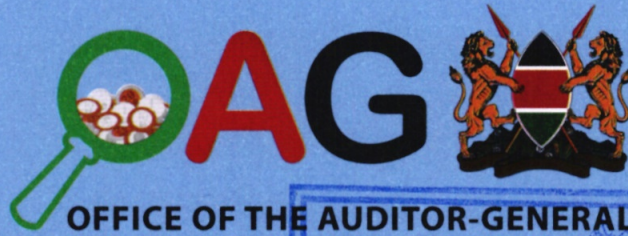


REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

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THE TABLE:

FINLAY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**HOBUNAKA BOYS SECONDARY SCHOOL**

**FOR THE SIX MONTHS PERIOD ENDED  
30 JUNE, 2021**

**VIHIGA COUNTY**

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
08 JUL 2024  
**RECEIVED**



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**HOBUNAKA BOYS SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE SIX (6) MONTHS ENDED  
30<sup>th</sup> June 2021**

---

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

# **HOBUNAKA BOYS SECONDARY SCHOOL**

## **Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

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## HOBUNAKA BOYS SECONDARY SCHOOL

### Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

#### I. Key School Information and Management

##### (a) Background information

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

The school was registered in 1974 under registration number 88S00300151 and is currently categorized as an Extra County public school established, owned or operated by the Government.

The school is a day/boarding school and had one thousand and eleven (1,011) number of students as at 30<sup>th</sup> June 2021. It has 24 streams and 36 teachers of which 12 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	Mr. Anthony Kenyakisa	Chairman	26/09/2018
2	Mr. William S. Sunguti	Secretary - Principal	26/09/2018
3	Mr. Obed Oketch Olenja	Member	26/09/2018
4	Mrs. Alice Adisa Kwenjo	Member	26/09/2018
5	Mr. Fred Oluhano	Member	26/09/2018
6	Mr. Thomas Aggrey Ingolo	Member	26/09/2018
7	Mr. Arthur Oliang'a	Member	26/09/2018
8	Mr. Laban Akula	Member - Rep CEB	26/09/2018
9	Mrs. Phelisters Awinja	Member Rep Teachers	26/09/2018
10	i. Mr. Anthony Kenyakisa ii. Mr. Julius Kamonde iii. Mrs. Mary Clyde	3 Members - Sponsor	26/09/2018
11	Mrs. Flora Shisia	Member - Community	26/09/2018
12	Mrs. Elizabeth Opinyi	Member Special Needs	26/09/2018
13	Mr. Glaxon Anyangu	Rep Students	26/09/2018

**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**Key School Information and Management (Continued)**

**The function of the School Board of Management include:**

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

**(c) Committees of the Board**

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the period
1	Executive Committee			
2	Audit Committee	i. Mr. Fred Oluhano ii. Mrs. Alice Kweno iii. Mr. Anthony Kenyakisa iv. Mr. Laban Akula v. Mr. ObedOlenja	Member Member Chair Member Member	1
3	Finance, procurement and general purposes Committee	vi. Mr. Fred Oluhano vii. Mrs. Alice Kweno viii. Mr. Anthony Kenyakisa ix. Mr. Laban Akula Mr. ObedOlenja	Chair Member Member Member Member	3
4	Academic Committee	i. Ms. Bridgit TruphenaOkwemba ii. Mrs. Elizabeth Opinyi iii. Mr. Arthur Oliang'a iv. Mr. Tom Ingolo v. Obed Olenja vi. Mr. Anthony Kenyakisa vii. Mr. Laban Akula	Member Member Member Chair Member Member Member	3

## HOBUNAKA BOYS SECONDARY SCHOOL

Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the period
5	Development Committee	i. Mr. Laban Akula ii. Mr. John Bureza iii. Mr. Olenja Obed iv. Mrs. Florah Shisia v. Mr. Fred Oluhano vi. Mr. William Sunguti vii. CDE/SCDE or Representative viii. BOM chairperson ix. One other BOM	Chair Member Member Member Member Member Member Member Member	4
6	Discipline and welfare Committee	i. Mr. James Amukoa ii. Mr. Julius Kamonde iii. Mr. Fred Oluhano iv. Mr. Obed Olenja v. Mr. Laban Akula vi. Mr. Anthony Kenyakisa	Member Member Member Chair Member Member	1

### (d) School operation Management

For the six (6) months financial year ended 30<sup>th</sup> June 2021 the School day-to-day management was under the following persons:

Ref	Designation	Name	TSC Number
1	Principal	Mr. William S. Sunguti	291653
2	Deputy Principal	Mr. John Bureza	350227
3	School Bursar	Ms. Iscah Achieng	

**HOBUNAKA BOYS SECONDARY SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**Key School Information and Management (Continued)**

**(e) Schools contacts**

Post Office Box: 183, Emuhaya  
Telephone: 0725451773  
E-mail: hobunakaboysschool1@gmail.com  
Website:  
Facebook:  
Twitter:

**(f) School Bankers**

The school operated four (4) number of bank accounts in the following banks:

