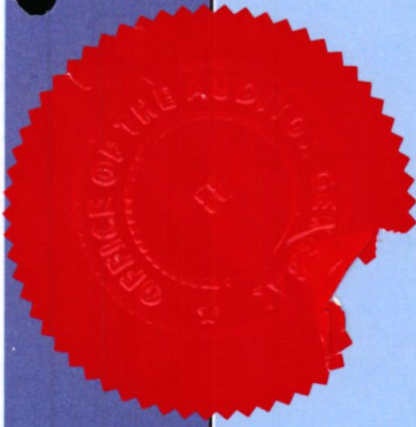
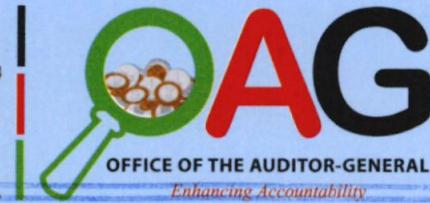


REPUBLIC OF KENYA



REPORT

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 29 JUL 2026

DAY.

WED.

**TABLED
BY: OF**

Hon. Robert Muchiri

**CLERK-AT
THE-TABLE:**

J. Lemirellw.

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

LANET SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2024**

NAKURU COUNTY



Revised 30 June 2024



LANET SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2024

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

Table of Contents

Page

1. Acronyms and Glossary of Terms	Error! Bookmark not defined.
2. Key School Information and Management	iii
3. Summary Report of Performance of The School.....	vii
4. Statement of School Management Responsibility	xiii
5. Report Of The Independent Auditors (<i>To be attached</i>)	xiv
6. Statement Of Receipts and Payments For the Year Ended 30 June 2024.....	1
7. Statement of Assets and Liabilities As At 30 June 2024	2
8. Statement of Cash Flows for the Year Ended 30 June 2024	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 June 2024	5
10. Significant Accounting Policies.....	10
11. Notes To The Financial Statements	12
12. Annexes	22

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

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)

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

2. Key School Information and Management

(a) Background information

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

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

The school is a day mixed school and had number of students as at 30th June 2024. It has 6 streams in form 1 and 2, 5 streams in Form 3 and 4, and 45 teachers of which 5 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref	Name of Board member	Designation	Date of appointment
1	Brig. P.M. Kimondiu Brig. J.m Nkoimo	Chairman	15 th Dec, 2023 23 rd may 2022- promoted by KDF and deployed –Oct 2023
2	Agnes Ann Awino	Secretary-Principal	23 rd May, 2022
3	George Kinyanjui	Member	23 rd May, 2022
4	Nancy Kinyanjui	Member	23 rd May, 2022
5	Alice Nganga	Member	23 rd May, 2022
6	Ruth Chepngeni	Six Parents/local community Reps	23 rd May, 2022
7	George Ndirai		23 rd May, 2022
8	George Mwaura		23 rd May, 2022
9	David Kanuri		15 th Dec, 2023
10	Sammy Njoroge		23 rd May, 2022
11	Viginia Ngumba		23 rd May, 2022
12	Willy Kariuki	One County Education Board (CEB) Rep	23 rd May, 2022
13	Janet Ruto	One Teaching Staff Rep	23 rd May, 2022
14	Maj. Caren B. Makori	Three Sponsor Rep	23 rd May, 2022
15	WOI Harriet Anyonge		23 rd May, 2022
16	Maj (Fr) P K Korir		23 rd May, 2022
17	Judy Wairimu Mirangoh	Member Special Needs	23 rd May, 2022

The functions of the School Board of Management are to:

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

(c) Committees of the Board

	Names of Members	Designation	Number of Meetings attended during the year
Executive Committee	1. P.M Kimondiu 2. Agnes Awino 3. Nancy Kinyanjui 4. George Mwaura 5. Alice Ng'ang'a	BOM Chairman Principal/Secretary Vice Chair Member PA chair	2
Audit Committee	1. David Kanuri 2. George Kinyanjui 3. Judy Wairimu 4. Ruth Chepngeni	Member PA Chair Member Member	1
Finance, procurement and general purposes Committee	1. P.M Kimondiu 2. Agnes Awino 3. George Ndirai 4. Harriet Anyonge 5. George Kinyanjui	BOM Chair Principal/Secretary BOM Member PA Chair	3

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

Academic Committee	1. Catherine Kariuki 2. Willy Kariuki 3. Pastor Alice Nganga 4. Caren B. makori 5. Maj. Fr. P.K Korir	Deputy principal- Acad Member Member Member member	2
Development Committee	1. Virginia Ngumba 2. Anne Awino 3. Janet Ruto 4. Brig. J.M Nkoimo 5. George Kinyanjui	Chair Person Principal Deputy principal BOM Chairman PA Chair	3
Discipline and welfare Committee	1. Judy Wairimu 2. Alice Nganga 3. Caren Makori 4. George Mwaura	Chair Person Member Member Member	1

(d) School operation Management

For the financial year ended 30 June 2024 the School day-to-day management was under the following persons:

Ref.	Designation	Name	TSC Number
1.	Principal	Agnes Anne Awino	311064
2.	Deputies Principal	1. Catherin Kariuki 2. Joseph Njoga	424132 349062
3.	School Bursar	Duncan Gacheru	n/a

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

(e) Schools contacts

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

(f) School Bankers

Provide details of the school bankers.

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

(g) Independent Auditors

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

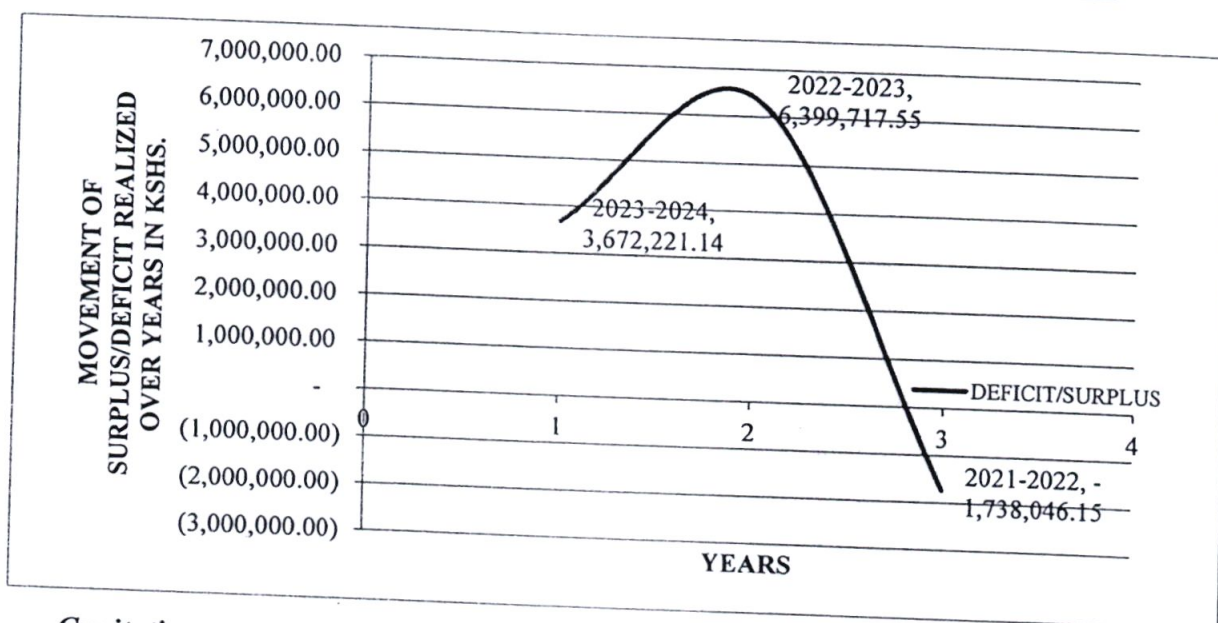
3. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

