


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY REPORT PAPERS LAID	
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TABLED BY:	Deputy Leader of Majority Party
OF	
CLERK-AT THE-TABLE:	WILLIS OBIENO

THE AUDITOR-GENERAL

ON

MAGEREZA ACADEMY SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

NAKURU COUNTY

Revised 30th June 2022.



MAGEREZA ACADEMY
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

MAGEREZA ACADEMY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

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MAGEREZA ACADEMY SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2022

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 Nakuru County, Naivasha Sub-County

The school was registered in 9/10/2013 under registration number PU/S/2/9091/13 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and had 675 number of students as at 30th June 2022. It has 2 streams and 25 teachers of which 8 teachers are employed by the School Board Of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	HASSAN TARI	Chairman	23RD MAY 2022
2	BETH NDERITU	V. CHAIR	23RD MAY 2022
3	MUCHIRI G.M	SECRETARY	23RD MAY 2022
4	MARION MWENDWA	MEMBER	23RD MAY 2022
5	MARY WAMBUI	MEMBER	23RD MAY 2022
6	DAUGLAS MUOTOTA	MEMBER	23RD MAY 2022
7	FRANCIS NJENGA	MEMBER	23RD MAY 2022
8	IGNATIUS NJERU	MEMBER	23RD MAY 2022
9	FRANCIS HIUHU	MEMBER	23RD MAY 2022
10	JAMES GICHIHA	MEMBER	23RD MAY 2022
11	DANCUN OGORE	MEMBER	23RD MAY 2022
12	FLORENCE OMUNDI	MEMBER	23RD MAY 2022
13	MARY GICHEHA	MEMBER	23RD MAY 2022
14	NANCY WAMBERE	MEMBER	23RD MAY 2022
15	JOSEPH MWANGI	MEMBER	23RD MAY 2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	MR. TARI H. MR. MUCHIRI G.M MRS. MARION. M MADAM BETH MR. JOSEPH M.	CHAIRMAN SECRETARY MEMBER V/CHAIR MEMBER	1
2	Audit Committee	DR. JAMES NJAU MR. TARI H. MRS. BETH N. MR. MUCHIRI G.M. MR. FRANCIS HIUHU MR. IGNATIUS NJERU MR. JOSEPH MWANGI	MEMBER CHAIRMAN V.CHAIRMAN SECRETARY MEMBER MEMBER MEMBER	0
3	Finance, procurement and general purposes Committee	DR. JAMES NJAU MR. TARI H. MRS. BETH N. MR. MUCHIRI G.M. MR. FRANCIS HIUHU MR. IGNATIUS NJERU MR. JOSEPH MWANGI	MEMBER CHAIRMAN V.CHAIRMAN SECRETARY MEMBER MEMBER MEMBER	0

MAGEREZA ACADEMY SECONDARY SCHOOL**Annual Report and Financial Statements****For the year ended 30th June 2022**

4	Academic Committee	MRS. MARION KINOTI MR. MUCHIRI G.M MR. TARI HASSAN MRS. BETH NDIRITU MR. NJENGA MUGENDI MR. GITAHI MWANGI MR. DAUGLAS MUTOTA MR. JOSEPH MWANGI MR. PHILIP MAINA MR. KELVIN BARASA MR.GEOFFREY TANUI	CHAIRPERSON SECRETARY MEMBER MEMBER MEMBER MEMBER MEMBER MEMBER MEMBER MEMBER	1
5	Development Committee	MR. NJERU IGNATIUS MR. TARI H. MRS. BETH NDERITU MR. MUCHIRI . G.M MR. PHILIP MAINA MR. JOSEPH MWANGI MR. KELVIN BARASA MRS. MARY NJOROGI	CHAIRPERSON MEMBER MEMBER SECRETARY MEMBER MEMBER MEMBER	2
6	Discipline and welfare Committee	MRS. MARY WANJAU MR. TARI H. MRS. BETH NDERITU MR. MUCHIRI G.M. MR. PHILIP MAINA M/S. NANCY WAMBERE MR. JOSEPH MWANGI MR. KELVIN BARASA MRS. MARY NJOROGI	CHAIRPERSON MEMBER MEMBER MEMBER MEMBER MEMBER MEMBER MEMBER	1

- **N/B- Audit committee and finance, procurement and general purpose committee was held and attend by the previous members**
- **The current BOM was inaugurated on 23rd May 2022.**

(d) School operation Management

For the financial year ended 30th June 2022 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	MUCHIRI G. M	342045
2	Deputy Principal	PHILIP MAINA	359346
3	School Bursar	IRENE OUMA	29514279

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 146-20117
Telephone: 0777225547
E-mail: magerezaacademy2011@gmail.com
Website: magerezaacademy.sc.ke
Facebook:
Twitter:

(f) School Bankers

The following school operated 5 number of bank accounts in the following banks:

1. Name of Bank: CO-OPERATIVE
Branch: NAIVASHA
Account Number: 01129116557200 (SCHOOL FUND ACCOUNT)
2. Name of Bank: CO-OPERATIVE
Branch: NAIVASHA
Account Number: 01139116557200 (SCHOOL FUND ACCOUNT)
3. Name of Bank: CO-OPERATIVE
Branch: NAIVASHA
Account Number: 01139116557201 (OPERATION ACCOUNT)
4. Name of Bank: CO-OPERATIVE
Branch: NAIVASHA
Account Number: 01139116557202 (TUITION ACCOUNT)
5. Name of Bank: CO-OPERATIVE
Branch: NAIVASHA
Account Number: 01139116557203 (INFRASTRUCTURE ACCOUNT)
6. MPESA Pay Bill No. 712892 attached to 01129116557200 bank account

(g) Independent Auditors

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

MAGEREZA ACADEMY SECONDARY SCHOOL
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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:**

➤ **SURPLUS/DEFICIT**

ACCOUNT	2021 & 2022	2021 JUNE	2020
TUITION	(1,165,043)	(274,638)	430,939
OPERATION	(9,794,169)	639,286	536,908
SCHOOL FUND	7,233,835	(28,568)	4,833,111.60
TOTAL	(3,725,377)	336,080	5,800,958.6

➤ **CAPITATION GRANT.**

ACCOUNTS	2021 JUNE- 2022 JUNE	2021	2020
TUITION	1,550,682	520,042	736,950
OPERATION	6,787,191.2	3,860,026.0	4,937,098.0
TOTAL	8,337,873.2	4,380,068	5,674,048.0
NO. OF STUDENTS	631	392	398
RATIO	1:17,818.21	1:12,882.50	1:14,256

➤ **DEBTORS AND CREDITORS**

ACCOUNTS	2021 JUNE- 2022 JUNE	JAN 2021- JUNE 2022	2020
DEBTORS	10,736,745	936,941	1,541,344
CREDITORS	13,646,685	1,185,980	2,271,888

➤ **CASH AND BANK BALANCE**

ACCOUNTS	2021 JUNE- 2022 JUNE	JAN 2021- JUNE 2022	2020
CASH	(13,104.50)	624.50	-
BANK	29,896.95	1,332,950.55	479,182.20

b) Teacher Student ratio:

YEAR	2022 JUNE	2021 JUNE	2020	2019	2018
NO OF TSC TEACHERS.	17	12	11	10	12
NO OF BOM TEACHERS	8	6	6	6	3
NO. OF STUDENTS	675	440	392	392	374
TEACHERS RECRUITED POSTED	6	1	1	1	1
TEACHERS TRANSFERED/ RETIRED	1	0	1	0	3
TEACHER STUDENT RATIO	01:40	01:40	01:36	01:39	01:31

c) Mean score in the 2021 KCSE:

YEAR	2021	2020	2019	2018	2017
AGP	5.81	6.56	5.92	5.63	4.98
MG	C	C+	C	C	C-
DEV	-0.75	0.64	0.29	0.65	0.15
NO. JOINING UNIVERSITY	28	45	30	28	14
TRANSITION RATE	28.87%	46.39%	36.59%	33.73%	14.29%

d) Number of Candidates in the 2022 KCSE:

YEAR	2022	2021	2020	2019	2018	2017
ENROLMENT	111	97	97	82	83	98

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e) Capacity of the school:

YEAR	2022	2021	2020	2019	2018
NO. OF STUDENTS	675	485	392	392	374
DORMITORY	2(150 CAPACITY)& 1 (400 CAPACITY)	2(150 CAPACITY) OTHER STUDENTS ARE SLEEPING IN CLASSROOMS & DINING HALL	2(150 CAPACITY) OTHER STUDENTS ARE SLEEPING IN CLASSROOMS	2(150 CAPACITY) OTHER STUDENTS ARE SLEEPING IN CLASSROOMS	2(150 CAPACITY) OTHER STUDENTS ARE SLEEPING IN CLASSROOMS
LIBRARY	1	1	1	1	1
CLASSES	11	9	8	8	8
LAB	2	2	2	2	1
TOILETS	13 & 20 INCOMPLETE	17	11	8	8
DINING HALL	INCOMPLETE	INCOMPLETE	INCOMPLETE	INCOMPLETE	INCOMPLETE

MAGEREZA ACADEMY SECONDARY SCHOOL
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f) Development projects carried out by the school:

PROJECT	SOURCE OF FUND	STATUS
2022 DORMITORY	M.O.E & PARENTS	ONGOING
2022 TOIETS	CDF	COMPLETE
2021 DINING HALL	M.O.E	ONGOING
2020 DINING HALL	M.O.E	ONGOING
2019 DINING HALL	M.O.E	ONGOING
2018 DINING HALL	M.O.E & PARENTS	ONGOING



 PRINCIPAL
 MAGEREZA ACADEMY
 P.O. Box 146, 20107, NAIVASHA.
 TEL: 0774 225 547
 Date:..... Sign:.....

Sign

School Principal

MAGEREZA ACADEMY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022


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.

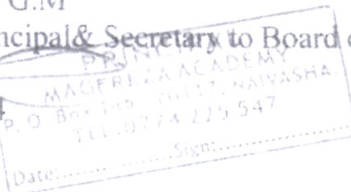
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.