1. Name of Bank: KENYA COMMERCIAL BANK  
Branch: LUANDA  
Account Number: 1104118661
2. Name of Bank: KENYA COMMERCIAL BANK  
Branch: LUANDA  
Account Number: 1103840207
3. Name of Bank: KENYA COMMERCIAL BANK  
Branch: LUANDA  
Account Number: 11082577429
4. Name of Bank: KENYA COMMERCIAL BANK  
Branch: LUANDA  
Account Number: 1119383358
5. MPESA Pay Bill No. 522123, A/C No. 56679K attached to School Fund bank account

**(g) Independent Auditors**

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

## HOBUNAKA BOYS SECONDARY SCHOOL

Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021-

### II. Summary Report of Performance of The School

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

#### a) Financial performance:

S/No.	Performance areas	Jan-June 2021	Jan- Dec 2020
1.	Surplus/Deficit	1,294,496	11,245,011
2.	Capitation grants	8,668,923	12,064,085
3.	Ration of capitation	8,575	11,933
4.	Growth of income- Parents' Contribution	13,839,086	23,930,256
5.	Growth of expenditure	21,360,353	25,522,530
6.	Debtors	26,029,582	21,235,960
7.	Creditors	12,416,068	7,986,542
8.	Cash & Bank balances	1,056,548	126,148

#### b) Teacher Student ratio

Teacher student ratio = 1:40

Number of teachers recruited and posted during the period= 2

Number of teachers transferred during the period= 2

Number of retired teachers during the period = 1

Number of teachers employed by TSC = 25

Number of teachers employed by BOM = 12

#### c) Mean score in the 2018-2020KCSE:

No of Candidates	Year	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
133	2018	0	0	0	1	4	7	7	16	29	50	19	0	3.88
145	2019	0	0	0	4	5	6	12	26	31	45	16	0	4.0218
214	2020	1	0	0	2	4	23	26	45	57	39	16	0	4.6056

**HOBUNAKA BOYS SECONDARY SCHOOL****Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021****d) Number of Candidates in the 2018-2020 KCSE:**

No of Candidates	Year													
133	2018	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		0	0	0	1	4	7	7	16	29	50	19	0	3.88
145	2019	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		0	0	0	4	5	6	12	26	31	45	16	0	40218
214	2020	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MG
		1	0	0	2	4	23	26	45	57	39	16	0	4.6056

**e) Capacity of the school:**

No. of students = 1,011

No. of dormitories = 3

No. of dining halls = 1

No. of laboratories = 2

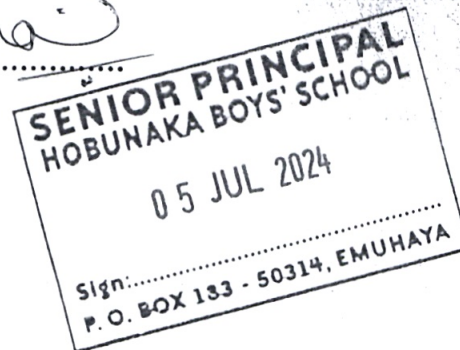
No. of toilets = 32

**f) Development projects carried out by the school:**

	<b>Development Project</b>	<b>Project Fund</b>
	14 Door Exhaustible toilet	1,163,937
	Reroofing of 12 classrooms	3,159,150
	<b>Ongoing Project</b>	
	15 Door Exhaustible Toilet Disability Compliant	1,795,842



School Principal



**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**III. Statement of School Management Responsibility**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board 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 be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

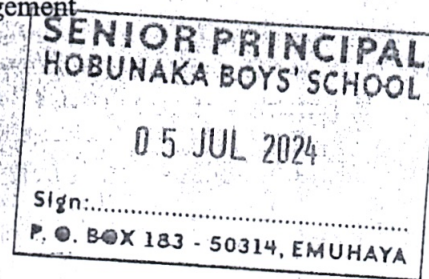
The Board of Management of Hobunaka Boys Secondary School accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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 period ended 30<sup>th</sup> June, 2021, and of the school's financial position as at that date.

Name: Mr. Ainea Okwemba  
Designation: Chairman, School Board of Management  
Sign: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: Mr. Fredrick Mushira  
Designation: School Principal & Secretary to Board of Management  
Sign: \_\_\_\_\_  
Date: \_\_\_\_\_

Name: Ms. Iscah Achieng  
Designation: Bursar/ Finance Officer  
Sign: \_\_\_\_\_  
Date: 5/7/24



# REPUBLIC OF KENYA



*Enhancing Accountability*

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 HOBUNAKA BOYS HIGH SCHOOL FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2021 – VIHIGA COUNTY

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### 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 funds are applied for the 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Hobunaka Boys High School – Vihiga County set out on pages 10 to 23, which comprise of the statement of assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory

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*Report of the Auditor-General on Hobunaka Boys High School for the Six Months period ended 30 June, 2021 – Vihiga County*

information in accordance with 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 the Hobunaka Boys High School – Vihiga County as at 30 June, 2021 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. Inaccuracies in the Financial Statements**

Review of the financial statements unexplained variances between the statement of receipts and payments and statement of cash flows as analyzed below:

<b>Description</b>	<b>Amount in Statement of Receipts &amp; Payments (Kshs)</b>	<b>Amount in Statement of Cash Flows (Kshs)</b>	<b>Variances (Kshs)</b>
Capitation Grants for Tuition	867,610	1,183,729	(316,119)
Capitation Grants for Operation	7,801,313	7,901,313	(100,000)
School Fund Income	13,839,086	9,148,599	(4,690,487)
Payments for Tuition	2,354,850	814,350	1,540,500
Boarding and School Fund Payments	11,015,675	8,645,903	2,369,772

Further, the statement of cash flows reflects acquisition of assets balance of Kshs.2,150,972. However, Annex 2 to the financial statements on summary of fixed assets indicates no additional assets during the year.