(a) Financial performance:

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

YEAR	2023-2024	2022-2023	2021-2022
SURPLUS/DEFICIT IN KSHS	3,672,221.14	6,399,717.55	(1,738,046.15)

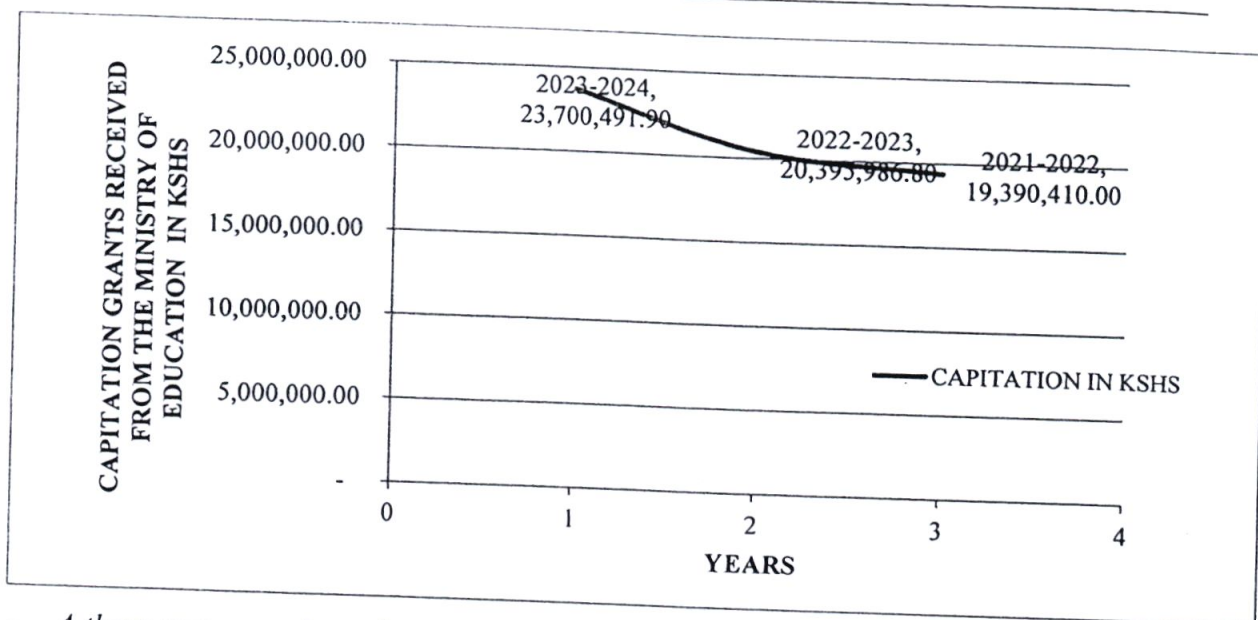


- *Capitation grants from the Ministry of Education for the last three years*

YEAR	2023-2024	2022-2023	2021-2022
CAPITATION IN KSHS	23,700,491.90	20,395,986.80	19,390,410.00

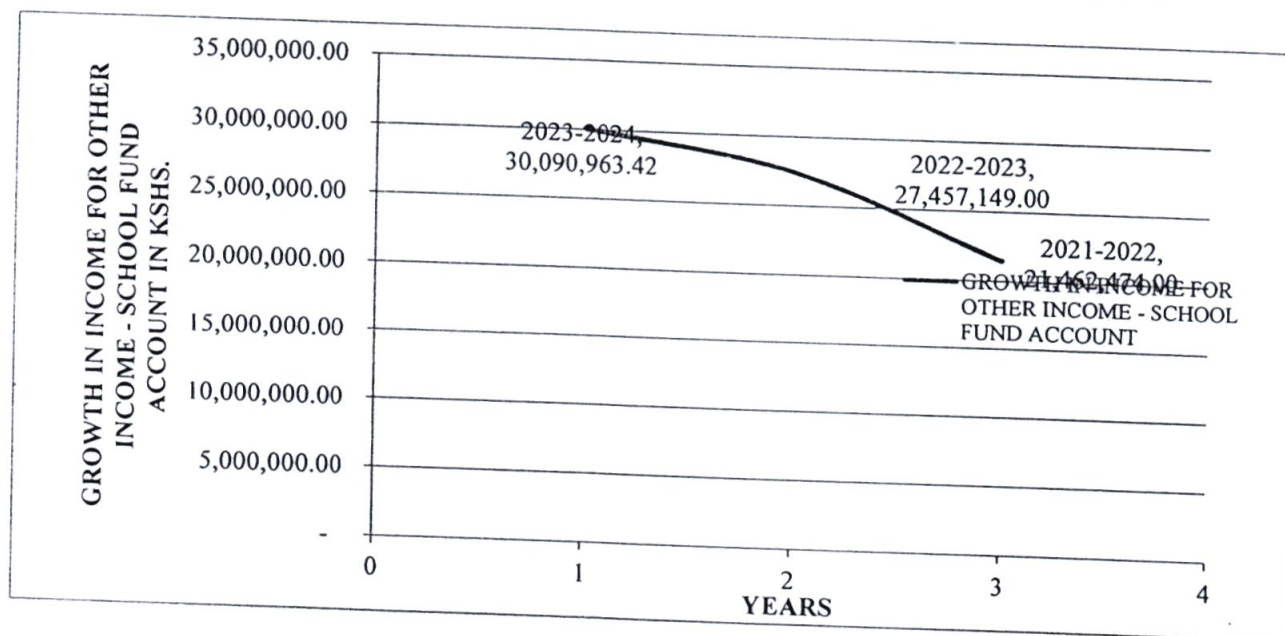
LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024



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

YEARS	2023-2024	2022-2023	2021-2022
GROWTH IN INCOME FOR OTHER INCOME - SCHOOL FUND ACCOUNT	30,090,963.42	27,457,149.00	21,462,474.00