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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

Name: BETH NDIRITU
Designation: Chairman, School Board of Management
Sign: 
Date: 05/07/2024

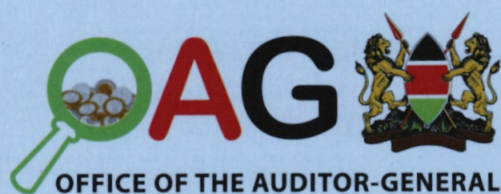
Name: MUCHIRI G.M
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 05/07/2024



Name: IRENE A. OUMA
Designation: Bursar/ Finance Officer
Sign: 
Date: 05/07/2024

REPUBLIC OF KENYA

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Enhancing Accountability

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MAGEREZA ACADEMY SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - 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 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 Magereza Academy Secondary School - Nakuru County set out on pages 1 to 18, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts

Report of the Auditor-General on Magereza Academy Secondary School for the year ended 30 June, 2022 - Nakuru County

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

In my opinion, except for the 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 Magereza Academy Secondary School - Nakuru County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Presentation and Disclosures in the Financial Statements

1.1 Errors and Inaccuracies in the Annual Report and Financial Statements

The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors;

- i. Under summary report of performance of the School, the debtors and creditors reported of Kshs.10,736,745 and Kshs.13,646,685 respectively for the financial year 2021/2022 are at variance with the amounts reported in the statement of financial assets and financial liabilities of Kshs.13,172,029 and Kshs.15,514,647 respectively, resulting to an unreconciled variances of Kshs.2,435,284 and Kshs.1,867,962 respectively.
- ii. The template requires the School to provide a three-year overview of growth of other income(s) earned by the School and a three-year overview of growth in expenditure of the School. However, these details have not been provided under the summary report of performance of the School.
- iii. The statement of receipts and payments reflects Kshs.32,487,971 in respect of boarding and school fund payments which is at variance with the amount as per the supporting disclosure Note of Kshs.32,437,971, resulting to a variance of Kshs.50,000 which was not explained.
- iv. The statement of cash flows and Note 17 to the financial statements wrongly indicate the prior year as 2019-2021 and 2019-2020 respectively instead of 2020-2021.
- v. The statement of budgeted versus actual amounts showed some casting errors as shown below:

Item	Reported Amount (Kshs)	Re-Computed Amount (Kshs)	Variance (Kshs)
Fees Refund- Budget Utilization Difference	0	(5,000)	(5,000)
Total - Expenditure Adjustments	9,933,855	10,328,355	(394,500)

In the circumstances, the accuracy, completeness, presentation and disclosure of the financial statements could not be confirmed and does not comply with the requirements of the Public Sector Accounting Standards Board.

1.2 Inaccuracies in the School Fund Income- Parents Contributions and School Fund Payments

The statement of receipts and payments reflects school fund income and boarding and school fund payments of Kshs.45,221,806 and Kshs.32,487,971 respectively as disclosed in Notes 3, 4 and 7 to the financial statements. However, it was observed that the reported amounts were at variance with the amounts as per the cash book of Kshs.35,892,838 and Kshs.36,462,769 for school fund income and school fund payments respectively, resulting to an unreconciled variances of Kshs.9,328,968 and Kshs.3,974,758 respectively.

In the circumstances, the accuracy and completeness of school fund income and school fund payments amounts of Kshs.45,221,806 and Kshs.32,487,971 respectively could not be confirmed.

1.3 Inaccuracies in Capitation Grants for Operations

The statement of receipts and payments reflects capitation grants for operations amount of Kshs.6,787,191 as disclosed in Note 2 to the financial statements. However, it was observed that the reported amount was at variance with the amount as per the cash book of Kshs.6,230,785 resulting to an unreconciled variance of Kshs.556,406.

Further, it was observed that the actual receipts for infrastructure were at variance with the disbursements made by the Ministry of Education. The School received an amount of Kshs.1,688,500 in relation to capitation grants for infrastructure for the months of July and October, 2021 and January and April, 2022 as per the National Education Management Information System (NEMIS). This amount was at variance with actual receipts received by the School of Kshs.2,100,000 by Kshs.411,500 which was not reconciled or explained.

In the circumstances, the accuracy and completeness of the capitation grants for operations amount of Kshs.6,787,191 could not be confirmed.

1.4 Inaccuracies in Capitation Grants for Tuition

The statement of receipts and payments reflects capitation grants for tuition amount of Kshs.1,600,682 as disclosed in Note 1 to the financial statements. However, it was

observed that the actual receipts for tuition were at variance with the disbursements made by the Ministry of Education. According to the National Education Management Information System (NEMIS) the School received Nil amount in relation to capitation grants for tuition for July, 2022. This amount was at variance with actual receipts received by the School of Kshs.141,290. The variance was not reconciled or explained. In the circumstances, the accuracy and completeness of the capitation grants for tuition amount of Kshs.1,600,682 could not be confirmed.

2. Unsupported and Misclassified School Fund Income - Parents' Contributions and Other Income

2.1 Misclassification of School Fund Income - Other Receipts

The statement of receipts and payments reflects school fund income - other receipts of Kshs.33,000,335 as disclosed in Note 4 to the financial statements. However, it was noted that this amount included an amount of Kshs.32,996,335 in respect of school fees received from parents which falls under school fund income - parents' contributions.

