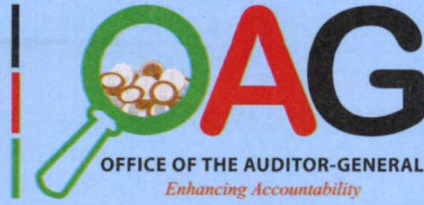


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
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REPORT

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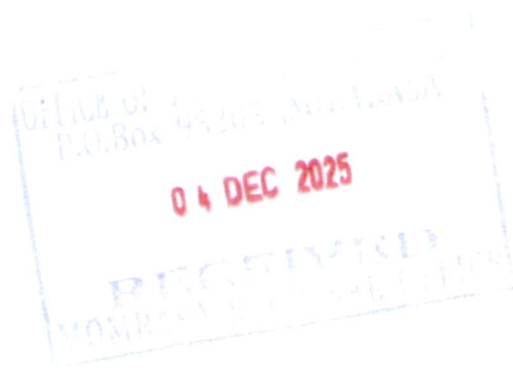
TAVETA SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF TAITA TAVETA



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**TAVETA SUB-COUNTY HOSPITAL
(Taita-Taveta County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

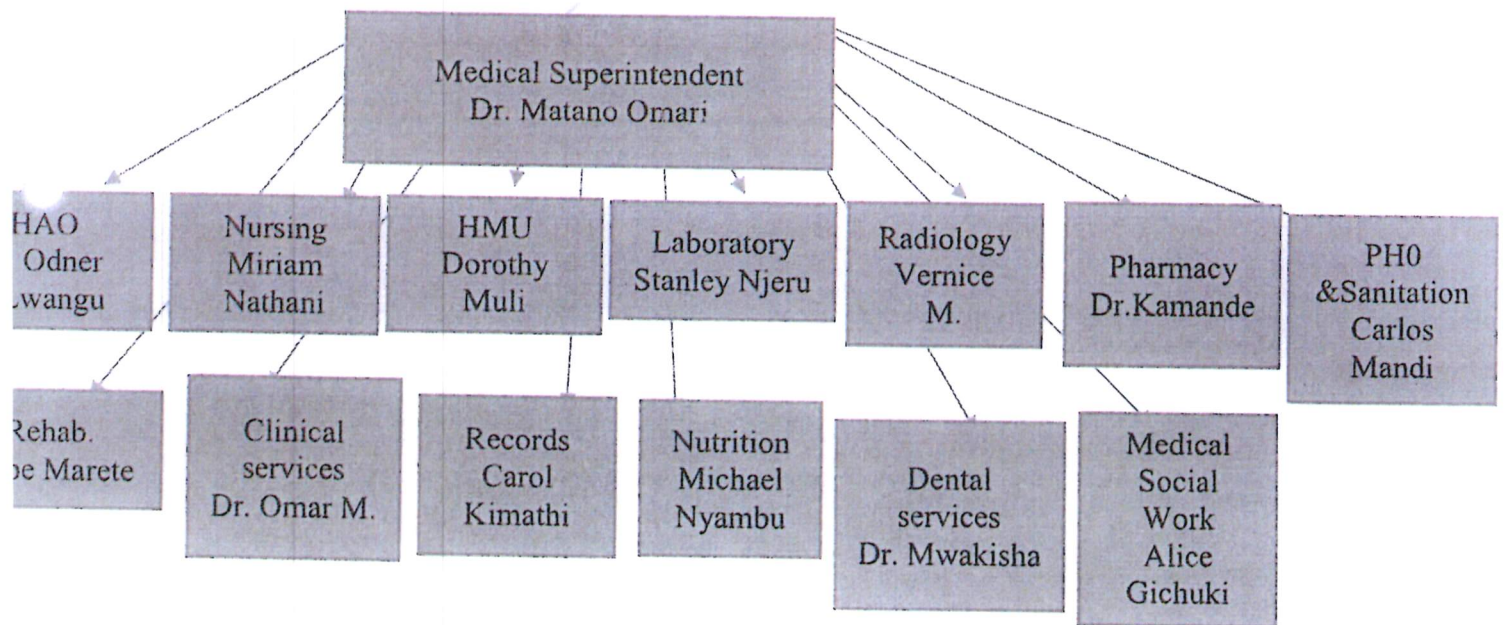
(a) Background information

Taveta hospital is located in Bomani ward Taveta sub-county. The facility is situated 110km away from Voi town and 3 km away from Tanzania’s border and 1 km away from Kenya Medical Training College (KMTC) Taveta Campus. The hospital was built in the late 1970s and serves as a referral hospital for the sub-county from the peripheral health facilities (2 health centers, 9 GoK dispensaries, and 10 private health facilities). The Hospital has a bed capacity of 123 beds with an annual bed occupancy rate of about 60-70%. It serves a catchment of approximately 54,859. Being a border town, it also serves part of Holili and Himo parts of Tanzania. Its catchment area includes Mwakitau and some parts of Tanzania along the border.

The inhabitants are mainly farmers, traders, herders, and a few livestock farmers. The weather is generally hot and dry and the Sub County is about 7780sq km. It extends northwards to the border with loitoktok. The Hospital provides all types of basic health care including curative, preventive, and rehabilitative health services.

HOSPITAL ADMINISTRATION

The hospital is headed by the medical superintendent who sees the day-to-day running and supervision of the facility in terms of both clinical and office management. One health administrative officer (HAO) is in charge of office administration to oversee departments such as accounts, stores, revenue, transport, registry, and secretarial services. The medical superintendent is assisted by the HAO, the nurse manager, and HMT members. The HMT members consist of all departmental heads in the hospital. The hospital also has a fully gazzeted HMB and fully inducted by the CHMT with support from partners; USAID-AFYA Stawisha, HERO and AMREF respectively.



Key:

1. Administration and support services: Accounting, procurement, support staff, transport logistics, enforcement and morgue services,
2. Clinical Services: General outpatient, specialized clinics (CCC, ENT, EYE, MOPC, POPC, SOPC, Pediatrics and RH) and inpatient services
3. Nursing; Renal, Inpatient nursing, CSSD, catering, theatre, MCH and general nursing services.
4. Rehabilitation unit; Orthopedic, Occupational therapy, physiotherapy, counselling psychology and mental.
5. PH and sanitation: Waste management, hospital sanitation, water quality and food hygiene.