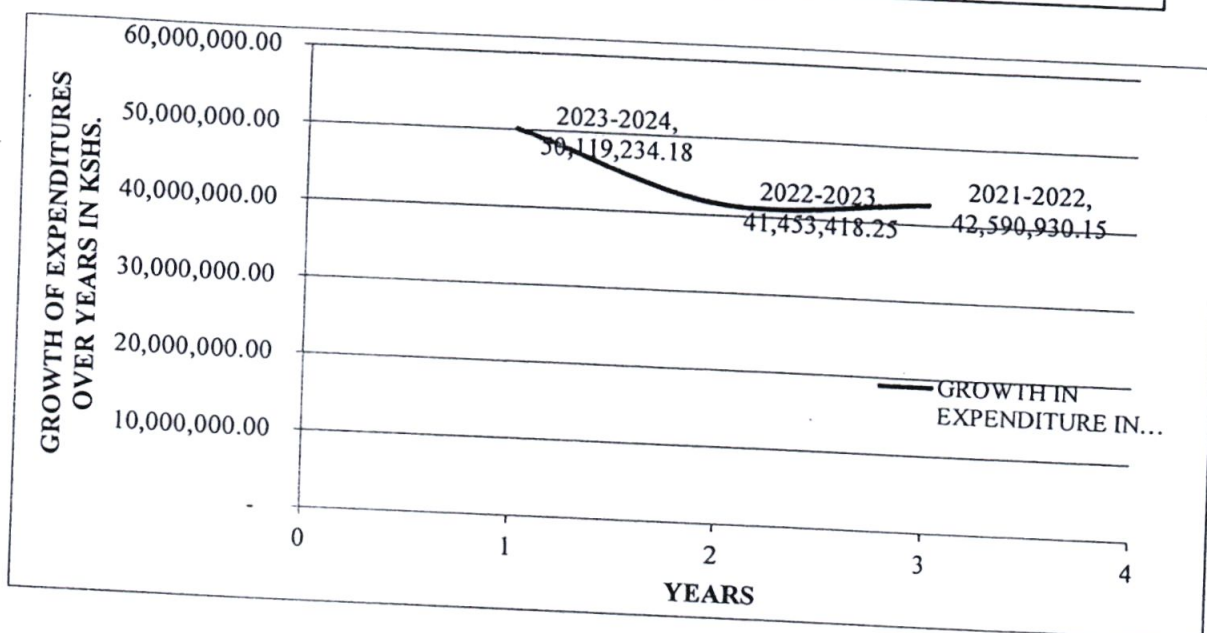


LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

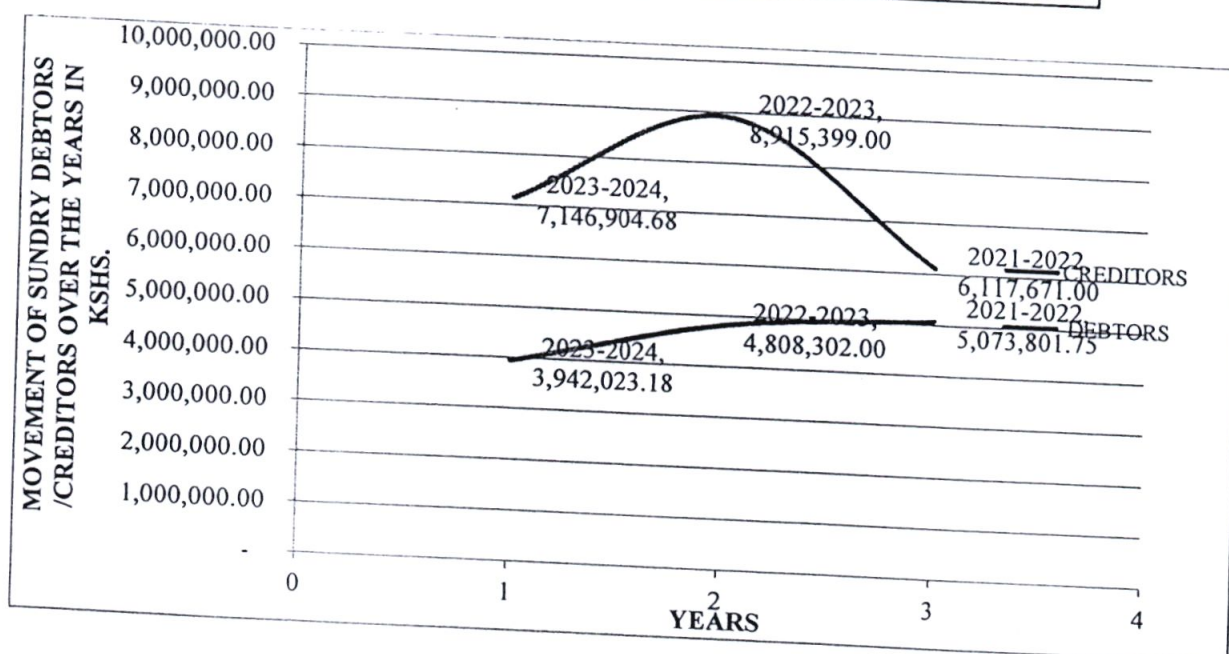
- A three-year overview of growth in expenditure of the school

YEARS	2023-2024	2022-2023	2021-2022
GROWTH IN EXPENDITURE IN KSHS.	50,119,234.18	41,453,418.25	42,590,930.15



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

YEARS	2023-2024	2022-2023	2021-2022
CREDITORS	3,942,023.18	4,808,302.00	5,073,801.75
DEBTORS	7,146,904.68	8,915,399.00	6,117,671.00



LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

(b) Teacher Student ratio:

Ration of teachers to students is 1: 33

Posted Teachers during the year 2023/2024:-

1. GEORGE NYAIGERO

2. MERCY MUSANGA

TSC.NO 382089

TSC.NO. 569455

Bom Teachers – 5 - Female 4 Male 1

TSC teachers 46 Female 29 male 17

Shortage in priority

Maths/Bss	-	3
Phy/Maths	-	3
Maths/Bio	-	2
Chem/Phy	-	2
Maths/Geo	-	2
Kisw/CRE	-	2
Geo/CRE/His	-	2
Eng/Lit	-	2
Agri/Bio	-	1
Hsc/Bio	-	2
French/Eng	-	1
Kisw/Hist	-	1
Comp/Any other	-	1
Total	-	26

(c)Mean score in the 2023 KCSE:

Performance of the school for each over the last three years. Including the number of students that have since transitioned to institutions of higher learning and the mean score and comment on improvement or otherwise as compared to the school's set score.