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

### **2. Unsupported School Fund Income- Parents Contributions**

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.13,839,086 in respect of school fund income - parents' contributions. However, the amount was not supported by detailed listings or schedules indicating the names of student and amount paid.

In the circumstances, the accuracy and completeness of School fund income - parents' contributions fees could not be confirmed.

### **3. Unsupported Payments**

The statement of receipts and payments reflects total expenditure amount of Kshs.21,360,353 in respect of tuition, operations, infrastructure, and boarding and school fund payment. However, the expenditure was not supported by detailed lists or schedules indicating payees, date of payment, purpose of payment and amount paid.

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

### **4. Inaccuracies in the Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.1,056,548 and as disclosed in Note 9 to the financial statements. However, Management did not provide cash book, bank statements, bank reconciliations statements and bank confirmation certificates for the investment account. Further, the account number for the investment account was not disclosed in Note 9A the financial statements.

Note 9B to the financial statements reflects a credit balance of Kshs.623 in respect of cash in hand implying an over expenditure. However, Management did not explain the excess withdrawal in cash at hand and the amount was not supported by a Board of Cash Survey Report.

In the circumstances, the accuracy of the cash and cash equivalents could not be confirmed.

### **5. Unsupported and Long Outstanding Accounts Payables**

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts payables balance of Kshs.12,416,068 in respect of trade creditors and workers welfare. Included in the accounts payable were trade creditors balances of Kshs.12,018,104 or 97% of the total accounts payable which was not supported by creditors ledger, invoices, delivery notes, local purchase orders (LPO) issues and receipts vouchers. Further, the trade creditors has been outstanding for a period of over one (1) year.

In the circumstances, the accuracy and completeness of the accounts payables could not be confirmed.

### **6. Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities and as disclosed in Note 10 to the financial statements reflects accounts receivables balance of Kshs.26,029,582. However, receivables balance of Kshs.20,835,656 or 80% of the total accounts receivables was outstanding for a period of over one (1) year. The School has not developed a mechanism to ensure payment of school fees in time and some students have since left school with arrears of school fees. The recoverability of the accounts receivables is doubtful.

In the circumstances, the fair value of accounts receivables balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Hobunaka Boys High 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 audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **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 effect of 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. Late Submission of Financial Statements**

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2020. The financial statements were submitted on 31 May, 2024 which was thirty-two (32) months after the statutory deadline. This was 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. Late submission of financial statements adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

#### **2. Non-Compliance with the Public Sector Accounting Standards Board**

Review of the financial statements revealed that Annex 1 to the financial statements on analysis of pending accounts payables did not indicate specific contract date and outstanding balance for comparative period as provided by the reporting template as issued by the Public Sector Accounting Standards Board (PSASB).

Further, Annex 2 to the financial statements on summary of fixed assets register was not populated with assets balances, details on assets were purchased dates, location, historical cost brought forward, additions during the year, disposals during the year and historical cost carried forward as provided by the template.

In the circumstances, Management did not comply with the reporting template requirements by the PSASB.

### **3. Failure to Transfer Infrastructure Funds from the Operations Bank Account**

The statement of receipts and payments reflects a balance of Kshs.7,801,313 In respect of government grants for operations. Included in the amount is Kshs.2,688,704 relating to infrastructure grant that was be transferred to infrastructure account. However, only Kshs.500,000 was transferred resulting to under transferred balance of Kshs.2,188,704. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directs that infrastructure grants as well as maintenance and improvement funds 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 Ministerial set guidelines.

### **4. Transfer of Funds to Kenya Secondary Schools Heads Association**

During the year under, the School transferred an amount of Kshs.33,000 to Kenya Secondary Schools Heads Association (KESSHA) to support the Association activities. 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 the Schools.

In the circumstances, the value for money of the funds transferred to KESSHA could not be confirmed.

### **5. Cash Purchases of Goods, Works and Services**

During the year under review, the School procured-on cash basis goods totalling Kshs.8,119,500. The cash purchases exceeded the threshold provided in the matrix in the second schedule of the Public Procurement of Assets and Disposal Regulations, 2020. This was contrary to Regulation 92 of the Public Procurement of Assets and Disposal Regulations, 2020 which provides that a procuring entity may use low value procurement method where the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix in the Second Schedule which provides that the maximum level of expenditure under the low value procurement method is Kshs.50,000, Kshs.100,000 and Kshs.50,000 per item per financial year for goods, works and services respectively.