In the circumstances, the accuracy and completeness of school fund income - other receipts amount of Kshs.33,000,335 could not be confirmed.

2.2 Unsupported School Fund Income - Parents' Contributions

The statement of receipts and payments reflects school fund income - parents' contributions and school fund income - other receipts amounts of Kshs.12,221,471 and Kshs.33,000,335 respectively as disclosed in Notes 3 and 4 to the financial statements. However, the schedules supporting the reported amounts were not provided for audit review.

In the circumstances, the accuracy and completeness of school fund income - parents' contributions and school fund income - other receipts amounts of Kshs.12,221,471 and Kshs.33,000,335 respectively could not be confirmed.

3. Payments for Operations

3.1 Unsupported Payments for Operations

The statement of receipts and payments reflects payments for operations amount of Kshs.22,081,360 as disclosed in Note 6 to the financial statements. Included in this figure is an amount of Kshs.951,100 whose supporting documents were not provided for audit verification.

In the circumstances, the accuracy, completeness and occurrence of payments for operations of Kshs.951,100 could not be confirmed.

3.2 Unsupported Fuel Expenditure

The statement of receipts and payments reflects payments for operations amount of Kshs.22,081,360 as disclosed in Note 6 to the financial statements. The amount includes an amount of Kshs.128,500 incurred on fuels, oils, and lubricants. Review of sampled payments vouchers revealed that Kshs.128,500 was not supported with the relevant documents including fuel registers, suppliers' statements and work tickets. In addition, the School was fuelling private vehicles without any prior approval.

In the circumstances, the accuracy and occurrence of Kshs.128,500, being payment in respect of fuel oils and lubricants could not be confirmed.

4. Unsupported Payments for Boarding and School Fund

The statement of receipts and payments reflects payments for boarding and school fund amount of Kshs.32,487,971 as disclosed in Note 7 to the financial statements. However, audit verification of sampled payment vouchers revealed that payments amounting to Kshs.2,042,600 were not adequately supported and lacked local purchase orders, receipts and inspection and acceptance certificates.

In the circumstances, the occurrence, accuracy and completeness of payments for boarding and school fund of Kshs.2,042,600 could not be confirmed.

5. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects a balance of Kshs.16,792 in respect of cash and cash equivalents as disclosed in Notes 8 and 9 to the financial statements. The following observations were made:

- i. Included in the balance is cash in hand of negative Kshs.13,015. However, Management did not provide a board of survey report to confirm the cash in hand balance. In addition, Management did not present bank certificates for the five (5) bank accounts operated. Further, included in the bank balance is a negative cash balance of Kshs.13,105 which is offset against bank balance of Kshs.29,897.
- ii. Further, the supporting bank reconciliation statement shows unrepresented cheques of Kshs.83,500 and direct banking of Kshs.321,387. However, Management did not provide a schedule in support of the reconciling items including the particulars and dates when the unrepresented cheques were cleared.

In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Kshs.16,792 could not be confirmed.

6. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects trade receivable balance of Kshs.13,172,029 as disclosed in Note 11 to the financial statements. However, the

supporting schedule provided amounted to Kshs.10,736,745, resulting to a variance of Kshs.2,435,284 which was not supported. Further, included in the balance are receivables amounting to Kshs.2,012,622 which had been outstanding for more than two (2) 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, accuracy, completeness and recoverability of accounts receivable balance of Kshs.13,172,029 could not be confirmed.

7. Unsupported Pending Accounts Payables

The statements of financial assets and financial liabilities reflects accounts payables balance of Kshs.15,514,647 as disclosed in Note 12 to the financial statements. However, support documentation including local purchase orders, invoices and goods received notes were not provided for audit review.

In the circumstances, the accuracy, completeness and occurrence of accounts payables balance of Kshs.15,514,647 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.42,735,508 and Kshs.38,891,020 respectively, resulting to an under budgeting of Kshs.3,844,488 or 9% of the budget. However, the School spent Kshs.40,967,840 against actual receipts of Kshs.38,891,020, resulting to over-utilization of Kshs.2,076,820 or 5% of actual receipts.

The under budgeting affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022.

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. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 26 April, 2024 instead of the statutory date of 30 September, 2022. 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.

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

2. Lack of a Professional Opinion after Tender Evaluation

The statement of receipts and payments reflects payments for boarding and school fund amount of Kshs.32,487,971 as disclosed in Note 7 to the financial statements. The payments include an amount of Kshs.1,554,570 paid to five (5) suppliers for supply of foodstuffs, uniforms and other consumables. Management awarded the tenders through open tender method of procurement. However, there was no evidence of a Professional Opinion on the procurement proceedings for the items, issued to the Accounting Officer by the person designated to handle procurements in the Institution. This is contrary to Section 84(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that the head of procurement function of a procuring entity shall, alongside the report to the Evaluation Committee as secretariat comments, review the Tender Evaluation Report and provide a signed Professional Opinion to the Accounting Officer on the procurement or asset disposal proceedings.