YEAR	ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	M.SC	DEV
2023	279	0	0	0	1	2	5	10	16	17	36	51	10	3.2973	0.13
2022	222	0	0	0	3	2	9	12	25	31	43	89	8	3.3424	-0.1443
2021	187	0	0	1	0	5	4	11	16	35	62	49	4	3.486	-0.6274
2020	158	0	0	1	1	4	6	11	32	41	43	19	0	4.1139	-0.3721

Transition to higher Education

2023	C+ and above	-	15 students
2022	C+ and above	-	14 students
2021	C+ and above	-	10 students

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2024

2020 - C+ and above - 12 students

2019 C+ and above - 24 students

(d) Number of Candidates in the 2023 KCSE:

Number of candidates sitting for KCSE over the last three years).

2023	279
2022	222
2021	187
2020	158

(e) Capacity of the school:

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

INFRASTRUCTURE

1. Class rooms - 24

Shortfall -

2. Laboratories

Science	(each for 60 student	<u>Available</u>	<u>Shortfall</u>
		3	1

Home Science	(Capacity of 45 students)	1	1(Bigger and
--------------	---------------------------	---	--------------

Computer	(Capacity of 30 Students)	1	appropriate)
----------	---------------------------	---	--------------

3. Library	(Capacity of 50 students)		1(Bigger)
capacity to			1

students)			1(Bigger,
			More than 200

4. Geography room

N/A

5. French room

N/A

6. Kitchen

Semi permanent

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

7. Multipurpose Hall (Hall and Kitchen) -Paused at foundation level.
8. Water sources – Rain water, Kenya Military Academy piped water (rationed) and water bowsers.

There is a need for borehole, **urgently**.

9. Sanitation:

Boys' toilet = 16

Boys' Special need toilets – 1door

Girls Toilets = 18

TOTAL 34

Staff toilets - male – 5

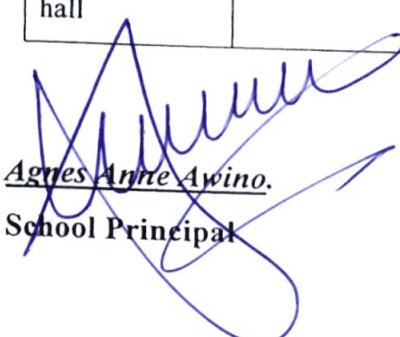
Female -4

TOTAL 9

Washing hand points – 45 taps

(f)Development projects carried out by the school:

Project	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
9 no of classrooms	MOE	99% completed	26,984,075	26,096,232	2024
Multipurpose hall	MOE	stalled	22,000,609.00	4,730,865.00	2024


Agnes Anne Awino.

School Principal

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

4. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

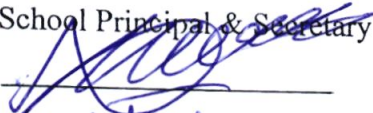
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

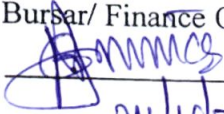
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30 June, 2024, and of the school's financial position as at that date.

Name: **BRIG.P.M. KIMONDIU**
Designation: Chairman, School Board of Management
Sign: 
Date: 26/11/26

Name: **AGNES ANNE AWINO**
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 24/11/2026

Name: **DUNCAN GACHERU KARIUKI**
Designation: Bursar/ Finance Officer
Sign: 
Date: 24/11/2026

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 LANET SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2024 – NAKURU COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lanet Secondary School set out on pages 1 to 21, which comprise of the statement of assets and liabilities as at

30 June, 2024, and the statement of receipts and payments, statement of cash flows, statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lanet Secondary School as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and Public Finance Management Act, 2012

Basis for Qualified Opinion

1.0 Inaccuracy of Cash and Cash Equivalents Balance

The statement of assets and liabilities reflect Kshs.9,070,903 in respect to cash and cash equivalents balance as disclosed in Note 10 and 11 to the financial statements. Included in the amount is Kshs.2,728,496 and Kshs.100 in respect to savings account bank and cash balances respectively. However, bank reconciliation statements were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.9,070,903 could not be confirmed.

2.0 Inaccuracy in the Statement of Receipts and Payments

The statement of receipts and payments had the following misstatements;

	Note	Ledger Balance (Kshs.)	Financial Statements Amount (Kshs.)	Variance (Kshs.)
Government Grants for Tuition	1	4,789,923	3,777,532	1,012,391
Government Grants for Operations	2	25,001,515	12,367,060	12,634,457
Government grants for Infrastructure	3	0	7,555,900	(7,555,900)
School Fund Income-Parent Contribution	4	24,919,975	25,349,483	(429,508)
Miscellaneous Income	5	2,654,405	4,741,480	(2,087,075)
Payments for Tuition	6	5,109,929	4,544,358	565,571
Payments for Operations	7	12,100,696	12,328,470	(227,774)
Payments for Infrastructure	8	5,612,049	7,203,066	(1,591,018)
Boarding and School Fund Payments	9	22,804,102	26,043,340	(3,239,238)

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

2.1 Misstated School Fund Income- Parents Contribution

The statement of receipts and payments reflect Kshs.25,349,483 in respect of school fund income-parents contribution as disclosed in Note 4 to the financial statements. However, the corresponding Note 4 reflects Kshs.25,386,983 resulting in an unexplained and unreconciled variance of Kshs.37,500.

In the circumstances, the accuracy and completeness of the school fund income-parents contribution amount of Kshs.25,349,483 could not be confirmed.

2.2 Inaccuracies in the Statement of Budgeted Versus Actual Amounts.

Review of the statement of budgeted versus actual amounts revealed errors and misstatements as follows;

- i. The statement reflects actual amounts of Kshs.12,328,470 in respect of payments for operations instead of the re-casted amount of Kshs.12,228,470, resulting in an unexplained variance of Kshs.100,000;
- ii. The statement reflects a nil budget utilisation difference in respect to medical and insurance under payments for operations. However, the recomputed difference between the final budget and the actual amount on a comparable basis reflects a negative balance of Kshs.227,774, resulting in an unexplained and unreconciled variance of negative Kshs.455,548; and
- iii. The statement reflects Kshs.49,989,653 in respect to total expenditure under actual and comparable basis. However, the re-casted subtotals reflects Kshs.50,119,234 resulting in an unexplained and unreconciled variance of Kshs.129,581.

In the circumstances the accuracy and completeness of the statement of budgeted versus actual amounts could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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. Except for the effects of the matters described in the

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

Other Information

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

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

- i. In the table of contents, the sections on Acronyms and Glossary of Terms do not contain page numbers. Instead, the notation "Error! Bookmark not defined" has been displayed, indicating a presentation error in the report;
- ii. The title header of the statement of budgeted versus actual amounts on pages 6, 7 and 8 is lacking;

- iii. The statement of budgeted versus actual amounts on page 5 does not contain the columns for budget utilisation difference and percentage of utilisation, as the columns have been omitted; and
- iv. The approved financial reporting template for public secondary schools for the 2023–2024 financial year includes 'Other Important Disclosures' under the notes to the financial statements, requiring disclosure of stock/inventory items held by the School at the end of the financial period. However, both the stock items and their corresponding monetary values were omitted

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

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

During the year under review, the School Management submitted their financial statement to the Office of the Auditor General on 22 November 2024 contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. These financial statements have been audited as a result of a proactive initiative by the Auditor-General.