In the circumstances, Management was in breach of the law

## **6. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

Review of payment vouchers and supporting documentation revealed that there was no evidence that the goods were inspected after delivery to confirm if what was requested is what was delivered. This was contrary to Section 48 (1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to establish an *ad hoc* committee known as the Inspection and Acceptance Committee and the Committee shall immediately after the delivery of the goods, works or services inspect and where necessary, test the goods received.

Further, goods received and issued were not supported by counter requisition and issue voucher. This was contrary to provisions of Regulation 168 of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.

In addition, Management did not prepare a procurement plan for the financial year. This was contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that an Accounting Officer shall prepare an Annual Procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

## **7. Failure to Prepare School Improvement Plan**

During the year under review, Management did not prepare a School Improvement Plan to be used to measure the School's improvement activities, keep the School in focus in achieving the school target, prioritization of school needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for utilization of learner capitation, Grant and Other School funds which requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, Management was in breach of the provisions of the Operation Manual.

## **8. Failure to Reconcile Students Enrolment Data**

Review of student's records provided for audit revealed unexplained variance in student numbers between National Education Management Information System (NEMIS) and School registers resulting to tuition fees under disbursement on both capitation grants for tuition and operation fees of Kshs.999,023 as analyzed below:

Month	No. of Students Per NEMIS	No. of Students as Per Register	Capitation Grant per Student (Kshs)	Total Expected Capitation per School Register (Kshs)	Actual Capitation Received (Kshs)	Capitation not Received (Kshs)
6 January, 2021	916	1011	345	348,795	316,020	32,775
6 January 2021	916	1011	3,398	3,434,923	3,112,156	322,767
23 February, 2021	907	1011	1,284	1,298,124	1,164,588	133,536
23 March, 2021	907	1011	601	607,864	545,334	62,530
28 April, 2021	907	1011	2,086	2,108,946	1,892,002	216,944
19 May, 2021	906	1011	407	411,514	368,775	42,739
2 June, 2021	904	1011	357	360,422	322,276	38,146
2 June, 2021	904	1011	1,398	1,413,378	1,263,792	149,586
<b>Total</b>				<b>9,983,966</b>	<b>8,984,943</b>	<b>999,023</b>

Management explained that the difference was due to non-registration of students in the NEMIS register due to lack of birth certificates. This was contrary to the Ministry of Education Circular No.MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

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 are in compliance, 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 overall governance were not effective.

## **Basis for Conclusion**

### **1. Failure to Maintain an Imprest Register**

During the year under review, the school issued imprests for different purposes to staff. However, it was noted that Management did not prepare and maintain an imprest register and imprests were not issued through imprest warrants. It was therefore not possible to confirm whether the imprests issued during the year were accounted for and if the regulations regarding management of imprest were adhered to.

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

### **2. Lack of Updated Fixed Assets Register**

Management maintained a fixed asset register that did not contain all information required including identification or serial number, acquisition date, description of asset, location, class, cost of acquisition and assets tag identification codes.

In the circumstances, the effectiveness of the internal control on management of fixed assets could not be confirmed.

### **3. Management of School Text Books**

Review of the management of textbooks revealed that the school did not maintain a stores ledger to show the number of textbooks received, issued and the balances in the library. On 29 January, 2021, the School received one thousand and thirty-eight (1038) each copies of books titled Inheritance and Pearl. However, physical inspection of the books undertaken in the month of May, 2024 revealed that the books have never been utilised and they have been kept in boxes in the library.

In the circumstances, the effectiveness of the internal controls on text book management could not be confirmed.

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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 School's ability to continue to sustain services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or 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 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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**16 September, 2024**

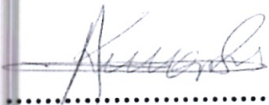
**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**V. Statement of Receipts and Payments for the Period Ended 30<sup>th</sup> June 2021**

Description of Vote Head	Note	Jan - June 2021 KShs	Jan 2020 - Dec 2020 KShs
<b>Receipts</b>			
Capitation grants for tuition	1	867,610	1,520,767
Capitation grants for operations	2	7,801,313	10,553,318
School Fund Income- Parents' Contributions	3	13,839,086	23,930,256
School Fund Income- Other receipts	4	146,840	763,200
<b>Total Receipts</b>		<b>22,654,849</b>	<b>36,767,541</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	2,354,850	955,110
Payments for operations	6	5,838,856	14,169,890
Infrastructure	7	2,150,972	-
Boarding and school fund payments	8	11,015,675	10,397,531
<b>Total Payments</b>		<b>21,360,353</b>	<b>25,522,530</b>
<b>Surplus/Deficit</b>		<b>1,294,496</b>	<b>11,245,011</b>

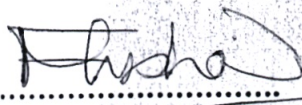
The school financial statements were approved on 5/7/24 and signed by:



Name: Ainea Okwemba

Chair BOM

Date:



Name: Fredrick Mushira  
School Principal/ Secretary to  
BOM

Date:



Name: Iscah Achieng

Bursar/ Finance Officer

Date: 5/7/24

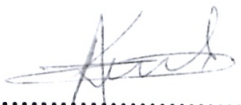
**SENIOR PRINCIPAL**  
**HOBUNAKA BOYS' SCHOOL**  
  
05 JUL 2024  
Sign:.....  
P. O. BOX 183 - 50314, EMUHAYA

**HOBUNAKA BOYS SECONDARY SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**VI. Statement of Assets and Liabilities as at 30<sup>th</sup> June 2021**

	Note	Jan - June 2021	Jan 2020 - Dec 2020
		KShs	KShs
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9	1,057,171	125,935
Cash Balances	9	(623)	213
<b>Total Cash and cash equivalent</b>		<b>1,056,548</b>	<b>126,148</b>
Account's receivables	10	26,029,582	21,235,960
<b>Total Financial Assets</b>		<b>27,086,130</b>	<b>21,362,108</b>
<b>Financial Liabilities</b>			
Accounts Payables	11	12,416,068	7,986,542
<b>Net Financial Assets</b>		<b>14,670,062</b>	<b>13,375,566</b>
<b>Represented By</b>			
Accumulated Fund b/fwd	12	13,375,566	2,130,555
Surplus/Deficit		1,294,496	11,245,011
<b>Net Financial Position</b>		<b>14,670,062</b>	<b>13,375,566</b>

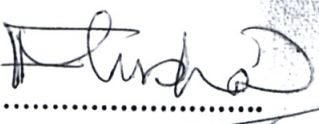
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Chair BOM

Date:

  
 .....

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 School Principal/ Secretary to  
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Date:

  
 .....

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 Bursar/ Finance Officer

Date: 5/7/24

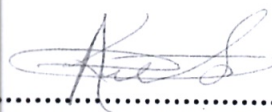
**SENIOR PRINCIPAL**  
**HOBUNAKA BOYS' SCHOOL**  
 05 JUL 2024  
 Sign:.....  
 P. O. BOX 183 - 50314, EMUHAYA

**HOBUNAKA BOYS SECONDARY SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**VII. Statement of Cash Flows for the Period Ended 30<sup>th</sup> June 2021**

	Jan - June 2021	Jan 2020 - Dec 2020
	Ksh.	Kshs
<b>Receipts for operating income:</b>		
Capitation grants for tuition	1,183,729	1,530,767
Capitation grants for operations	7,901,313	10,668,772
School fund income- Parents contributions/ fees	9,148,599	11,744,463
School fund income- other receipts	146,840	763,200
<b>Total receipts</b>	<b>18,380,481</b>	<b>24,707,202</b>
<b>Payments</b>		
Payments for Tuition	814,350	1,325,200
Payments for operations	5,838,856	7,623,272
Boarding and school fund payments	8,645,903	8,702,150
<b>Total payments</b>	<b>15,299,109</b>	<b>17,650,622</b>
<b>Net cash flow from operating activities</b>	<b>3,081,372</b>	<b>7,056,580</b>
<b>Cashflow From Investing Activities</b>		
Acquisition of Assets	2,150,972	5,774,540
Purchase of investments	(2,150,972)	(5,774,540)
<b>Net cash flows from Investing Activities</b>		
<b>Cashflow From Borrowing Activities</b>		
Proceeds from borrowings/ loans	-	-
<b>Net cash flow from financing activities</b>		
<b>Net Increase in Cash and Cash Equivalents</b>	<b>930,400</b>	<b>1,282,040</b>
Cash and cash equivalent at beginning of the period	126,148	(1,155,892)
<b>Cash and cash equivalent at end of the period</b>	<b>1,056,548</b>	<b>126,148</b>

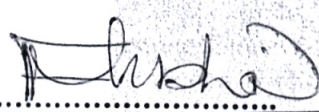
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Name: Ainea Okwemba

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**HOBUNAKA BOYS SECONDARY SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**VIII. Statement of Budgeted Versus Actual Amounts for the Period Ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Exercise books	320,000	0	320,000	308,759	11,241	96%
Laboratory equipment	276,459	0	276,459	269,816	6,643	98%
Internal exams	164,611	0	164,611	149,840	14,771	91%
Teaching / learning materials	174,000	0	174,000	168,700	5,300	97%
Reference Books	140,890	0	140,890	141,220	(330)	100%
Supplementary readers	145,500	0	146,500	145,394	1,106	99%
<b>(2) CAPITATION GRANT ON OPERATIONS</b>						
Personnel emoluments	2,755,265	0	2,755,265	659,520	95,745	87%
Repairs and maintenance	2,506,157	0	2,506,157	1,832,000	674,157	73%
Local transport / travelling		0	4,562,000	4,689,157	(127,157)	103%
Electricity and water	674,190	0	674,190	201,520	472,670	30%
Administration costs	491,850	0	491,850	293,120	198,730	60%
<b>(3) FEES CHARGED ON PARENTS</b>						
Personnel emoluments	1,251,865	0	261,865	494,270	(232,405)	189%
Repairs and maintenance	1,022,370	0	22,370	343,000	(320,630)	1533%
Local transport / travelling	114,850	0	114,850	16,150	98,700	14%
Electricity and water	586,604	0	586,604	626,350	(39,746)	107%
Medical	322,830	0	322,830	0	322,830	0%
Administration costs	752,019	0	200,019	276,390	-76,371	138%