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

3. Direct Procurement of Goods

The statement of receipts and payments reflects payments for boarding and school fund amount of Kshs.32,487,971 as disclosed in Note 7 to the financial statements. The payments included an amount of Kshs.1,455,757 paid to various suppliers for the supply of foodstuffs, office supplies and boarding items. It was however noted that Management used the direct procurement method without satisfying the conditions set out in Section 103(2) of the Public Procurement and Asset Disposal Act for using direct procurement method. These include; where only one supplier is available with no alternatives, urgent needs due to unforeseen events, standardization or compatibility with existing goods; and goods or services provided by a public entity at a fair price.

In the circumstances, Management was in breach of the law and value for money may not have been achieved on goods procured at a cost of Kshs.1,455,757.

4. Lack of a Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.53,609,679 and Kshs.57,335,056 in respect of total receipts and payments respectively. However, during period, Management did not provide an annual procurement plan as part of the annual budget preparation process for audit.

This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

In the circumstances, Management was in breach of the 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 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 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. Incomplete Fixed Assets Register

Annex 2 on summary of fixed assets register reflects Nil balance in respect of non-current assets. However, the summary of fixed assets register does not indicate the locations, historical costs brought forward, additions, disposals and historical costs carried forward of the School's assets as guided by the reporting template.

In the circumstances, the presentation of the summary of fixed assets register does not comply with the prescribed and published Public Sector Accounting Standards Board template.

2. Lack of Land Ownership Documents

Annex 2 on summary of fixed assets register reflects Nil balance in respect of non-current assets. However, the fixed assets register indicated that Magereza Academy Secondary School owns 100 acres of land donated to the School by the Kenya Prisons Service. Further, it was observed that the School did not have a title deed for the land.

In the circumstances, the ownership and size of land owned by the School could not be confirmed.

3. Inaccuracies in the Students Enrollment Data

The statement of receipts and payments reflects capitation grants for tuition, operations and infrastructure of Kshs.1,600,682, Kshs.6,787,191 and Kshs.12,221,471 respectively as disclosed in Notes 1, 2 and 3 to the financial statements. Comparison of data from National Education Management and Information System (NEMIS) with enrolment records provided by the School revealed that during the financial period 2021/2022, NEMIS reflected four hundred and seventy-seven (477) students while School records had six hundred and seventy-five (675) students, resulting to an unexplained variance of one hundred and ninety-eight (198) students. As a result of the variances, the School was under funded by an amount of Kshs.793,069. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, underfunding of the School may have affected service delivery to the students.

4. Irregularities in Board of Management

The audit revealed that the Board of Management included the Deputy Principal as a member of three (3) Committees of the Board contrary to Section 56(1-3) of the Basic Education Act, 2013 which lists members who should be included in the School's Board of Management and the Deputy Principal is not one of them.

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

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 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 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 overall 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 control would not necessarily disclose all matters in the internal control that might be materials 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 control 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 the 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 the Management.
- Conclude on the appropriateness of the 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 the 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

24 October, 2024

MAGEREZA ACADEMY SECONDARY SCHOOL

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for the year ended 30th June 2022

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1,600,682	520,042
Capitation grants for operations	2	6,787,191	3,860,026
School Fund Income- Parents' Contributions	3	12,221,471	2,486,618
School Fund Income- Other receipts	4	33,000,335	6,015,686
Proceeds from borrowings			
TOTAL RECEIPTS		53,609,679	12,882,372
PAYMENTS			
Payments for Tuition	5	2,765,725	794,680
Payments for operations	6	22,081,360	3,220,740
Boarding and school fund payments	7	32,487,971	8,530,872
TOTAL PAYMENTS		57,335,056	12,546,292
SURPLUS/DEFICIT		(3,725,377)	336,080

The school financial statements were approved on _____ 2022 and signed by:

Sign: 

Name: BETH NDIRITU

Chair BOM

Date 05/07/2024

PRINCIPAL
MAGEREZA ACADEMY
P. O. Box 146, 30117, NAIVASHA.
TEL: 0774 225 517
Name: MUCHIRI G.M.

School Principal/
Secretary to BOM

Date 05/07/2024

Sign: 

Name IRENE A. OUMA

Bursar/
Finance Officer

Date 05/07/2024

MAGEREZA ACADEMY SECONDARY SCHOOL
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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	29,897	1,332,951
Cash Balances	9	(13,105)	625
Short term Investment	10	-	
Total Cash and Cash Equivalents		16,792	1,333,575
Accounts receivables	11	13,172,029	2,949,563
TOTAL FINANCIAL ASSETS		13,188,821	4,283,138
FINANCIAL LIABILITIES			
Accounts Payable	12	15,514,647	2,883,587
NET FINANCIAL SSETS		(2,325,826)	1,399,551
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	1,399,551	1,063,471
Surplus/Defict for the year		(3,725,377)	336,080
NET FINANCIAL POSITION		(2,325,826)	1,399,551
		0	0

The School's financial statements were approved on _____ 2022 and signed by:

Name: BETH NDIRITU
 Chairman, BoM

Sign: 

Date: 05/07/2024

Name: MUCHIRI G.M.
 School Principal/Secretary
 to BoM

Sign: 