(b) Principal Activities

The hospital offers a range of services including:

1. Nursing: Referral services, MCH/FP, Theatre, Inpatient (Female ward, Male Ward, Paediatric Ward, Injection/Dressing room and Maternity Unit comprising of Labour ward/Delivery room, Post-natal /Antenatal, New-born Unit and First Stage of Labour)
 2. Physiotherapy
 3. Occupational Therapy
 4. Orthopaedics
 5. Laboratory
 6. Radiology – (General X-Ray and Sonography)
 7. General OPD
 8. Nutrition
 9. Dental
 10. Eye Clinic
 11. ENT Clinic
 12. Chest/TB Clinic
 13. Hospital Maintenance Unit(HMU)
 14. Pharmacy
 15. Records
 16. Morgue
 17. Comprehensive Care Clinic
 18. Stores
 19. Kitchen
 20. Public health
 21. Social Work Services
 22. Operational Theatre
 23. Renal Unit with a 5- bed capacity. Currently has two dialysis machines and three beds. The unit has four renal nurses.
 24. Civil Servants Clinic resumed.
- There are also different clinics
SOPC on Mondays
MOPC/DOPC-Tuesdays/Wednesdays

GOPC-Thursdays

Renal-Thursday

Sickle Cell Clinic- last Friday of every month. Has 47 clients.

The hospital has a vibrant grievance response mechanism by having:

- Complaints and compliments register
- Customer care desk with personnel
- Hospital telephone line for dealing with client complaints (0111806823)
- Customer exit interviews done by Taveta Sub-County Team in May

All emergency referrals;

- One operational ambulance serving the sub county- GKA 476P
- Three EMT personnel running the services.
- The community ambulance also assists in evacuation of the patients from one facility to another.

(c) Key Management

County department of health

The hospital's management is under the following key organs: -

- County department of health (CECM Health, Chief Officer Health, County Director of Medical Services). - Board of Management.
- Accounting Officer/ Medical Superintendent-In charge of day to day running of the facility on behalf of the board of management and the county department of health.
- Hospital Management Committee.
- Executive Expenditure Committee- Key role include preparing quarterly budget.

Board of Management

The Hospital has a functional management board whose role is to act as a link between the community and the facility to ensure quality service delivery. The members of the board are as follows;

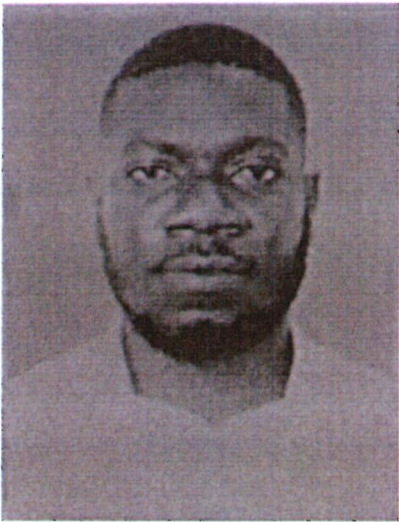

1. Ahmed Hussein Gure – Chairman
2. Laurent Kipesha
3. Leah Kilinge Masamo
4. Josphat Mutie Maleve
5. Dorcas Gibran
6. Evelyne Mazala
7. Japhet Mutua Kithoi




Accounting Officer/ Medical Superintendent

Dr. Matano Omari

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	 <p data-bbox="1046 1003 1289 1037">Dr. Matano Omari</p>
2.	Head of finance	 <p data-bbox="1023 1668 1310 1704">Mrs. Amina Suleiman</p>
3.	Head of supply chain	

No.	Designation	Name
		 <p data-bbox="1062 672 1283 707">Mr. John Mwasi</p>
4.	Head of Administration	 <p data-bbox="1040 1196 1299 1232">Mr. Odner Lwangu</p>
5.	Head of Nursing Department	 <p data-bbox="1031 1693 1305 1729">Mrs. Miriam Nathani</p>

(e) Fiduciary Oversight Arrangements

The overall oversight responsibility of the facility lies with the Hospital Board of Management and its sub-committees which are: Finance & Audit sub-committee and the

Medical sub-committee. Others like the County Assembly, County Department of Health and Ministry of Health also exercises their oversight roles to the hospital. This oversight role is exercised through regular supervisions, monthly and quarterly reports among others.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 31 - 80302
Taveta, Kenya

(g) Entity Contacts

Telephone: (+254)773226504
E-mail: tvthospital@gmail.com
Website: N/A

(h) Entity Bankers

Kenya Commercial Bank

(i) Independent Auditors

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



(j) Principal Legal Adviser



The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya


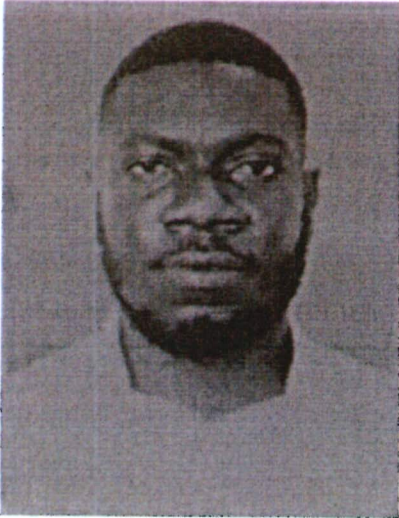
(k) County Attorney

P.O. Box. 1066 - 80304
Wundanyi, Kenya

3. The Board of Management

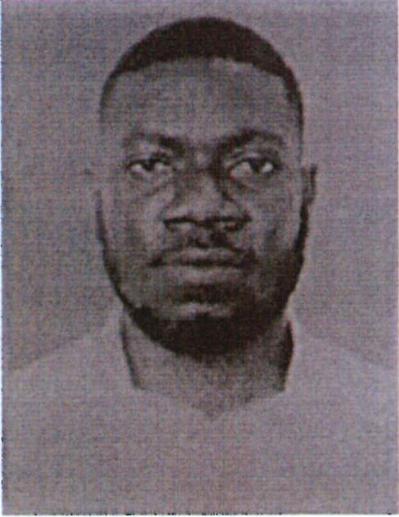

Ref	Directors	Details
1.	Mr. Ahmed Hussein Gure (Chairman)	 <p>Holds a Primary Teachers' Certificate</p>
2.	Mr. Laurent Kipesha	 <p>Holds a Higher National Diploma in ENT and Dermatology.</p>