**HOBUNAKA BOYS SECONDARY SCHOOL**

 Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c = a+b	d	e = a-d	f = d/c %
	Kshs	Kshs			Kshs	Kshs
Activity	0	0	0	2,850	(2,850)	-
Fee on Boarding Equipment and Stores	11,627,000		11,627,000	11,889,953	(262,953)	102%
<b>(4) OTHER INCOME</b>						
Rental Income	0	0	0	5,000	(5,000)	-
Income from farming activities	22,540	0	22,540	15,540	7,000	69%
Income from Bus Hire	88,500	0	88,500	86,300	2,200	98%
Uniform	-	0	-	40,000	(40,000)	-
<b>TOTAL INCOME</b>	<b>23,458,500</b>	<b>0</b>	<b>23,458,500</b>	<b>22,654,849</b>	<b>803,651</b>	<b>97%</b>
<b>(1) EXPENDITURE FOR TUITION</b>						
Exercise books	192,500		192,500	214,000	-21,500	111%
Laboratory equipment	150,600		150,600	147,500	3,100	98%
Internal exams	115,600		115,600	134,000	-18,400	116%
Teaching / learning materials	1,804,760		1,804,760	1,743,800	60,960	97%
Reference Materials	-		-	30,000	(30,000)	-
Supplementary Readers	-		-	84,200	(84,200)	-
Bank Charges	-		-	1,350	(1,350)	-
<b>(2) EXPENDITURE FOR OPERATIONS &amp; INFRASTRUCTURE ACCOUNT</b>						
Personnel emoluments	702,670		702,670	604,293	98,377	86%
Repairs, maintenance & improvements	4,870,545		4,870,545	4,657,129	213,416	96%
Local transport / travelling	200,000		200,000	172,970	27,030	86%
Electricity, water and conservancy	674,190		674,190	674,190	0	100%

**HOBUNAKA BOYS SECONDARY SCHOOL**  
**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Administration costs	611,812		611,812	491,850	119,962	80%
Capacity building				28,900	-28,900	#DIV/0!
Bank Charges				8,272	-8,272	#DIV/0!
29 No. Exhaustible toilets	1,752,300		1,752,300	1,352,224	400,076	77%
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>					0	#DIV/0!
Personnel emoluments	1,654,600		1,654,600	1,261,865	392,735	76%
Repairs, maintenance and improvements	1,281,587		1,281,587	1,022,370	259,217	80%
Local transport / travelling	200,000		200,000	114,850	85,150	57%
Electricity, water and conservancy	411,000		411,000	322,830	88,170	79%
Administration costs	812,672		812,672	762,019	50,653	94%
Boarding Equipment and Stores	7,500,684		7,500,684	7,014,634	486,050	94%
Bus Hire	-		-	88,500	(88,500)	-
Capacity Building	-		-	130,500	(130,500)	-
Farm	140,780		140,780	22,540	118,240	16%
Bank Charges	-		-	23,367	(23,367)	-
Workers Uniforms	382,200		382,200	252,200	130,000	66%
<b>TOTALS</b>	<b>23,458,500</b>		<b>23,458,500</b>	<b>21,360,353</b>	<b>2,098,147</b>	<b>91%</b>

**IX. Significant Accounting Policies**

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

**1. Statement of compliance and basis of preparation**

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

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

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

**2. Recognition of receipts and payments**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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

## **HOBUNAKA BOYS SECONDARY SCHOOL**

### **Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

#### **Significant Accounting Policies (Continued)**

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**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 period 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. The financial statements for the current period include comparative information for the prior full calendar year. Users of the financial statements should be aware that the figures for the current period are not directly comparable to the figures of the previous year due to the different lengths of the reporting periods.

**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<sup>th</sup> June 2021.

**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**Significant Accounting Policies (Continued)**

**11. Change in Reporting Period**

Effective from July 2020 the entity has changed its financial reporting period from the calendar year (January 1 - December 31) to the government fiscal year (July 1 - June 30). This change aligns the entity's financial reporting period with the government fiscal year to improve comparability and compliance with governmental reporting requirements.

**12. Impact of Change in Reporting Period**

As a result of this change, the current financial statements cover a shorter reporting period from 1 January 2021 to 30 June 2021 which is six (6) months, compared to the previous reporting period, which covered a full calendar year. This results in the lack of comparability between the current period's figures and the prior year's figures.