 Date: 05/07/2024

Name: IRENE A. OUMA
 Bursar/Finance

Sign: 

Date: 05/07/2024

MAGEREZA ACADEMY SECONDARY SCHOOL

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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2021-2022	2019-2021
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	1,600,682	520,042
Capitation grants for operations	2	6,787,191	3,860,026
School fund income- Parents contributions/ fees	3	12,221,471	2,486,618
School fund income- other receipts	4	33,000,335	6,015,686
Total receipts		53,609,679	12,882,372
Payments			
Payments for Tuition	5	2,765,725	794,680
Payments for operations		4,132,565	3,220,740
Boarding and school fund payments	7	32,487,971	8,530,872
		39,386,261	12,546,292
Cash flow from operating activities		14,223,418	336,080
Adjustments			
increase/ decrease in receivables		(10,222,466)	412,982
increase/ decrease in payables		12,631,060	611,699
Net cash flow from operating activities		16,632,012	1,360,761
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0	0
Acquisition of Assets		(17,948,795)	0
Proceeds from investments		0	0
Net cash flows from Investing Activities			0
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(1,316,783)	1,360,761
Cash and cash equivalent at BEGINNING of the year		1,333,575	(27,186)
Cash and cash equivalent at END of the year		16,792	1,333,575
		(0)	0

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	1,239,615	371,885	1,611,500	1,550,682	60,818	96.2%
Chalks						
Exams and assessment						
Teachers guides						
TOTAL	1239615	371885	1611500	1550682	60818	
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	1,734,630		1,734,630	1,136,882	597,748	65.5
Repairs and maintenance	2,925,000	-	2,925,000	2,631,500	293,500	90%
Local transport / travelling	494,910		494,910	40,603	454,307	8.7%
Electricity and water	1,869,660		1,869,660	1,624,116	245,544	86.9%
Medical						
Administration costs	1,399,800		1,399,800	1,258,690	141,110	89.9%
Activity	877,500	-	877,500	95,400	782,100	37.81%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
TOTAL	9301500		9301500	6787191	2514309	
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	2,686,549	1,219,244	3,905,793	3,748,679	157,114	96%
Repairs and maintenance	2,925,000	1,327,500	4,252,500	2,982,872	1,269,628	70.1
Local transport / travelling	317,543	144,043	461,586	438,362	23,224	95%
Electricity and water	2,241,628	1,017,278	3,258,906	3,014,444	244,462	92.5%
Medical						
Administration costs	1,239,883	562,675	1,802,558	1,707,775	94,783	94.7%
Activity	292,500	132,750	425,250	329,339	95,911	77.4%
SMASSE						
Fee on Boarding Equipment and Stores	12,185,550.00	5,530,365	17,715,915	18,326,676	-610,761	103%
OTHER INCOME						
FEES REFUND				5000		
Income from farming activities						
Insurance compensation						
Income from Posho mill						
Income from Bus Hire						
Fee for hire of ground and equipment						
Interest income						
Income from any other investment						
TOTAL	21888653	9933855	31822508	30553147	1269361	
TOTAL INCOME	32429768	10305740	42735508	38891020	3844488	
(1) EXPENDITURE FOR TUITION						

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	1,239,615	371,885	1,611,500	1,339,655	271,845	83.1%
Chalks						
Exams and assessment						
Teachers guides						
Administration costs						
Bank Charges				840	(840)	
TOTAL	1239615	371885	1611500	1340495	271,005	
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	1,734,630	-700,000	1,034,630	928,850	105780	89.8%
Repairs, maintenance & improvements	2,925,000	700,000+400,000	4,025,000	3,897,470	127,530	96.8%
Local transport / travelling	494,910	-400,000	94,910	31,650	63,300	33.3%
Electricity, water and conservancy	1,869,660		1,869,660	1,321,305	548355	70.6%
Other voteheads						
Administration costs	1,399,800		1,399,800	996,450	403,350	71.2%
Activity Expenses	877,500	-	877500	252,340	625,160	28.73%
Gratuity						
SMASSE						
Bank Charges						
TOTAL	9,301,500	0	9,301,500	7,428,065	1,873,475	
(3) EXPENDITURE FOR						

MAGEREZA ACADEMY SECONDARY SCHOOL
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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
SCHOOL FUND						
Personnel emoluments	2,686,549	269,244	2,955,793	2,925,744	30,049	97.7%
Repairs, maintenance and improvements	2,925,000	177,500	3,102,500	3,087,055	15,445	99.5%
Local transport / travelling	317,543	274,043	591,586	578,255	13,331	97.7%
Electricity, water and conservancy	2,241,628	(1,532,722)	708,906	678,380	30,526	95.7%
Medical Expenses						
Administration costs	1,239,883	3,012,675	4,252,558	4,229,369	23,189	99.5%
Activity	292,500	197,250	95,250	89,025	6,225	93.4%
Gratuity						
Boarding Equipment and Stores	12,185,550.00	7,930,365	20,115,915	20,611,452	-495,537	102.5%
Expenditure for Income Generating Activity						
Insurance Cost (Life Property)						
Loan Principal repayment						
TOTAL	21,888,653	9,933,855	31,822,508	32,199,280	(376,772)	
TOTALS EXPENDITURE	32,429,768	10,305,740	42,735,508	40,967,840	1,767,708	

NOTE

- i. Virement has resulted due to inflation of food stuffs.
- ii. Over utilization is due to inflation.

