,581

11 Cash In Hand

Description	2024-2025	2023-2024
	Kshs	Kshs
Notes and Coins	50,513	64,653
Total	50,513	64,653

12 Short Term Investments

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

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

13 Accounts Receivable

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Fees Arrears	45,523,653	43,635,084
Other Non-Fees Receivables	0	0
Salary Advances (list/schedule attached)	30.0000	2,500
Imprest (list/schedule attached)	0.	0.
Rent arrears (list/schedule attached)	0	0
Total	45,553,653	43,637,584

13 b) Ageing Analysis of Accounts Receivable

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	4,783,657	11%	6,744,242	18%
Between 1- 2 years	7,523,289	17%	5,836,564	15%
Between 2-3 years	9,213,965	20%	12,316,532	33%
Over 3 years	24,032,742	52%	18,742,746	34%
Total (should tie to note 13 a)	45,553,653	100%	43,637,584..	100%

14 Accounts Payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	0	0
Prepaid Fees	566.141	705,936
Retention Monies	0	0
Unpaid salaries and statutory deductions	99,239	0
Caution money	0	0
Other payables (<i>specify</i>)	0	0
Total	665,380	705,936

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

14a. Ageing Analysis of Accounts Payable

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	665,380	100%	705,936	100%
Between 1- 2 years	0	0%	0	0%
Between 2-3 years	0	0%	0	0%
Over 3 years	0	0%	0	0%
Total (should tie to note 14)	665,380	100%	705,936	100%

15 Fund Balance Brought Forward

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Bank Balances	6,230,581		2,241,505	
Cash Balances	64,653		19,412	
Short Term Investments	0		0	
Receivables	43,637,584		35,704,931	
Payables	705,936		1,089,806	
Total	49,226,882		39,055,654	

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

Other important disclosure notes

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

16 Non-current Liabilities Summary

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

17 Biological assets

Description	Numbers	2024-2025	2023-2024
		Kshs	Kshs
Cattle	2	80,000	40,000
Goats	15	90,000	5,000
Trees	0	0	0
Coffee Or Tea Plantation	0	0	0
Poultry	0	0	0
Others (specify)	0	0	0
Total		170,000	45,000

18 Borrowings

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

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

Other important disclosure notes

19 Stock/ Inventory

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Food stuffs	0	0
Lab consumables	0	0
Farm produce	0	0
Medication	0	0
Construction Materials	0	0
Others (specify)	0	0
	0	0

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

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

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)
1	Inaccuracies of the Financial Statements		Not Resolved	2026
2	Unsupported Cash in Hand Balances		Not Resolved	2026
3	Unsupported Infrastructure Expenditure		Not Resolved	2026
4	Unsupported Transfers for Co-curricular Activities		Not Resolved	2026
5	Budget underutilization		Not Resolved	2026
6	Irregular Transfer of Funds to Kenya Secondary Schools Heads Association (KESSHA)	The management has taken note of the recommendation and will seek guidance from the M.O.E where contributions are to be made to the KESSHA. KESSHA is not a welfare organization but an association which brings principals together to share experiences and chat a way forward on how to improve performance in schools	Resolved	-
7	Late Transfer of Infrastructure Funds from Operations Bank Account	The management in future will adhere to the 15 days compliance as we were previously unaware.	Resolved	-
8	Under Funding of	The school management	Resolved	-

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

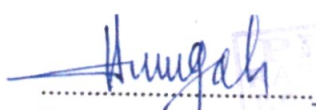
Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Capitation Grants	will update NEMIS records on time and communicate to the responsible stakeholders involved of the same		
9	Non Compliance with the Law of Affirmative Action	The law was complied with because no person with disability applied and was denied opportunity. We employ teachers and workers based on their qualification.	Resolved	-
10	Irregularities in Human Resource Management	The school management has taken note of the recommendation of OAG and will in future make sure to comply as such.	Resolved	-
11	Failure to Open Income Generating Account	We have a savings account but what we don't have is a separate savings account for money generating projects. We put all savings in one account. We promise to open an account for money generating activities immediately.	Not Resolved	Second term 2026
12	Weakness in Procurement of Goods and Services	The school management will adhere to the procurement laws and regulations in future to ensure utmost compliance and inform all relevant parties	Resolved	-
13	Non Compliance with Public Sector Accounting Standard Board	The school management has used the correct public Sector Accounting Standard	Resolved	-

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Template	Board Template as required by PSAB		
14	Long Outstanding Students' Debtors	Measures taken to recover the long outstanding school fees arrears i) Parents meetings to be held regularly to sensitive parents on the need to pay fees in good time. ii) Parents representatives to assist by talking to fellow parents who have difficult in payment of school fees. iii) Use of bursary for NG-CDF and the County Government iv) Parents are allowed to pay fees in kind i.e supply firewood, maize, goats e.t.c	Not resolved	Second term 2026
15	Effectiveness of Audit Committee and Lack of Internal Audit Function	The Audit committee is in place but it was not functioning because the board members were not sensitized well on its function. We promise to sensitize them on their role and start work with immediate effect.	Not resolved	Second term 2026
16	Lack of Fixed Assets Register	The school management has taken action by introducing the fixed assets register which will be updated whenever an asset has been procured or disposed of	Not resolved	Second term 2026

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

17	Failure to Prepare Strategic Plan	A draft copy of the strategic plan is available. More corrections and review will be done immediately.	Not resolved	Second term 2026
18	Weaknesses in the Board of Management	i) Board charter: we were not aware of this document but in the way going forward we shall make sure the Board charter is availed. ii) Annual work plan The annual work plan was there but was not documented. The board has at least 3 meetings every year. The committees meet at least once in every term. And the executive board meets as many times as need arises. iii) Appointment letters In future a copy of all appointment letters will be kept in a file. This is the usual practice but the letters for 2022-2025 their letters were erroneously not filed	Not resolved	Second term 2026



Sign and Date
Principal



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

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 FY	Outstanding Balance Comparative FY	Comments
	A	B	C	D = A - C		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 2025	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost e/f (Kshs) 30 th June 2025
Land				
Buildings And Structures				
Motor Vehicles	7,236,720			
Office Equipment, Furniture	1,326,000			

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

Asset Class	Historical Cost b/f (Kshs) 1 st July 2025	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2025
and Fittings				
Textbooks				
ICT Equipment	110,000			
Tools And Apparatus				
Other Machinery and Equipment				
Heritage And Cultural Assets				
Intangible Assets- Soft Ware				
Total	8,672,720			

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