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

3. Irregularities in Procurement Processes

3.1 Unstructured Procurement Processes

The statement of receipts and payments reflects total payments amounting to Kshs.50,119,234. However, Management did not provide for audit verification the requisite procurement documents, including the tender register; tender opening committee appointment letters and minutes; tender evaluation committee appointment letters and minutes; preliminary tender evaluation checklists; individual technical and financial evaluation score sheets; acceptance letters of award by the successful bidders; signed contracts or local purchase orders; and professional opinions, thereby limiting the ability to verify compliance with procurement procedures.

In the circumstances, Management was in breach of the law

3.2 Lack of a Functional Procurement Unit

The School did not have a formal procurement function managed by a qualified procurement professional, as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015, and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Instead, procurement activities were carried out by individuals without the necessary qualifications, thereby exposing the School to the risk of applying inappropriate procurement methods.

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

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

The statement of receipts and payments reflects operations payments balance of Kshs.12,328,470 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.1,399,500 paid to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.1,399,500 could not be confirmed.

5. Lack of an Approved Procurement Plan

The statement of receipts and payments reflects total payments of Kshs.50,119,234. However, Review of the procurement processes of the School revealed that there was no approved procurement plan that outlines the procurement procedures for the school such as; -

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

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

6. Failure to Open Separate Bank Account

The statement of receipts and payments reflects Kshs.4,741,480 in respect to miscellaneous income as disclosed in Note 5 to the financial statements. Included in this amount are Kshs.1,028,755 and Kshs.359,800 relating to income from farming activities and bus hire, respectively. However, review of revenue records revealed that the miscellaneous income was receipted and banked into the savings account which is designated for gratuity funds and related expenses. Further, Management did not open or operate a separate bank account contrary to Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day Secondary Education (FDSE) which requires that schools with income generating activities to open separate bank accounts for the same.

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

7. Irregularities in Procurement Process for Construction of Classrooms

The statement of receipts and payments reflects infrastructure payments of Kshs.5,223,555 as disclosed in Note 8 to the financial statements. Records availed for audit indicated that the School awarded a contract on 31 July 2020 for the construction

of a Multi-Purpose Hall within the School. The Minutes of the School Infrastructure Committee Meeting held on 15 September, 2021, indicated that the same contractor was awarded additional works for the construction of a nine (9) classroom tuition block. A formal contract was later signed on 26 July, 2022 for the construction of the nine classrooms at a contract sum of Kshs.30,170,817 (Kshs.23,473,710 for materials and Kshs.6,697,107 for labour).

Review of tender and procurement documents revealed the following anomalies:

- i. The additional works were awarded without subjecting the procurement to a competitive process. This amounts to direct procurement (single sourcing) without evidence that the conditions set out under Section 103(1) and (2) of the Public Procurement and Asset Disposal Act, 2015 were met. The Act provides that direct procurement may only be used where justified and not for the purpose of avoiding competition.
- ii. The School awarded the tender to the contractor without conducting due diligence on the National Construction Authority Certificate. The contractor provided a Category 8 certificate that allows bidding for tenders valued up to Kshs.10 million, while the contract sum was Kshs.30,170,817, in breach of Section 83(1) of the Public Procurement and Asset Disposal Act, 2015.
- iii. The School incurred a cost of Kshs.27,260,000 for the purchase of materials against an approved bills of quantities of Kshs.23,473,710, resulting in unapproved expenditure of Kshs.3,787,203. Management did not provide an explanation for the over-expenditure.

In the circumstances Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

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

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

2. Lack of Risk Management Policy

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

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

3. Weaknesses in Information Technology Internal Controls

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

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

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

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

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

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

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

In the circumstances, the transfer of the title deed was still pending and ownership could not be confirmed.

5. Long Outstanding Accounts Receivable Balance

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

In the circumstances, the existence of effective mechanisms for debt 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 Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Schools ability to sustain its services, disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 May, 2026

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2024

Description Of Receipts	Note	2023	2024
		KShs	KShs
Receipts			
Government grants for tuition	1	3,777,532.00	3,747,186.25
Government grants for operations	2	12,367,059.90	11,084,800.55
Government Grants for infrastructure	3	7,555,900.00	5,564,000.00
School fund income- parents' contributions	4	25,349,483.42	26,204,719.00
Miscellaneous incomes	5	4,741,480.00	1,252,430.00
Total Receipts		53,791,455.32	47,853,135.80
Payments			
Tuition	6	4,544,358.00	4,977,185.25
Operations	7	12,328,470.00	11,845,509.00
Infrastructure	8	7,203,066.18	5,223,555.00
Boarding and school fund	9	26,043,340.00	19,407,169.00
Total Payments		50,119,234.18	41,453,418.25
Surplus/Deficit		3,672,221.14	6,399,717.55

The school financial statements were approved on 24/4/26 2024 and signed by:

Name: Abel K. K. K.

Chairman, BoM

Sign: [Signature]

Date: 24/4/26

Name: James A. K.

School Principal/
Secretary to BOM

Sign: [Signature]

Date: 24/4/26

Name: Duncan A. K.

Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/26

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

7. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2024

Description	Note	2023 KShs	2024 KShs
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS			
Bank balances	10	8,957,803.70	3,809,492.06
Cash balances	11	113,098.70	686,973.70
Short term investments	12	-	-
Total cash and cash equivalent		9,070,902.40	4,496,465.76
Account's receivables	13	7,146,904.68	8,915,399.00
TOTAL FINANCIAL ASSETS		16,217,807.08	13,411,864.76
FINANCIAL LIABILITIES			
Accounts payables	14	3,942,023.18	4,808,302.00
NET FINANCIAL ASSETS		<u>12,275,783.90</u>	<u>8,603,562.76</u>
REPRESENTED BY			
Accumulated fund b/fwd	15	8,603,562.76	2,203,845.21
Surplus/deficit for the year		3,672,221.14	6,399,717.55
NET FINANCIAL POSITION		<u>12,275,783.90</u>	<u>8,603,562.76</u>

The school financial statements were approved on _____ 2024 and signed by:

Name: Peter Kimondiu
Chairman, BOM

Sign: [Signature]

Date: 24/4/26

Name: [Signature]
School Principal/
Secretary to BOM

Sign: [Signature]

Date: 24/4/26

Name: Duncan Gacheru
Bursar/
Finance Officer

Sign: [Signature]