3.	Ms. Leah Kilinge Masamo	 <p>MSc in Global Health. Director and Founder of Africa Sickle Cell Organisation.</p>
4.	Mr. Josphat Mutie Maleve	<p>Holds a Teacher’s Diploma in Early Childhood Development and Education.</p>
5.	Mrs. Dorcas Gibran	 <p>Holds a KCSE Certificate.</p>


6.	Mrs. Evelyne Mazala	 <p>Holds a Certificate in Gender, Poverty, and Development from Egerton University.</p>
7.	Mr. Japhet Mutua Kithoi	<p>Holds an Accounting Technician Certificate from Kasneb.</p>
8.	Dr. Matano Omari Medical Superintendent	 <p>Holds a Bachelor of Medicine and Bachelor of Surgery Degree and a Masters Degree in Surgery</p>

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4. Key Management Team

Ref	Management	Details
1.	<p>Medical Superintendent Dr. Matano Omari</p>	 <p>Qualifications: Bachelor of Medicine and Bachelor of Surgery. Responsibilities: Overseeing overall operations of the hospital in service delivery, financing and implementation of activities.</p>
2.	<p>Head of Finance Mrs. Amina Suleiman</p>	

		<p>Qualifications: Bachelor Degree & MBA CPA-K Responsibilities: Accountant In-charge Health Department.</p>
3.	<p>Head of Supply Chain Mr. John Mwasi</p>	 <p>Qualifications: Degree in Procurement Responsibilities: Overseeing procurement of goods & services and ensuring safe storage of commodities in the hospital.</p>
4.	<p>Head of Administration Mr. Odner Lwangu</p>	 <p>Qualifications: Diploma in Administration</p>

		<p>Responsibilities: Overseeing administrative activities in the hospital</p>
<p>5.</p>	<p>Head of Nursing Department Mrs. Miriam Nathani</p>	 <p>Qualifications: Responsibilities: Overseeing nursing services in the hospital.</p>

5. Chairman's Statement

I take pleasure in presenting the hospital's financial statements for FY 2024/2025. The Board of management is proud of the progress made in the hospital and the trajectory it has taken.

Key activities during the year include:

- Renovating and partitioning of the Laboratory department
- The facility's Laboratory licensing by KMLTB and ISO accreditation after KENAS assessment
- Face-lifting of the Maternity wing and Pharmacy
- Through a partnership with Lighthouse, an old building was renovated which will now serve as the facility's eye clinic

Some of the main challenges include understaffing and lack of specialists. This has led to lowering of rebates from SHA. This has led to a fall in revenue collection. Late disbursements of funds from SHA to the facility have also led to hard economic times as the facility becomes unable to procure basic products such as pharmaceuticals and non-pharmaceuticals driving clients away from the facility and further lowering the facility's revenue. Therefore, the county needs to bridge the gap by stocking the sub-county hospital's pharmacy.



.....
Name Mr. Ahmed Hussein Gure

Chairman to the Board

6. Report of The Medical Superintendent

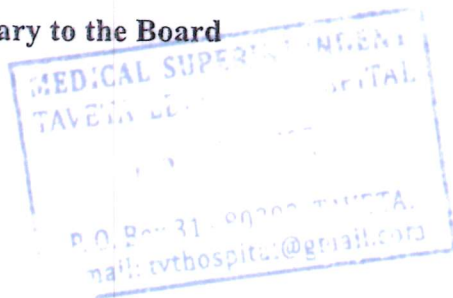
Despite the challenges faced by the facility due to financial constraints we were able to renovate the laboratory, maternity wing and also cover all the costs that came about with acquiring ISO certification of the laboratory. Lighthouse was able to also renovate an old building within the facility and equip it with modern optical equipment. The building now serves as the eye clinic which also offers free camps to the community every so often.

There was also an overall reduction of hospital's accrued pending bills keeping suppliers satisfied thus ensuring steady supply of goods and services thanks to the unified team spirit of the hospital management team.



Name Dr. Matano Omari

Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:	An effective and high quality health care system, equitable and affordable to all.	Health system planning and support services	No of hospital management meetings	12
			No of EEC meetings held	4
		Preventive and promotive health services	In-patient services	10,464 patients
			Specialized outpatient	
			General outpatients	137,134 patients
			Laboratory services	53,939 patients
			Radiology services	5,210 patients
Curative and rehabilitative services	physiotherapy			
	Occupational therapy			
Pillar/ theme/ issue 1	Achieve a prosperous people in a secure health environment	Eliminate communicable diseases	Reduce new HIV infections	
			Create demand and uptake of immunisation services	

8. Corporate Governance Statement

Board of management

The board of management was appointed by the governor of Taita Taveta County according to the Taita Taveta county health service act 2021. The board members serve a term of three years. A member can be removed from office for the following reasons

1. If one resigns from office giving notice
2. Be removed from office for
 - Serious violation of the constitution
 - Gross misconduct
 - Bankruptcy
 - Physical or mental incapacity to perform functions of the office
 - incompetency

The functions of the board include:

- Provide oversight to the hospital management team to improve the health status of the community.
- Providing necessary checks and balances for the use of all hospital resources.
- Making decisions that will improve the hospital.
- Overseeing the prudent utilization and reporting of all resources
- Making recommendations to the CECM Health on matters to improve the hospital

Conflict of interest

Members of the board declared any conflict of interest before their induction into office and that they would not be directly or indirectly involved in any trading business with hospital and that they shall comply and adhere with conduct governing public officers.

The board members were inducted and trained on their roles and responsibilities. Members are paid their allowances according to salaries and remunerations commission guidelines which include sitting allowances, transport and lunch allowances as stipulated in the table below.

Allowance		Sub-County hospitals(level 4)
Sitting allowance	chairperson	4,000
	members	2,500
Lunch(where lunch not provided)	both	500
transport	both	2000

9. Management Discussion and Analysis

(Under this section, the management gives a report on the operational and financial performance of the organisation during the period, entity's key projects or investments decision implemented or ongoing, entity's compliance with statutory requirements, major risks facing the organisation, material arrears in statutory and other financial obligations, and any other information considered relevant to the users of the financial statements.)

