Mwalimu Ease · Mwalimu Insights

How to Calculate Outstanding School Fees Balances (With a Worked Example)

School Fees · 12 Nov 2026

The fees balance formula, a worked KSh example, and the checks that keep balances honest: verified payments only, waivers recorded separately, credits reported on their own line, and monthly bank reconciliation.

Every school's fees balance comes down to one formula: **outstanding balance = total fees invoiced** – **total verified payments received** – **approved waivers and credits**. The arithmetic is easy. What makes balances wrong in practice is counting money that hasn't been verified, hiding waivers inside payments, and keeping records in three places at once. This guide shows how to calculate fees balances correctly, student by student and school-wide, with a worked example in KSh.

Who this guide is for

Bursars, accounts clerks, school owners and headteachers who need accurate fees balances — for demand letters, arrears reports, end-of-term reconciliation or simply answering a parent at the gate.

The core formula

Keep one running balance per student. Every term, the ledger for each learner looks like this:

Entry

Effect on balance

Opening balance carried forward

+ (if owed) or – (if in credit)

Fees invoiced / charges posted

+

Verified payments received

–

Approved waivers, bursaries, credits

–

Overpayment / credit carried forward

– (reduces or reverses the balance)

Outstanding balance

= sum of the above

Two rules protect the number's integrity:

- **Only verified payments reduce a balance.** A parent's M-Pesa message or bank deposit slip is a claim of payment, not proof. Confirm it against the till, bank statement or paybill records before it counts.
- **Waivers are not payments.** A staff discount or hardship waiver should appear as its own entry. Mixing it into "payments received" hides the real collection rate and makes the accounts impossible to audit later.

Step-by-step method

Step 1: Fix the fee structure per class

Write down each class's termly charge — tuition, lunch, transport, activity fees and any one-off levies. Every invoice must trace back to this structure, or balances will never reconcile.

Step 2: Open each student's ledger

Start the term with last term's closing balance. A student who underpaid by KSh 3,000 in Term 2 carries KSh 3,000 into Term 3; a student who overpaid carries a credit. Never zero out balances at term boundaries.

Step 3: Post charges, then verified payments

Post the term's fees first so the expected income is visible. Then record each payment when it is confirmed against bank or M-Pesa records — with date, amount, method and a receipt number.

Step 4: Apply waivers and credits as their own entries

Each waiver needs a reason and an approver in the record. Overpayments should sit as a visible credit, not be silently absorbed — the parent will ask for it back or expect it applied next term.

Step 5: Compute the balance and reconcile monthly

Run the formula per student, then total all positive balances for the school-wide arrears figure. Once a month, reconcile: does the sum of payments in ledgers match what actually hit the bank and till? Differences are where errors and leakages hide.

Worked example

Njeri, Grade 6, Term 3. Her ledger reads:

Date

Entry

Amount (KSh)

Running balance

Opening

Balance from Term 2

—

2,500

5 Sep

Term 3 fees invoiced

+28,000

30,500

8 Sep

Lunch programme charge

+6,000

36,500

12 Sep

M-Pesa payment (verified)

−20,000

16,500

30 Sep

Bursary waiver approved

−5,000

11,500

14 Oct

Cash payment, receipt 0341 (verified)

−10,000

1,500

Closing

Outstanding balance

1,500

Njeri owes KSh 1,500. Now suppose her guardian deposits KSh 5,000 on the last day but it has not yet appeared on the paybill statement: the balance stays KSh 1,500 until verified. If she instead pays KSh 5,000 confirmed, the ledger shows a KSh 3,500 credit to carry into next term — which belongs on a separate "credit balances" line in your report, not netted silently against arrears.

Common mistakes

- **Counting unverified deposits.** Deposits that never arrived inflate "collected" figures and understate arrears.
- **Mixing waivers into payments.** It flatters your collection rate and destroys the audit trail.
- **Netting credits against arrears.** School A's KSh 50,000 arrears and School-wide KSh 20,000 in overpayments are two different numbers — report both.
- **Duplicate records across books and spreadsheets.** One ledger per student is the only way balances stay trustworthy.
- **Never reconciling to the bank.** A ledger that is never checked against real money drifts, and you find out at the worst time.
- **Losing the receipt trail.** Every balance rests on receipts; a number you can't trace is a dispute waiting to happen.

Bursar's monthly checklist

- All term charges posted against the approved fee structure
- Every payment verified against bank/M-Pesa before reducing a balance
- Waivers and bursaries recorded separately with approver and reason
- Overpayments carried as visible credits
- Arrears report = sum of positive balances; credits reported on their own line
- Ledger totals reconciled against bank and till records
- Every figure traceable to a receipt number

How Mwalimu Ease can help

Mwalimu Ease keeps a single ledger per student — charges, payments, waivers, credits, refunds and fines all post to it, with a running balance. Fee assignments post a charge automatically, and payments only count once verified, so a claimed deposit can't quietly clear a balance. Overpayments are capped at the invoice total and the excess posts as a visible credit entry, and every payment group lands on a printable receipt parents can keep. The finance dashboard reports outstanding as the sum of positive balances, with credits and unverified deposits on their own lines — exactly the split this guide describes. See how fees management works or start a free 40-day trial.

FAQs

What is the formula for outstanding school fees?

Outstanding balance = total fees invoiced − verified payments − approved waivers/credits, including any opening balance carried forward. Only verified payments should reduce the figure.

Should a student with a credit balance appear in the arrears report?

No. Report arrears as the sum of positive balances only, and show credit balances on a separate line. Netting them together understates both what is owed to the school and what the

school owes back to parents.

How do I handle a payment the parent claims but the school can't confirm?

Keep it out of the balance until verified against the paybill or bank statement, and note it as pending. If it never arrives, the balance was correct all along; if it does, post it with its real date and a receipt.

How often should fees records be reconciled?

Monthly at minimum, and always before issuing arrears letters or end-of-term reports. Reconciliation means matching ledger payments to actual bank and M-Pesa inflows — not just re-adding the ledger.

Can I calculate balances in Excel?

Yes — one row per ledger entry with a running-balance column works for a small school. The risks are duplication, broken formulas and no enforced verification step, which is why most schools outgrow it within a year or two.

Sources and further reading: Kenya Ministry of Education · Mwalimu Ease finance documentation. For the broader record-keeping workflow, see how to manage school fees records in Kenya. Last reviewed: 12 November 2026.

Published 12 Nov 2026 ·
mwalimuease.com/news/how-to-calculate-outstanding-school-fees-balances-with-a-worked-example/