Date: 24/4/26

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

8. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Description	Note	2023	2024
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	3,777,532.00	3,747,186.25
Government grants for operations	2	12,367,059.90	11,084,800.55
Government grants for infrastructure	3	7,555,900.00	5,564,000.00
School fund income-parents contribution/fees	4	27,296,939.74	26,029,226.50
Other income	5	4,745,480.00	1,252,430.00
Total receipts		55,742,911.64	47,677,643.30
Payments			
Cash outflows for tuition	6	3,249,575.00	6,004,765.25
Cash outflows for operations	7	14,337,070.00	11,845,509.00
Cash outflows for Boarding/ school fund payments	9	26,488,280.00	21,267,324.25
Total Payments		44,074,925.00	39,117,598.50
Net cash flow from operating activities		11,667,986.64	26,029,226.50
Cash flow from investing activities			
Acquisition of assets		(7,093,550.00)	(5,223,555.00)
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		(7,093,550.00)	(5,223,555.00)
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from financing activities		-	-
Net increase/decrease in cash and cash equivalents		4,574,436.64	3,336,489.80
Cash and cash equivalent at beginning of the FY		4,496,465.76	1,159,975.96
Cash and cash equivalent at end of the FY		9,070,902.40	4,496,465.76

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

The school financial statements were approved on 24/4/26 2026 and signed by:

Name: PETER KIMONDI
Chairman, BOM

Name: James K. Kariuki
School Principal/
Secretary to BOM

Name: DUNCAN GACHENI
Bursar/
Finance Officer

Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date: 24/4/26

Date: 24/4/2026

Date: 24/4/2026

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

9. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparal Basis
	a	b	c=a+b	d
RECEIPTS				
(1) CAPITATION GRANT ON TUITION				
Tuition	-	-	-	-
Exercise books	-	-	-	-
Laboratory equipment and apparatus	-	-	-	-
Teaching/learning materials	6,216,000.00	-	6,216,000.00	3,777,532.
Library materials	-	-	-	-
Internal exams	-	-	-	-
Reference books	-	-	-	-
Sub totals	6,216,000.00	-	6,216,000.00	3,777,532.0
(2) CAPITATION GRANT ON OPERATIONS				
EWC	3,235,889.00	-	3,235,889.00	2,266,509.0
LT @T	3,724,288.00	-	3,724,288.00	2,612,314.7
RMI	-	-	-	-
Personal emolument	3,816,790.00	-	3,816,790.00	2,673,571.0
Admin cost	3,323,033.00	-	3,323,033.00	2,327,766.0
Activity	2,250,000.00	-	2,250,000.00	1,235,384.1
Medical and insurance	975,000.00	-	975,000.00	1,251,075.0
Infrastructure Grant	-	-	-	-
Insurance	-	-	-	-
CBC	-	-	-	-
Sub totals	17,325,000.00	-	17,325,000.00	440.00
(3) FDSE FOR INFRASTRUCTURE				
Maintenance and Improvement	7,500,000.00	-	7,500,000.00	5,979,900.00
Transition infrastructure Grants	-	-	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
Administration block	-	-	-	-	-	-
Economic stimulus grants	-	-	-	-	-	-
Repair Maintenance & Improvement	-	-	-	-	-	-
CBC	-	-	-	-	-	-
Sub total	7,500,000.00	-	7,500,000.00	1,576,000.00	(1,576,000.00)	-
(4) FEES CHARGED ON PARENTS				7,555,900.00	(55,900.00)	101%
Boarding	18,000,000.00	-	18,000,000.00	21,354,587.74	(3,354,587.74)	119%
Inter Account transfers Operations	-	-	-	-	-	-
Fee Arrears	-	-	-	429,507.68	(429,507.68)	-
Repairs and Maintenance	-	-	-	3,484,101.00	(3,484,101.00)	-
Personal Emoluments	-	-	-	-	-	-
LTT	-	-	-	-	-	-
Activity	-	-	-	-	-	-
EWC	-	-	-	-	-	-
Admin costs	-	-	-	-	-	-
School ID	102,000.00	-	102,000.00	81,287.00	20,713.00	80%
Sub total	18,102,000.00	-	18,102,000.00	25,349,483.42	(7,247,483.42)	140%
(5) MISCELLANEOUS INCOME						
Rent income	-	-	-	-	-	-
Income from farming activities	987,500.00	-	987,500.00	1,028,755.00	(41,255.00)	104%
Income from farming activities - Savings Account	-	-	-	26,905.00	(26,905.00)	-
Income from Bus Hire - Savings Account	-	-	-	490,900.00	(490,900.00)	-
Income from bus hire	405,250.00	-	405,250.00	359,800.00	45,450.00	89%
Fee for hire of ground and equipment	1,350,800.00	-	1,350,800.00	1,206,450.00	144,350.00	89%
Income from the development of multi-purpose Hall	-	-	-	1,569,270.00	(1,569,270.00)	-
Breakages	-	-	-	17,500.00	(17,500.00)	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
KCSE	-	-	-	41,900.00	(41,900.00)	-
SUB TOTAL	2,743,550.00	-	2,743,550.00	4,741,480.00	(1,997,930.00)	173%
GRAND TOTAL INCOME	51,886,550.00	0.00	51,886,550.00	53,791,455.32	(1,904,905.32)	104%
(1) EXPENDITURE FOR TUITION						
Tuition	6,216,000.00	-	6,216,000.00	-	6,216,000.00	-
Exercise books	-	-	-	463,788.00	(463,788.00)	-
Laboratory equipments and apparatus	-	-	-	1,224,356.00	(1,224,356.00)	-
Teaching/learning materials	-	-	-	634,159.00	(634,159.00)	-
chalks	-	-	-	57,200.00	(57,200.00)	-
Internal exams	-	-	-	823,904.00	(823,904.00)	-
Library materials	-	-	-	46,168.00	(46,168.00)	-
Bank charges	-	-	-	-	-	-
Creditors	-	-	-	1,294,783.00	(1,294,783.00)	-
sub totals	6,216,000.00	-	6,216,000.00	4,544,358.00	1,671,642.00	73%
PAYMENTS FOR OPERATIONS						
EWC	3,235,889.00	-	3,235,889.00	1,827,555.00	1,408,334.00	56%
LT @T	3,724,288.00	-	3,724,288.00	2,026,713.00	1,697,575.00	54%
RMI	-	-	-	-	-	-
Personal emolument	3,816,790.00	-	3,816,790.00	4,206,086.00	(389,296.00)	110%
Admin cost	3,323,033.00	-	3,323,033.00	2,526,896.00	796,137.00	76%
Activity	2,250,000.00	-	2,250,000.00	1,383,865.00	866,135.00	62%
Medical and insurance	975,000.00	-	975,000.00	29,581.00	945,419	0%
Creditors	-	-	-	227,774.00	-	-
Insurance	-	-	-	-	-	-
Bank charges	-	-	-	-	-	-
SUBTOTALS	17,325,000.00	-	17,325,000.00	12,328,470.00	6,071,530	70%
INFRASTRUCTURE PAYMENTS						
Construction of classrooms	7,500,000.00	-	7,500,000.00	4,035,608.68	3,464,391.32	54%
Construction of laboratory	-	-	-	-	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