The management should make use of tables, graphs, pie charts and other descriptive tools to make the information as understandable as possible. The information should show a trend for the last three years.

Some of the details to be included under this section are;

Clinical/operational performance

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient.
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

Financial performance that includes: -

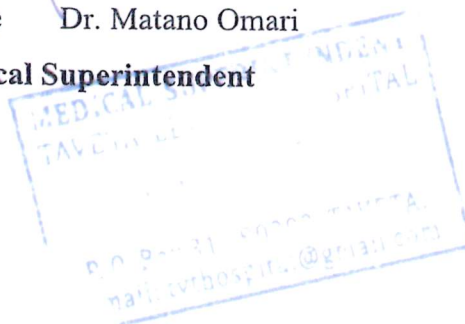
- Revenue sources,

The hospital sources of revenue include county government grants and user fees (facility improvement fund). Through the Taita-Taveta county assembly, the F.I.F Act was enacted with the aim of ensuring that funds collected by hospitals can be spent at source. This is to ensure smooth service delivery in hospitals. The financial year 2024/2025 revenue sources were as follows:

- SHA
- Grants
- User fees collected from patients
- Other Insurance company reimbursements

.....
Name Dr. Matano Omari

Medical Superintendent



10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

Environmental policies exist to transform lives. Taveta sub county hospital is guided by these policies and strategies putting the citizens first in delivering health services. In the quest to work in a more sustainable manner being guided by the international practises such as those outlined in the global agenda for green and healthy hospital, the following are measures put in place:

No	Strategy	Status	Remarks
1.	Encouraging clients to enrol in SHA to reduce waivers and exemptions	ongoing	Helpful to patients with chronic illnesses. Able to access services.
2.	Use of LED and energy saving bulbs in areas with high foot traffic that require continuous lighting at night	done	Helped to reduce electricity consumption and frequent replacement of bulbs
3.	Procuring and serving patients with healthy food.	ongoing	Encourages healthy diet for patients admitted in the facility.

ii) Environmental performance

The hospital is guided by the Public Health act Cap 242 section 118 and the Kenya healthcare waste management policy and has perceived the following successes;

- Improved waste management through renovation of the incinerator.
- Proper planning by the transport manager to limit trips made by the hospital's vehicles in order to reduce the environmental pollution.
- Expired pharmaceuticals are safely managed and disposed off to avoid environmental pollution.

The shortcomings observed include the following:

- Air pollution during the incinerator
- Improper waste segregation at the departmental level requiring continuous training sessions.

iii) Employee welfare

The hospital's management, with the authority of the County's Public Service Board, engages casual workers periodically for three months. However, staff on the county government payroll are assigned to the facility by the Taita-Taveta County Government Department of Health Services and the County Public Service Board.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

- o Adopting effective procurement process policies in accordance with the public procurement and disposal Act 2021 to achieve value for money.
- o Capacity building from county procurement
- o Ensuring proper recording keeping of all documents
- o Ensuring that all procurement processes are followed

b) Responsible Supply chain and supplier relations

The hospital ensured that there was open communication between the supplier and the facility and availability of funds to facilitate payments upon completion of awarded contracts.

c) Responsible marketing and advertisement or Responsible engagement with citizens

Follow the legal regulations i.e submit the documents within the given time frame of 7 days for quotation and or 14days for tender opening.

d) Product stewardship or Awareness Creation

The hospital ensured that the products from the suppliers were well packaged for the health and environmental safety. Disposal and segregation of wastes was done accordingly.

v) Corporate Social Responsibility / Community Engagements

During the financial year 2024/2025 the hospital in partnership with Lighthouse conducted a free eye clinic to the community

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2024, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the hospital management board are as follows:

- Provide oversight to the hospital management team to improve the health status of the community.
- Providing necessary checks and balances for the use of all hospital resources.
- Making decisions that will improve the hospital.
- Overseeing the prudent utilization and reporting of all resources
- Making recommendations to the CEC member on matter to improve the hospital

Results

The results of the entity for the year ended June 30 2025 are set out on pages to

Board of Management

The members of the Board who served during the year are shown on page 9. During the year, no changes were made on the Board of Management.

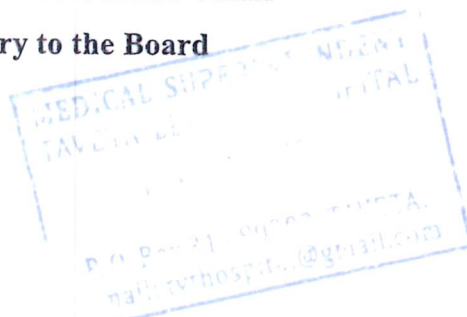
Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....
Name Dr. Matano Omari

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

The Board of Management is responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 25th November 2025 and signed on its behalf by:



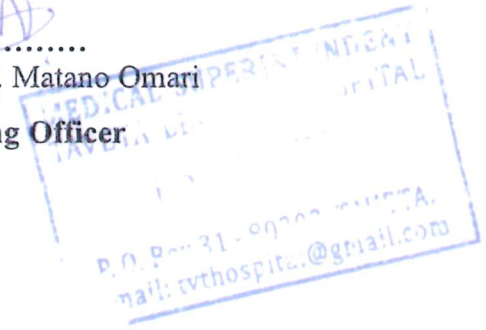
.....
Name: Mr. Ahmed Hussein Gure

**Chairperson
Board of Management**



.....
Name: Dr. Matano Omari

Accounting Officer



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 TAVETA SUB-COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF TAITA TAVETA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Taveta Sub-County Hospital – County Government of Taita Taveta set out on pages 1 to 56, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and 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 Taveta Sub-County Hospital – County Government of Taita Taveta as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in the Financial Statements Balances

1.1. Variances Between the Financial Statement Balances and Casted Amounts

The financial statements presented for audit reflects variances between the financial statement balances and the casted balances as analyzed here below;