**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**X. Notes to The Financial Statements**

**1 Capitation Grant for Tuition**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Reference /library materials	141,220	-
Exercise books	138,034	-
Laboratory equipment	269,816	-
Internal exams	149,840	-
Teaching / learning materials	168,700	1,530,767
<b>Total</b>	<b>867,610</b>	<b>1,530,767</b>

**2 Capitation Grant for Operations**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Personnel emoluments	659,520	-
Repairs and maintenance	1,832,000	-
Local transport / travelling	125,996	-
Electricity and water	201,520	-
Other vote heads	4,689,157	9,523,318
Administration costs	293,120	-
BOM teachers	-	1,030,000
<b>Total</b>	<b>7,801,313</b>	<b>10,553,318</b>

**3 Parents Contribution/Fees – School Fund Account**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Personnel emoluments	494,270	948,150
Repairs and maintenance	343,000	597,150
Local transport / travelling	16,150	228,800
Electricity and water	626,350	1,092,162
Administration costs	276,390	468,254
Activity	2,850	57,050
Arrears	-	1,013,824
Boarding Stores & Equipment	12,080,076	19,524,866
<b>Total</b>	<b>13,839,086</b>	<b>23,930,256</b>

**HOBUNAKA BOYS SECONDARY SCHOOL**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**Notes to the Financial Statements (Continued)****4 Other Receipts – School Fund Account**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Rent income	5,000	-
Income from farming activities	15,540	114,300
Income from Bus Hire	86,300	326,700
uniforms	40,000	-
Computer fees	-	322,200
<b>Total</b>	<b>146,840</b>	<b>763,200</b>

**5 Payments for Tuition**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Exercise books	214,000	480,000
Laboratory equipment	147,500	30,510
Teaching / learning materials	1,743,800	298,100
Supplementary readers	84,200	
Exams and assessment	134,000	126,000
Reference books	30,000	19,000
Bank Charges	1,350	1,500
<b>Total</b>	<b>2,354,850</b>	<b>955,110</b>

**6 Payments for Operations**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Personnel emoluments	604,293	3,345,314
Capacity Building	28,900	-
Administration Cost	491,850	2,551,651
Repairs and maintenance & improvements	2,506,157	236,640
Local transport / travelling	172,970	539,736
Electricity and water	674,190	602,900
Medical	-	11,400
Activity Expenses	-	404,145
BOM teachers	-	417,984
RMI & COVID 19	-	285,580
Bank Charges	8,272	-
29No. Exhaustible toilets	1,352,224	5,774,540
<b>TOTAL</b>	<b>5,838,856</b>	<b>14,169,890</b>

**HOBUNAKA BOYS SECONDARY SCHOOL****Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021****Notes to the Financial Statements (Continued)****7 Infrastructure Payments**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Repairs and Maintenance & Improvements	2,150,972	-
<b>Total</b>	<b>2,150,972</b>	<b>-</b>

**8 Boarding and School Fund Payments**

	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Personnel emoluments	1,261,865	471,500
Repairs and maintenance & Improvements	1,022,370	1,475,220
Local transport / travelling	114,850	223,630
Electricity and water	322,830	280,030
Other vote-heads	-	1,426,651
Administration costs	762,018	930,319
Farm	22,540	-
Bank Charges	23,368	-
Uniforms	252,200	-
Fee on Boarding Equipment and Stores	7,014,634	4,990,205
Capacity Building	130,500	
Bus Hire	88,500	546,350
<b>Total</b>	<b>11,015,675</b>	<b>10,397,531</b>

**9A Bank Accounts**

Name of Bank, Account No. & currency	Bank Account Number	Jan-June 2021	Jan 2020- Dec 2020
		Kshs	Kshs
Tuition Account	1108257429	327,137	7,758
Operations Account	1103840207	225,780	6,739
School Fund Account/Boarding	1104118661	495,343	100,303
Investment account		3,439	3,438
Infrastructural Account	1119383358	5,473	7,697
<b>Total</b>		<b>1,057,171</b>	<b>125,935</b>

**HOBUNAKA BOYS SECONDARY SCHOOL**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**Notes to the Financial Statements (Continued)****9B Cash in Hand**

Description	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Tuition Account	-	-
Operation Account	(2,065)	-
School Fund account	1,442	213
<b>Total</b>	<b>(623.00)</b>	<b>213</b>

**10 Accounts Receivable**

Description	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Fees arrears	26,029,582	21,168,838
NHIF	-	63,700
PAYE	-	3,422
<b>Total</b>	<b>26,029,582</b>	<b>21,235,960</b>

Description	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Fees arrears for current year	5,193,926	12,185,793
Fees arrears for the previous year	11,852,611	2,316,796
Fees arrears for prior periods (over two years)2018	8,983,045	6,666,249
<b>Total</b>	<b>26,029,582</b>	<b>21,168,838</b>

**11 Accounts Payable**

Description	Jan-June 2021	Jan 2020- Dec 2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	12,018,104	7,413,474
KUDHEIHA	-	14,840
Workers welfare	-	447,614
Prepaid fees	397,964	-
NSSF	-	110,614
<b>Total</b>	<b>12,416,068</b>	<b>7,986,542</b>

**HOBUNAKA BOYS SECONDARY SCHOOL****Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021****Notes to the Financial Statements (Continued)**

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan 2020- Dec 2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors for current year	5,002,594	5,691,266
Trade creditors for the previous year	5,691,266	1,225,658
Trade creditors for prior periods (over two years)	1,722,208	496,550
<b>Total</b>	<b>12,416,068</b>	<b>7,413,474</b>