construction of dormitory	-	-	-	-	-	-
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
Purchase of furniture	-	-	-	-	-	-
Purchase of equipment	-	-	-	-	-	-
CBC	-	-	-	-	-	-
Creditors	-	-	-	1,576,440.00	(1,576,440.00)	-
SUBTOTALS	7,500,000.00	-	7,500,000.00	1,591,017.50	(1,591,017.50)	-
BOARDING AND SCHOOL FUND PAYMENTS				7,203,066.18	296,933.82	96%
Activity	-	-	-	-	-	-
Academic improvement	-	-	-	-	-	-
Bus hire	-	-	-	-	-	-
Farm expenses	-	-	-	-	-	-
Personnel emoluments	-	-	-	-	-	-
Inter-Account Borrowing-Tuition	-	-	-	-	-	-
Repairs and maintenance & Improvements	-	-	-	-	-	-
Local transport / travelling	-	-	-	3,234,238.00	(3,234,238.00)	-
Electricity and water	-	-	-	-	-	-
Medical Expenses	-	-	-	-	-	-
Caution	-	-	-	-	-	-
Fee on Boarding Equipment and Stores	18,000,000.00	-	18,000,000.00	17,200.00	(17,200.00)	-
Creditors	-	-	-	19,552,922.00	(1,552,922.00)	109%
Income from Generating Activities	-	-	-	5,000.00	(5,000.00)	-
School ID	-	-	-	1,682,642.00	(1,682,642.00)	-
KCSE	-	-	-	7,800.00	(7,800.00)	-
Furniture	-	-	-	41,900.00	(41,900.00)	-
School Bus	-	-	-	891,660.00	(891,660.00)	-
SUBTOTALS	18,000,000.00	-	18,000,000.00	609,978.00	(609,978.00)	-
TOTAL	49,041,000.00	-	49,041,000.00	26,043,340.00	(8,043,340.00)	145%
				49,989,653.18	(948,653.18)	102%

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

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

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

10. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

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 fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. **Non-current assets**

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

8. **Budget**

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

9. **Comparative figures**

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

10. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2024.

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2024

11. NOTES TO THE FINANCIAL STATEMENTS

1 Government Grants for Tuition

Description	2023	2024
	Kshs.	Kshs.
Reference Materials	-	187,359.00
Exercise Books	-	412,191.00
Laboratory Equipment	-	524,606.25
Internal Exams	-	1,836,121.00
Teaching / Learning Materials	3,777,532.00	786,909.00
Chalk & Dusters	-	-
Total	3,777,532.00	3,747,186.25

2 Government Grants for Operations

Description	2023	2024
	Kshs.	Kshs.
Personnel Emoluments	2,673,571.00	2,607,762.00
Repairs And Maintenance	-	-
Local Transport / Travelling	2,612,314.71	2,816,384.00
Electricity And Water	2,266,509.00	2,399,141.55
Medical	1,251,075.00	135,800.00
Administration Costs	2,327,766.00	2,607,763.00
Activity	1,235,384.19	517,950.00
CBC	440.00	-
Total	12,367,059.90	11,084,800.55

3 Government Grants for infrastructure

Description	2023	2024
	Kshs.	Kshs.
Maintenance & Improvement	5,979,900.00	5,564,000.00
Transition infrastructure grants	-	-
Administration Block	-	-
Economic stimulus grants	-	-
CBC	1,576,000.00	-
Total	7,555,900.00	5,564,000.00

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

4 School Fund Income - Parents Contribution/Fees

Description	2023 - 2024	2022 - 2023
	KShs	KShs
Personnel emoluments	-	-
Repairs and maintenance - Hall	3,484,101.00	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
Fee on Boarding Equipment and stores	21,392,087.74	26,204,719.00
PA Levies*	429,507.68	-
School ID	81,287.00	-
Total	25,386,983.42	26,204,719.00

5 Miscellaneous Incomes

Description	2023 - 2024	2022 - 2023
	KShs	KShs
Rent Income	-	-
Income From Farming Activities	1,028,755.00	868,280.00
Income from farming activities - Savings Account	26,905.00	-
Income From Posho Mill	-	-
Income From Bus Hire	359,800.00	384,150.00
Fee For Hire of Ground and Equipment	-	-
Income from Bus Hire - Savings Account	490,900.00	-
Furniture	1,206,450.00	-
Breakages	17,500.00	-
KCSE	41,900.00	-
Income from the development of multi-purpose Hall	1,569,270.00	-
Total	4,741,480.00	1,252,430.00

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tuition

Description	2023 - 2024	2022 - 2023
Exercise books	463,788.00	357,090.00
Textbooks and reference materials	-	-
Reference Materials	46,168.00	159,445.00
Laboratory equipment	1,224,356.00	430,125.25
Internal exams	823,904.00	1,515,380.00
Teaching / learning materials	634,159.00	654,792.00
Chalks & Dusters	57,200.00	-
Teachers guides	-	-
Bank Charges	-	-
Creditors	1,294,783.00	1,860,353.00
Total	4,544,358.00	4,977,185.25

7 Operations

Description	2023 - 2024	2022 - 2023
Personnel Emoluments	4,206,086.00	3,562,408.00
Service Gratuity	-	-
Administration Cost	2,526,896.00	3,017,485.00
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	2,026,713.00	2,525,098.00
Electricity And Water	1,827,555.00	1,207,925.00
Medical	129,581.00	130,215.00
Activity Expenses	1,383,865.00	1,399,578.00
Insurance Cost	227,774.00	-
Bank Charges	-	-
Total	12,328,470.00	11,845,509.00

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Infrastructure

Description	2023 - 2024	2022 - 2023
Construction of classrooms	4,035,608.68	-
Construction of laboratory	-	3,742,063.00
Construction of dormitory	-	-
Purchase of furniture	-	-
Purchase of equipment	-	-
Purchase of apparatus	-	-
CBC	-	-
Creditors	1,576,440.00	-
Total	1,591,017.50	1,481,492.00
	7,203,066.18	5,223,555.00

9 Boarding and School Fund

Description	2023 - 2024	2022 - 2023
Personnel Emoluments	-	-
Service Gratuity	-	-
Repairs And Maintenance & Improvements	3,234,238.00	-
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical Expenses	-	-
Administration Costs	-	-
Lunch Programme	-	-
Bank Charges	-	14,139.00
Expenses On Income Generating Activities	1,682,642.00	1,578,149.00
Fee On Boarding Equipment and Stores	19,552,922.00	17,814,881.00
Rent Expenses	-	-
School ID	-	-
Creditors	7,800.00	-
KCSE	5,000.00	-
Furniture	41,900.00	-
School Bus	891,660.00	-
Caution	609,978.00	-
Total	17,200.00	-
	26,043,340.00	19,407,169.00

LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Bank Accounts

Account Name & Reference	Status Active/Dormant	Bank Account Number	2023 Kshs	2024 Kshs
Tuition Account	Active		237,988.55	428,457.55
Operations Account	Active		3,007,952.75	1,110,863.85
School Fund Account/Boarding	Active		1,178,842.40	1,196,255.66
Savings Account	Active		2,728,496.00	641,521.00
Parent Association Development Account			-	-
Income Generating Activities Account			-	-
Infrastructural Account	Active		1,804,524.00	432,394.00
Total			8,957,803.70	3,809,492.06

11 Cash In Hand

Description	2023 Kshs	2024 Kshs
Infrastructural Account	-	-
Operations Account	-	222,418.00
School Fund Account/Boarding	112,998.70	464,555.70
Total	112,998.70	686,973.70

12 Short Term Investments

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

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Accounts Receivable

Description	2023 - 2024	2022 - 2023
Fees Arrears	7,136,904.68	8,877,899.00
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	10,000.00	37,500.00
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
Total	7,146,904.68	8,915,399.00

13 b Ageing Analysis of Accounts Receivable

Description	2023 - 2024	% of the total	2022 - 2023	% of the total
Less than 1 year	429,507.68	6%	4,430,677.00	49.91%
Between 1- 2 years	1,587,497.00	22%	2,189,962.00	24.67%
Between 2-3 years	3,521,890.00	49%	898,260.00	10.12%
Over 3 years	1,598,010.00	22%	1,359,000.00	15.31%
Total (should tie to note 13 a)	7,136,904.68	100%	8,877,899.00	100.00%

14 Accounts Payable

Description	2023 - 2024	2022 - 2023
Trade Creditors (See Ageing Below and Appendix 1)	3,119,074.18	4,154,305.00
Prepaid Fees	822,949.00	653,997.00
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables (specify)	-	-
Total	3,942,023.18	4,808,302.00

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14a. Ageing Analysis of Accounts Payable

Description	2023 - 2024		2022 - 2023	
	2023 - 2024	% of total	2022 - 2023	% of total
Less than 1 Year	3,118,574.50	100%	4,154,305.00	100%
Between 1 - 2 years	499.68	0%	-	-
Between 2 - 3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	3,119,074.18	100%	4,154,305.00	100%

15 Fund Balance Brought Forward

Description	2023 - 2024		2022 - 2023	
	2023 - 2024		2022 - 2023	
Bank Balances	3,809,492.06		466,922.26	
Cash Balances	686,973.70		693,053.70	
Short Term Investments	-		-	
Receivables	8,915,399.00		6,117,671.00	
Payables	(4,808,302.00)		(5,073,801.75)	
Total	8,603,562.76		2,203,845.21	

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

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	2023	2024
	KShs	KShs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
Total	-	-

17 Biological assets

Description	Numbers	2023	2024
		KShs	KShs
Cattle	8	-	-
Goats	-	-	-
Trees	270	-	-
Coffee Or Tea Plantation	-	-	-
Poultry	30	-	-
Others (specify)	-	-	-
Total	308	-	-

18 Borrowings

Description	2023	2024
	KShs	KShs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

Other important disclosure notes

19 Stock/ inventory

Description	2023 - 2024	2022 - 2023
Food stuffs	Rice -2410kgs Cooking oil -800lts Sugar-1530kgs	-
Lab consumables	-	-
Farm produce	Beans -60kgs	-
Medication	Maize – 1620kgs	-
Construction Materials	-	-
Others (specify)	-	-
	-	-
	-	-

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

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)	Remarks

Sign and Date
Principal



LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current 2023-2024	Outstanding Balance Contractual 2023-2024	Comments
	KShs	KShs	KShs	KShs	KShs	
Construction Of Buildings						
1. Classrooms- Taztazi holdings	903,047.50	-	-	903,047.50		
Sub-Total		-	-	903,047.50		
Supply Of Goods						
2. Sankins enterprises	129,200.00	07/6/2024		129,200.00		
3. Muspa Investment	478,100.00	15/2/2024	197,500.00	280,600.00		
4. Mache hardware stores	1,765,850.00	02/2/2024	1,709,310.00	56,540.00		
5. Atoms electrical	113,750.00	01/5/2024	-	113,750.00		
6. Wark Glass	107,880.00	14/6/2024	-	107,880.00		
7. Ereto bookshop	192,748.00	08/6/2024		192,748.00		
8. Kings and queens supplies	2,102,850.00	20/3/2024	1,500,000.00	602,850.00		
9. Streamline concept	135,400.00	05/1/2024	-	135,400.00		
10.H. Downing ltd	305,185.00	03/11/2024		305,185.00		
11.Kamasta	8,000.00	14/5/2024		8,000.00		
12. Pewang business	50,600.00	03/6/2024		50,600.00		



LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2024

Supplier / Description of Services	Original Amount	Date	Amount Paid	Outstanding Balance	Outstanding Balance	Comments
		Charged	By Date	Current 2023-2024	Current 2023-2024	
13. Committed movers	27,874.00	30/6/2024		27,874.00		
14. Anne Daphine	189,600.00	18/3/2024		189,600.00		
15. Kings & Queens supplies	8,500.00	27/1/2024		8,500.00		
Sub-Total				2,208,727.00		
Supply Of Services						
16. Jolly Agrovat	5,000.00			5,000.00		
17. Narosher Enterprises	1,800.00	02/4/2024		1,800.00		
Sub-Total				6,800.00		
Grand Total	<u>6,525,384.50</u>		<u>3,406,810.00</u>	<u>3,118,574.50</u>		



LANET SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30 June 2024

Annex 2 – Summary of Fixed Assets Register

Assets	Historical Cost at (KShs) 1 st July 2023	Additions during the year (KShs)	Disposals during the year (KShs)	Historical Cost at (KShs) 30 th June 20XX
Land 1 – Under Kenya Defence Forces	- 13Acres			
<i>Buildings and structures</i>				
- Classes	- 23			
- Laboratory	- 3			
- Abolition block	- 3			
- Kitchen	- 1			
- Administration Block	- 1			
- Library	- 1			
Motor vehicles -bus KCE 719D	1			
<i>Office equipment, furniture and fittings</i>				
- Student desks & chairs	1526			
- Teachers' desks & chairs	60			
- Office cabinets	5			
- Office safes	2			

LANET SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30 June 2024

ASSETS	Balance at start of year 1 st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Balance at end of year 30 th June 2024
ICT Equipment, and Other ICT Assets	-			
Tools and apparatus				
- Farm Tools	38			
- Laboratory apparatus	6273 pcs			
Textbooks, teachers guides & set books	19,241 cps			
Other Machinery and Equipment				
Vegetable cutting machine	- 1			
Water dispensers	- 1			
Sewing machines	- 6			
freezer	- 1			
Heritage and cultural assets	-			
Intangible Assets – Soft Ware				
- Accounts software	- 1			
- library software	- 1			
- Exam software	- 1			
Total	14,072			

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

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