Component	Amount in the Financial Statements Kshs.	Casted Amounts Kshs.	Variance Kshs.
Statement of Changes in Net Assets			
Surplus/(deficit) for the year (Total column)	9,937,311	(5,397,473)	15,334,784
Total as at June 30, 2025	21,833,538	6,498,754	15,334,784
Statement of Comparison of Budget and Actual Amounts			
Rendering of services- Medical Service Income (performance difference)	(10,284,038)	(10,232,314)	51,724
Total receipts actual on comparable basis	53,396,297	52,313,722	1,082,575
Notes to the Financial Statements			
Trade and other payables (opening balance) -Note 36	478,221	12,483,702	(12,005,481)

1.2. Variance Between Financial Statement Balance and Schedules

The financial statements reflect rendering of services - medical service income and receivables from exchange transactions of Kshs.52,261,998 and Kshs.8,534,402 while the supporting schedules shows Kshs.40,472,773 and Kshs.8,670,875 resulting

in a variance of Kshs.11,789,225 and Kshs.(136,473). The differences have not been explained or reconciled.

1.3. Variances Between the Financial Statements and Notes to the Financial Statements

The financial statements presented for audit reflected differences between the financial statement balances and Notes to the financial statement as shown below;

Component of Financial Performance	Note	Amount in Financial Statement Kshs.	Amount in Notes to the financial statement Kshs.	Variance Kshs.
Rendering of services - Medical service income (opening balance)	11	46,107,641	41,098,799	5,008,842
Grants and subsidies (Opening balance)	20	2,565,436	2,565,395	41
Statement of Financial Position				
Receivables from exchange transactions	29	8,534,402	8,670,875	(136,473)
Receivables from exchange transactions (opening balance)	29	8,534,402	45,910,471	(37,376,069)
Investment Property	34	-	3,971,518	(3,971,518)
Investment Property (Opening balance)	34	-	584,750	(584,750)
Inventories (opening balance)	31	-	20,902,832	(20,902,832)
Trade and other payables (opening balance)	36	-	478,221	(478,221)

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

2. Inaccurate Depreciation and Amortization Expense Amount

The statement of financial performance and Note 18 to the financial statements reflect depreciation and amortization expense of Kshs.412,902. However the recalculated amount shows Kshs.434,909 resulting in variance of Kshs.22,007 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense of Kshs.412,902 could not be confirmed.

3. Inaccurate Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.3,971,518. The amount includes buildings and civil works, furniture, fittings and office equipment and ICT equipment whose cost as at 30 June, 2025 was Kshs.54,000, Kshs.874,082 and Kshs.994,138 recasting shows Kshs.60,000, Kshs.901,332 and Kshs.1,054,138 resulting in an unexplained variances of Kshs.6,000, Kshs.27,250 and Kshs.60,000

respectively. In addition, the recalculated property, plant and equipment as at 30 June, 2025 was Kshs.3,949,512 resulting in a difference of Kshs.22,006.

Further, the accumulated depreciation amount of Kshs.412,902 as reflected in Note 32 differed with the recalculated accumulated depreciation amount of Kshs.528,158 by Kshs.115,256.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.3,971,518 could not be confirmed.

4. Understatement of Rendering of Services – Medical Service Income

The statement of financial performance and Note 11 to the financial statements reflect rendering of services – medical income of Kshs.52,261,998. The amount includes Kshs.11,789,225 relating to medical services rendered and paid through M-Pesa services. However, the M-Pesa statements indicated an amount of Kshs.11,861,775 which resulted in an unexplained variance of Kshs.72,550. In addition, revenue from medical services rendered was not supported by detailed schedule showing all the medical services revenue streams and their respective incomes.

In the circumstance, the accuracy and completeness of medical services- medical income amount of Kshs.52,261,998 could not be confirmed.

5. Misclassification of Expenditure on Food and Rations

The statement of financial performance and Note 15 to the financial statements reflect medical/clinical costs of Kshs.36,182,520. Included in the amount is Kshs.6,179,222 in respect of food and ration. However, the expenditure included an amount of Kshs.100,000 for the supply and delivery of furniture reported under food and ration instead of property, plant and equipment resulting in overstatement of food and ration expenses by Kshs.100,000.

In the circumstance, the accuracy and completeness of food and ration expenditure of Kshs.6,179,222 could not be confirmed.

6. Recognition of Prior Year Expenses in the Current Financial Year

The statement of financial performance and Note 15, Note 16 and Note 21 of the financial statements for the period ended 30 June, 2025 reflect medical/clinical costs, employee costs and general expenses of Kshs.36,182,520, Kshs.864,000 and Kshs.13,914,358 which included prior year expenses amounting to Kshs.4,688,081, Kshs.72,000 and Kshs.1,400,000 respectively that had been included in the current year's expenditure. The hospital did not observe the correct cut-off period when recording expenses, resulting in overstatement of the expenditure.

In the circumstances, the accuracy and completeness of medical/clinical costs, employee costs and general expenses of Kshs.36,182,520, Kshs.864,000 and Kshs.13,914,358 respectively could not be confirmed.

7. Undisclosed Inventory Balance

The statement of financial position and Note 31 to the financial statements reflects Nil balance in respect of inventories. However, audit review of stock control cards

revealed closing balances of an undisclosed amount for various pharmaceutical and non-pharmaceutical stocks as at 30 June, 2025. Further, no evidence was provided to confirm that annual stock take was carried out within the period under review or at the end of the financial year.

In the circumstances, the accuracy and completeness of the Nil balance on inventories could not be confirmed.

8. Failure to Provide Ageing Analysis for Receivables and Payables

The statement of financial position and as disclosed in Note 36 to the financial statements reflects a balance of Kshs.15,302,797 in respect of trade and other payables. However, no ageing analysis was provided in support of the balance .

In the circumstance, the accuracy of the trade and other payables balance of Kshs.15,302,797 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.42,081,408 and Kshs.52,396,297 respectively, resulting in over-collection of Kshs.11,314,889, or 27% of the budget. Similarly, the Hospital spent a balance of Kshs.44,100,666 against actual receipts of Kshs.53,396,297, resulting in an under-utilization of Kshs.9,295,631 or 17% of actual receipts.

The over-collection implies poor budget formulation while under-utilization affected the planned activities and may have impacted negatively on service delivery to the public by the Hospital.