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 years presented.

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

MAGEREZA ACADEMY SECONDARY SCHOOL
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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

		2021-2022	2020-2021
		Kshs	Kshs
textbooks and reference materials			
exercise books			
laboratory equipment			
school fund account		50,000.00	
teaching / learning materials		1,550,682.20	520,042.00
chalks			
exams and assessment			
teachers guides			
reference/Library			
Total		1,600,682.20	520,042.00

2 CAPITATION GRANT FOR OPERATIONS

		2021-2022	2020-2021
		Kshs	Kshs
personnel emoluments		1,136,881.50	
repairs and maintenance		2,631,500.00	1,998,000.00
Other voteheads			1,862,026.45
Electricity and water		1,624,116.40	-
School Fund A/C		40,603.00	-
Administration costs		1,258,690.30	-
Insurance			
Activity		95,400.00	-
Total		6,787,191.20	3,860,026.45

3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT

		2020-2021	2020-2021
		Kshs	Kshs
personnel emoluments		3748679	928626
repairs and maintenance		2982872	343778
local transport / travelling		438362	89380
Electricity and water		3014444	663242
Medical			
Administration costs		1707775	441237
Activity		329339	20355
Total		12,221,471.00	2,486,618.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

		2021-2022	2020-2021
		Kshs	Kshs
Fee on Boarding Equipment and Stores		32,995,335.00	5,942,501.00
Electricity, water & C			
LT&T			
Repairs and Maintenance			
Personal Emoluments			
Admin Costs			
Activity			
fees refund		5,000.00	
Income from farming activities			73,185.00
Total		33,000,335.00	6,015,686.00

5 PAYMENTS FOR TUITION

		2021-2022	2020-2021
		Kshs	Kshs
Textbooks and reference materials		112,105.00	-
Exercise books		1,194,450.00	-
Laboratory equipment		579,740.00	-
Internal exams			-
Teaching / learning materials		878,590.00	794,320.00
Chalks			-
Exams and assessment			-
Teachers guides			-
Administration Costs			-
Bank Charges		840.00	360.00
Total		2,765,725.00	794,680.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

		2021-2022	2020-2021
		Kshs	Kshs
Personal Emoluments		928,850.00	808,220.00
Service Gratuity			-
Administration Cost		996,450.00	319,820.00
Repairs and maintenance & improvements		302,970.00	870,040.00
Other votehead			1,222,660.00
Electricity and water		1,321,305.00	-
L.T.T		31,650.00	-
Activity Expenses		252,340.00	-
School fund A/C		299,000.00	-
Infrastructure			-
Bank Charges			-
Acquisition of Assets		17,948,795.00	-
Transfers			
TOTAL		22,081,360.00	3,220,740.00

7 BOARDING AND SCHOOL FUND PAYMENTS

		2021-2022	2020-2021
		Kshs	Kshs
Activity		89,025.00	67,130.00
Farm		180,975.00	
Personnel emoluments		2,925,744.00	1,058,340.00
Service Gratuity			
Repairs and maintenance & Improvements		3,087,055.00	995,620.00
Local transport / travelling		578,255.00	62,800.00
Electricity and water		678,380.00	128,705.00
Medical Expenses			
Administration costs		4,229,369.00	977,538.00
Lunch Programme			
Bank Charges			
Expenses on Income Generating Activities			76,830.00
Fee on Boarding Equipment and Stores		20,611,452.00	5,061,591.00
fees refund		57,716.00	102,318.00
Rent Expenses			
Acquisition of Assets			
TOTAL		32,437,971.00	8,530,872.00

MAGEREZA ACADEMY SECONDARY SCHOOL**Annual Report and Financial Statements****For the year ended 30th June 2022****NOTES TO THE FINANCIAL STATEMENTS (Continued)****8 BANK ACCOUNTS**

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		378.05	980.85
Operations Account		5,855.05	758,143.00
School Fund Account/Boarding		23,663.85	573,825.85
Savings Account			
Income generating activities Account			-
Infrastructural Account			-
Farm Account			
Total		29,896.95	1,332,949.70

9 CASH IN HAND

Description		2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		-	-
Operation Account			
School Fund account		(13,104.50)	624.50
Total		(13,104.50)	624.50

10 SHORT TERM INVESTMENTS

Description		2020-2021	2019-2020
		Kshs	Kshs
Cooperative shares			
Treasury Bills			
Fixed deposit			
Equity stock			
Other investments			
Total			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description		2020-2021	2019-2020
		Kshs	Kshs
Fees arrears		13,172,029.00	2,949,563.00
Other non-fees receivables			
Salary advances			
Imprest			
Total		13,172,029.00	2,949,563.00

Description		2020-2021	2019-2020
		Kshs	Kshs
Fees arrears for current year		10,736,745.00	936,941.00
Fees arrears for the previous year		936,941.00	1,541,344.00
fees arrears received during the year		(514,279.00)	(1,349,923.00)
Fees arrears for prior periods (over two years)		2,012,622.00	1,821,201.00
Total		13,172,029.00	2,949,563.00