**12 Fund Balance Brought Forward**

<b>Description</b>	<b>Jan-June 2021</b>	<b>Jan 2020- Dec 2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank balances	125,935	(1,205,694)
Cash balances	213	49,802
Receivables	21,235,960	11,247,864
Payables	(7,986,542)	(7,961,417)
<b>Total</b>	<b>13,375,566</b>	<b>2,130,555</b>

**HOBUNAKA BOYS SECONDARY SCHOOL**

**Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

**Other important disclosure notes**

**13 Biological assets**

Description	Numbers	Jan-June 2021	Jan 2020- Dec 2020
		KShs	KShs
Cattle	3	-	-
Trees	300	-	-
<b>Total</b>	<b>303</b>		

**14 Stock/ Inventory**

Description	Jan-June 2021	Jan 2020- Dec 2020
	KShs	KShs
<b>a) Borrowings</b>		
Stock/ inventory at beginning of the year	214,000	-
Stock/ inventory purchased during the year	4,351,260	-
Stock/ inventory issued during the year	4,525,610	-
<b>Balance at end of the year</b>	<b>39,650</b>	<b>-</b>

**HOBUNAKA BOYS SECONDARY SCHOOL**  
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**15 Progress on Follow Up of Auditor Recommendations**

This is the first the school is being audited, and as such, there are no previous years' recommendations to report or follow up on.

**HOBUNAKA BOYS SECONDARY SCHOOL**  
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**ANNEX 1 – Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
	a	b	c	d = a - c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction of buildings</b>						
1. Students Toilets	1,163,937		1,163,937	Nil		
<b>Sub-Total</b>						
<b>Supply of goods</b>						
2. Miloko Gen Supplies	250,200		100,000	150,200		
3. Umoja Butchery	198,920		-	198,920		
4. Antony Indangasi	177,630		-	177,630		
5. RemmyOchango	583,650		200,000	383,650		
6. Pamela Ochango	27,950		-	27,950		
7. JamariGlassmart/Hardware	335,775		-	335,775		
8. Rebecca Nyandiwa	252,000		-	252,000		
9. Rael Julia	110,725		-	110,725		
10. Jupiter General Enterprises	192,450		-	192,450		
11. MirriamAndenyiAchando	160,000		-	160,000		
12. Mini Bakeries	73,635		21,960	51,675		
13. ZadockAteko	70,000		-	70,000		
14. Joshua Ngong'a	55,550		35,050	20,500		
15. Patrick Aseko	200,000		-	200,000		
16. JacklineMuroka	208,000		-	208,000		
17. JoabAbulwa	49,400		20,000	29,400		
18. Dittomax Agencies	300,000		-	300,000		
19. Wekhomo Business Enterprizes	62,500		-	62,500		
20. MbeashGlassmart	112,740		-	112,740		
21. Reliable Technical Services	12,000		-	12,000		

**HOBUNAKA BOYS SECONDARY SCHOOL****Annual Report and Financial Statements for the Six (6) months' period ended 30<sup>th</sup> June 2021**

22. Hojan System	5,000	-	5,000	
23. Readers Quest	251,520	-	251,520	
24. Emusaya International	290,375	-	290,375	
25. Huduma Office Solutions	106,190	-	106,190	
26. Luanda Best Stationers	376,730	-	376,730	
27. HigmakSevices	10,000	-	10,000	
28. Bacit Education	20,500	-	20,500	
29. Wego Publishers	30,000	-	30,000	
30. The Copy Cat Ltd	125,280	-	125,280	
31. Third General Commissions	278,000	-	278,000	
32. Jacob Membo	8,000	-	8,000	
33. ZapjosMembo	21,000	-	21,000	
34. Merchants of Box 14 Instants	25,920	-	25,920	
<b>Sub-Total</b>	<b>4,605,287</b>	<b>377,010</b>	<b>4,604,630</b>	
<b>Grand Total</b>	<b>5,769,224</b>	<b>1,540,947</b>	<b>4,604,630</b>	

**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2021
Land 1						
Land 2						4.82 Hectares
Buildings and structures						22 classrooms
Motor vehicles						1 school bus
Office equipment, furniture and fittings						7 tables 16 Chairs CCTV camera -Cabinets containing school files, teachers file, workers files, KCSE files -Trophies 1 pieces -Utensils -Water dispenser -2 umbrellas -1 fire extinguisher -2 computers & 2 printers -1 bell -Notice board containing principals

**HOBUNAKA BOYS SECONDARY SCHOOL**  
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Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2021
						names, Board Chairmen names, KCSE performers
ICT Equipment, and Other ICT Assets						- 29 computers - 1 projector
Tools and apparatus						- 10 Slashers - 1 Jembe - 2 Pangas - 6 Wheelbarrows
Textbooks						6,468
Other Machinery and Equipment						-Automatic Generator -Weighing machine
Heritage and cultural assets						
Intangible assets- soft ware						-Zeraki -JBS
<b>Total</b>						