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

Other Matter

Unresolved Prior Year Audit Issues

In the prior year's audit report, 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. Review of the status during audit of the Hospital in 2024/2025 revealed that the following fourteen (14) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Unexplained variances
2	2023/2024	Unsupported and undisclosed receivables
3	2023/2024	Undisclosed liabilities
4	2023/2024	Unsupported expenditure – general expenses
5	2023/2024	Unsupported user fees transfers
6	2023/2024	Undisclosed inventories
7	2023/2024	Cash and cash equivalents
8	2023/2024	Unsupported and undisclosed property, plant and equipment
9	2023/2024	Presentation and disclosure in the financial statements
10	2023/2024	Failure to hold board meetings
11	2023/2024	Shortage of resources
12	2023/2024	Management and control of imprests
13	2023/2024	Unsupported procurements – repairs and maintenance
14	2023/2024	Lack of risk management policy

Other Information

The Management is responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information and Management, The Board of Management, Key Management Team, Chairman's statement, Report of the Medical Superintendent, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental And Sustainability Reporting, Report of the Board of Management and Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hospital'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. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Quarterly Financial Reports

The statement of financial performance reflects Kshs.52,261,998 in relation to the rendering of services – medical service income as disclosed in Note 11 to the financial statements. However, the Hospital did not provide evidence to show that quarterly reports were prepared and submitted the same to the County Treasury with a copy to the Auditor-General as per the requirement of Regulation 64 (1) of the Public Finance Management (County Governments) 2015 which requires that the Accounting Officer or receiver of revenue or collector of revenue shall prepare a quarterly report not later than the 15th day after the end of the quarter.

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

2. Irregular Award of Tender for the Service and Repair of Mortuary Chamber

The statement of financial performance and Note 19 to the financial statements reflect repairs and maintenance of Kshs.2,875,578. The amount includes Kshs.956,048 in respect of maintenance of plant, machinery and equipment which further includes Kshs.165,000 spent on servicing and repair of mortuary chamber. Review of records revealed that procurement laws and procedures were not adhered to since invitation to quote, tender evaluation minutes, professional opinion, letter of award, letter of acceptance and certificate of practical completion in support of the procurement were lacking.

In addition, the vendor was not in the list of pre-qualified suppliers, contrary to Section 44(1) and (2,g) of the Public Procurement and Asset Disposals Act, 2015 which requires that in the performance of the responsibility an accounting officer to ensure the procurement and asset disposal process of the public entity complies with this Act.

In the circumstances, the validity of the procurement worth of Kshs.165,000 could not be confirmed.

3. Irregular Engagement of Casual Workers

The statement of financial performance and Note 16 reflects employee costs amounting to Kshs.864,000. Review of casual workers records and supporting documentation revealed that Management had engaged eight (8) casual workers at a monthly rate of Kshs.9,000. However, copies of letters of appointment showing the

terms of service, job description and remuneration were not provided for audit review. This was in violation of Section B.10 (2) of the County Public Service Human Resource Manual that states a written contract of service to state particulars of employment which include the name and address of the employee, job description, date of commencement of the job, form and duration of the contract, place of work, hours of work, remuneration, terms and conditions of employment which the employee is entitled

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

4. Deficiencies in Implementation of Universal Health Coverage (UHC).

Review of Taveta Sub-County Health records and interviews conducted with the Hospital Management on verification of services offered, equipment used and the medical specialists in the Hospital as at the time of audit on 12 November, 2025 revealed that the facility did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff under establishment as indicated below:

Deficiencies in Implementation of Universal Health Coverage (UHC)

Hospital Staff	Level 4 Requirement	Number in Hospital	Deficit	Percentage Deficit (%)
Medical Officers	16	7	9	56%
General Clinical Officers	30	18	12	40%
Anesthesiologists	2	0	2	100%
General Surgeons	2	1	1	50%
Gynecologists	2	1	1	50%
Pediatricians	2	0	2	100%
Radiologists	2	0	2	100%
Psychiatry/Mental Clinical Officer	1	0	1	100%
Kenya Registered Community Health Nurses	75	52	23	30.67%
Pharmacists	4	2	2	50%
Plaster Technology Technicians	4	0	4	100%
General Physiotherapists	6	4	2	33.3%
Dental Officers	4	1	3	75%
General Radiographer	6	4	2	33.3%
Medical Lab Technologists	40	11	29	72.5%
Nutrition and Dietetic Officers	10	4	6	60%

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as analyzed here below:

Deficiencies in Implementation of Universal Health Coverage (UHC)

Equipment	Level 4 Requirement	Number in Hospital	Deficit	Percentage Deficit (%)
Beds	150	120	30	20%
Resuscitaire (2 in labour & 1 in theatre)	3	1	2	66.67%
Newborn Unit Incubators	5	2	3	60%
Functional ICU with at least 6 beds	1 ICU 6 beds	0	6	100%
High Dependency Unit (HDU) with at least 6 Beds	1 HDU 6 beds	0	6	100%
Renal Unit with at least 5 Dialysis Machines	5	2	3	60%
MRI Machine	1	0	1	100%
CT Scan Machine	1	0	1	100%
Mammography Machine	1	0	1	100%
Dental X-ray	1	0	1	100%
Defibrillators	3	1	2	50%
Functional Operating Theatres (General & Maternity)	2	1	1	50%
Modern Communication System & ICT Infrastructure	1	0	1	100%
CCTV System	1	0	1	100%

These deficiencies contravene the First Schedule of the Health Act, 2017 and imply that accessing the highest attainable standard of health, which includes the right to healthcare services, including reproductive healthcare as required by article 43(1) of the Constitution of Kenya, 2010 may not be achieved.

In the circumstances, the Hospital may not be able to fully deliver on its mandate.

5. Failure to Dispose Unserviceable Assets

The statement of financial position as at 30 June, 2025 and Note 32 reflect a balance of Kshs.3,971,518 in respect to property, plant and equipment. However, field verification done on 11 November, 2025 revealed unserviceable assets such as worn-out vehicles, furniture and machinery that had not been disposed-off and were not being utilized. This was contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer to establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets.

In the circumstance, the Hospital Management was in breach of the law.