12 ACCOUNTS PAYABLE

Description		2020-2021	2019-2020
		Kshs	Kshs
Trade creditors (See ageing below and appendix 1)		14,921,243.00	2,221,773.00
Prepaid fees		593,404.00	661,814.00
Retention monies			-
Total		15,514,647.00	2,883,587.00

Description		2021-2022	2020-2021
		Kshs	Kshs
Trade creditors for current year		13,646,685.00	1,186,305.00
Trade creditors for the previous year		1,186,305.00	2,271,888.00
Trade creditors paid during the year		(947,215.00)	(1,236,420.00)
Trade creditors for prior periods (over two years)		1,035,468.00	
Total		14,921,243.00	2,221,773.00

MAGEREZA ACADEMY SECONDARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description		2021-2022	2020-2021
		Kshs	Kshs
Bank balances		1,332,950.55	(28,171.90)
Cash balances		624.50	985.50
Short Term Investments			
Receivables		2,949,563.00	3,362,545.00
Payables		(2,883,587.00)	(2,271,888.00)
Total		1,399,551.05	1,063,470.60

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Other important disclosure notes

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

14 Non-current Liabilities Summary

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank loan(s)		
Outstanding Leases		
Hire purchase		
Gratuity and leave provision		
Total		

15 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	6		
Goats	-		
Trees	-		
Coffee or tea plantation	-		
Poultry	-		
Total	6		

16 Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
Balance at end of the year		

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	-	
Stock/ inventory purchased during the year	-	
Stock/ inventory issued during the year	-	
Balance at end of the year	-	

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

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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 2022	Outstanding Balance 20-21	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
JAYSTEF INVESTMENT	176,000	11/2/2022		176,000		INFRASTRUCTURE
CLEARCRYSTAL	3,855,350	11/2/2022		3,855,350		INFRASTRUCTURE
THREE RINGS HARDWARE	4,057,230	11/2/2022		4,057,230		INFRASTRUCTURE
NEW JOSMAN AGENCIES	416,500	11/2/2022		416,500		INFRASTRUCTURE
ADVARMALTEX LIMITED	762,500	11/2/2022		762,500		INFRASTRUCTURE
Supply of goods						
KHAMALA ENTERPRISE	385,010	11/2/2022		385,010		SCHOOL FUND
NYCELILY ENTERPRISE	440,250	11/2/2022		440,250		SCHOOL FUND
OASIS NUTRITION CEREAL	440,800	11/2/2022		440,800		SCHOOL FUND
POPSY JUDY	319,915	11/2/2022		319,915		SCHOOL FUND
ROSIC HOLDING LTD	225,000	11/2/2022		225,000		SCHOOL FUND
PAMUSU INVESTMENT STATIONERY	152,750	11/2/2022		152,750		SCHOOL FUND
MIPAN AGENCIES	542,850	11/2/2022		542,850		SCHOOL FUND
PAMUSU VEGETABLES	44,250	11/2/2022		44,250		SCHOOL FUND
KIRICHARIS ENTERPRISE	22,000	11/2/2022		22,000		SCHOOL FUND
HEIDI FOOD	75,700	11/2/2022		75,700		SCHOOL FUND
NJORO AND WAGES BUTCHERY	226,350	11/2/2022		226,350		SCHOOL FUND
EVERBURNING FIREWOOD	79,000	11/2/2022		79,000		SCHOOL FUND
GELKY LAB EQUIPMENT (LAB EQUIPMENT)	579,740	11/2/2022		579,740		TUITION A/C
LAZO ENTERPRISES (OFFICE STATIONARY)	269,490	11/2/2022		269,490		TUITION A/C
KNITSTAR ENTERPRISES (SCHOOL UNIFORM)	1,274,558	11/2/2022		1,274,558	1,274,558	SCHOOL FUND
POWERPOINT CYBER	576,000	11/2/2022		576,000		TUITION A/C
Grand Total	14,921,243			14,921,243.00	1,274,558	

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	NO. OF ITEMS	Location	Historical Cost b/f (Kshs) 1 st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2022
Land 1	100 Acre					
Land 2						
Buildings and structures :- Classrooms	12	MAGEREZA				
- Laboratory	2					
- Library	1					
- Administration	1					
- Dormitory	3					
- Dining hall cum kitchen	1					
Motor vehicles	-					
Office equipment, furniture and fittings		MAGEREZA				
- Chairs	732					
- Lockers	685					
- Tables	83					
- Benches	100					
ICT Equipment, and Other ICT Assets		MAGEREZA				
- Computers	42					
- Printers	5					
- Copier	1					
- Projector	2					
Tools and apparatus		MAGEREZA				
Textbooks	4657	MAGEREZA				

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Asset class	NO. OF ITEMS	Location	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022
Other Machinery and Equipment: - Welding machine - Electric grinder machine - Lawnmower	3	MAGEREZA				
Heritage and cultural assets						
Intangible assets- soft ware - Exams - Accounts	1 1	MAGEREZA				
Total						