6. Non- Compliance with Facility Improvement Financing Act, 2023

Review of records revealed the facility collected Kshs.11,789,225 and transferred an amount of Kshs.11,789,225 to the County Revenue Fund. However, only

Kshs.8,985,368 was reimbursed to the Hospital leaving a balance of Kshs.2,803,857. Further, the Facility Improvement Financing (FIF) revenues were deposited into the general county revenue accounts instead of the designated Facility bank accounts. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Integrate ERP Revenue System with M-Pesa Payment Platform

The statement of financial performance reflects rendering of services - medical service income amount of Kshs.52,261,998. However, review of the revenue management processes and the ERP system configuration, revealed that the ERP system has not been integrated with the M-Pesa payment platform, despite the system having full technical capability to support such integration. As a result, M-Pesa collections are processed and confirmed manually outside the system before issuance of receipt. This manual handling increases the risk of delayed posting, errors, omissions, and potential revenue leakages.

In the circumstances, the effectiveness of the ERP revenue system could not be confirmed.

2. Failure to Dispose Expired Medical Supplies

The statement of financial position and Note 31 to the financial statements reflect Nil inventories balance. Review of stores records, discussion with pharmacy management and physical verification of the pharmacy revealed that twelve (12) cartons of various drugs of undetermined value had expired but were still in the pharmacy stores. The pharmacy management explained that the expired drugs were

stored separately in the pharmacy because they had not obtained authority to dispose them. However, it was not clear why the expired drugs had not been disposed due to the delayed approval to dispose and why they were stored in the pharmacy. This posed a health risk of unintentional issue of expired drugs to patients.

In the circumstances, the effectiveness of internal controls in management of medical drugs could not be confirmed.

3. Stock-Outs of Essential Medical Supplies

The statement of financial position and Note 31 to the financial statements reflect Nil balance in respect of inventories. Review of the hospital stock cards for controlling stores indicated that the hospital experienced stock-out of medical supplies ranging from ten (10) days to ninety (90) days. This affected medical services in the hospital whereby patients could not get proper medication.

In the circumstances, the effectiveness of internal controls on the management of pharmaceutical and non-pharmaceutical to achieve the Hospital's mandate 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 the 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 (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

*Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

14. Statement of Financial Performance for The Year Ended 30 June 2025

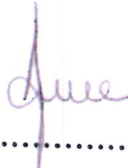
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	200,000
In-kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	51,724	1,820,900
		51,724	2,020,900
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	52,261,998	46,107,641
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		52,261,998	46,107,641
Total revenue		52,313,722	48,128,541
Expenses			
Medical/Clinical costs	15	36,182,520	18,227,775
Employee costs	16	864,000	849,600
Board of Management Expenses	17	607,000	-
Depreciation and amortization expense	18	412,902	93,250
Repairs and maintenance	19	2,875,578	5,441,741
Grants and subsidies	20	2,854,837	2,565,436
General expenses	21	13,914,358	11,593,509
Finance costs	22	-	-
Total expenses		57,711,195	38,771,311
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-

*Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		(5,397,473)	9,357,230


(The notes set out on pages 10 to 56 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25th November 2025 and signed on its behalf by:


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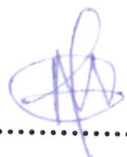
Mr. Ahmed Hussein Gure
Chairman

Board of Management

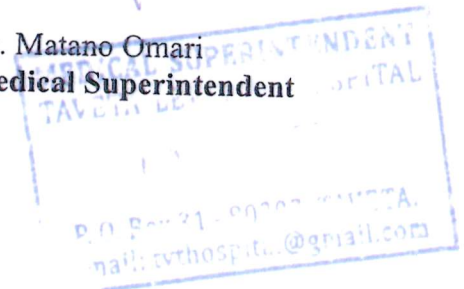

.....

Mrs. Amina Suleiman
Head of Finance

ICPAK No: 15011


.....

Dr. Matano Omari
Medical Superintendent



*Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

15. Statement of Financial Position As At 30th June 2025


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	9,295,631	1,082,575
Prepayments	28		
Receivables from exchange transactions	29	8,534,402	8,534,402
Receivables from non-exchange transactions	30	-	-
Inventories	31	-	-
Total Current Assets		17,830,033	9,616,977
Non-current assets			
Property, plant, and equipment	32	3,971,518	2,279,250
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		3,971,518	2,279,250
Total assets (A)		21,801,551	11,896,227
Liabilities			
Current liabilities			
Trade and other payables	36	15,302,797	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		15,302,797	-
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


*Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*


Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		15,302,797	-
Net assets (A-B)		6,498,754	11,896,227
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		6,498,754	11,896,227
Capital Fund		-	-
Net Assets		6,498,754	11,896,227

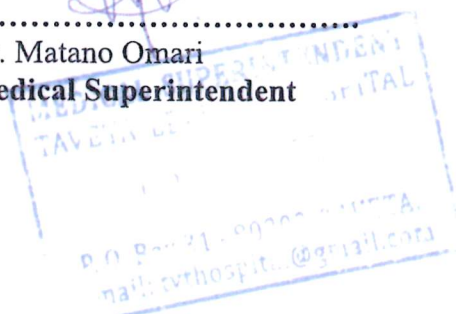
(The notes on pages 10 to 56 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 25th November 2025 and signed on its behalf by:


.....
Mr. Ahmed Hussein Gure
Chairman
Board of Management


.....
Mrs. Amina Suleiman
Head of Finance
ICPAK No: 15011


.....
Dr. Matano Omari
Medical Superintendent



16. Statement of Changes in Net Assets for The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	2,538,955	-	2,538,955
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	9,357,272	-	9,357,272
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	11,896,227	-	11,896,227
At July 1, 2024 (current year)	-	11,896,227	-	11,896,227
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-5,397,473	-	9,937,311
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	6,498,754	-	21,833,538

(Note:

- 1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.*
- 2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	200,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		51,724	126,400
Rendering of services- Medical Service Income		52,261,998	39,489,780
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		52,313,722	39,816,180
Payments			
Medical/Clinical costs		(20,879,723)	(18,227,775)
Employee costs		(864,000)	(849,600)
Board of Management Expenses		(607,000)	-
Repairs and maintenance		(2,875,578)	(5,441,741)
Grants and subsidies		(2,854,837)	(2,787,436)
General expenses		(13,914,358)	(11,593,509)
Finance costs		-	-
Refunds paid out		-	-
Total Payments		(41,995,496)	(38,900,060)
Net cash flows from operating activities	43	10,318,226	916,120
Cash flows from investing activities			
Purchase of property, plant, equipment		(2,105,170)	(2,372,500)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(2,105,170)	(2,372,500)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
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Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		8,213,055	(1,456,380)
Cash and cash equivalents as at 1 July	27	1,082,575	2,538,955
Cash and cash equivalents as at 30 June	27	9,295,631	1,082,575

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-	-	1,082,575	-	-
Receipts						
Transfers from the County Government	-	-	-	-	-	-
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	51,724	51,724	-	100.00 %
Rendering of services- Medical Service Income	42,029,684	-	42,029,684	52,261,998	-10,284,038	124.47 %
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total receipts	42,029,684	-	42,081,408	53,396,297	-10,284,038	
Payments						
Medical/Clinical costs	24,696,900	-	24,696,900	20,879,723	3,817,177	84.54%
Employee costs	804,195	-	804,195	864,000	-59,805	107.44 %
Remuneration of directors	423,160	-	423,160	607,000	-183,840	143.44 %
Repairs and maintenance	2,142,897	-	2,142,897	2,875,578	-732,681	134.19 %
Grants and subsidies	-	-	-	2,854,837	-	-
General expenses	11,182,408	-	11,182,408	13,914,358	-2,731,950	124.43 %

*Taveta Sub-County Level 4 Hospital (Taita-Taveta County Government)
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Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	39,249,560	-	39,249,560	41,995,496	108,901	107.00%
Capital Expenditure paid	2,780,124	-	2,780,124	2,105,170	674,954	75.72%
Surplus	-	-	51,724	9,295,631	9,243,907	%

(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

(Entities can present the Statement of Comparison of Budget & Actual amounts in a different format/categorization as approved by the governing body.)

Budget notes

- 1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14*
- 2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

:

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	-

19. Notes to the Financial Statements

1. General Information

Taveta Sub-County Level 4 Hospital is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Taita-Taveta County Government and is domiciled in Taita-Taveta County in Kenya. The entity's principal activity is Medical services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

(When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx)

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users</p>

Standard	Effective date and impact:
	<p>of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="427 1361 1394 1458">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. <li data-bbox="427 1473 1394 1630">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="427 1646 1394 1899">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY xxx was approved by Board on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of xxxx on the FY xxx budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts, and the actuals as per the statement of cash flows.

c. Taxes

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of ~~xxx~~ years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

Notes to the Financial Statements (Continued)

h. Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- The asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements. (amend as appropriate).*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k. Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower cost and the current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

m. Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o. Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

q. Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump-sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Entity*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. **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 June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. (IPSAS 1.140)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-	2023-
	2025	2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	200,000
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	200,000

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Taita-Taveta County Government	-	-	-	-	200,000
Total	-	-	-	-	200,000

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6 (the part on unconditional grants).

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind	-	-

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

(Provide brief explanation for this revenue)

8 (a) Grants from donors and development partners (Classification)

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
Total Transfers	-	-

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals – Global Fund Malaria	51,724	-
Other donations(<i>specify</i>)	-	126,400
Donations in kind-amortised	-	1,694,500
Total donations and sponsorships	51,724	1,820,900

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
Conditions to be met – remain liabilities	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	1,110,915	2,148,034
Non-Pharmaceuticals	208,260	456,635
Laboratory	1,985,199	2,107,520
Radiology	825,950	1,511,130
Orthopedic and Trauma Technology	219,150	290,151
Theatre	288,300	522,950
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	9,500	11,550
Cancer centre service	-	-
Dental services	658,800	643,850
Reproductive health	77,500	-
Paediatrics services	3,300	1,200
Farewell home services	582,500	1,055,785
Ambulance services	-	-
Inpatient	2,179,151	
Outpatient	1,098,700	
Health records	21,650	
Eye	77,250	
Diabetes	49,150	
HTN	81,550	
Medical Exam	68,000	
SOPC	50,550	
SHA	40,472,773	
Other medical services income (<i>specify</i>)	2,193,850	32,349,994
Total revenue from the rendering of services	52,261,998	41,098,799

(Other medical services fee relates to other charges not listed above and should be specified)

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
Total Revenue from rent of facilities	-	-

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	-	-

(NB: All income should be classified as far as possible in the relevant classes and miscellaneous income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	2,459,631	2,625,208
Public health activities	-	-
Food and Ration	6,179,222	5,537,423
Uniform, clothing, and linen	-	3,500
Dressing and Non-Pharmaceuticals	4,795,946	2,309,338
Pharmaceutical supplies	5,277,332	5,901,495
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	473,842	753,330
Purchase of Medical gases	1,003,500	590,931
X-Ray/Radiology supplies	690,250	506,550
Other medical related clinical costs (<i>specify</i>)	15,302,797	-
Total medical/ clinical costs	36,182,520	18,227,775

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	864,000	849,600
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	864,000	849,600

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	607,000	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	607,000	-

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	412,902	93,250
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	412,902	93,250

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	910,967	1,869,461
Medical equipment	267,000	20,000
Office equipment	-	-
Furniture and fittings	-	50,750
Computers and accessories	46,000	310,500
Motor vehicle expenses	695,563	1,119,450
Maintenance of civil works	956,048	2,071,580
Total repairs and maintenance	2,875,578	5,441,741

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Contribution to County Health Management Team	2,854,837	2,565,395
Total grants and subsidies	2,854,837	2,565,395

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	2,275,604	1,628,910
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	64,046	59,197
Conferences and delegations	-	11,000
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	-	12,750
Fuel and Lubricants	5,644,110	5,930,000
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	1,643,170	1,018,200
Legal expenses	128,513	50,000
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	2,557,145	1,646,002
Hire charges	-	-
Rent expenses	-	-
Gas expenses	450,000	542,700
Water and sewerage costs	-	-

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Description	2024-2025	2023-2024
	Kshs	Kshs
Skills development levies	-	-
Telephone and mobile phone services	769,000	610,250
Internet expenses	62,000	74,500
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	10,000
Others	320,770	-
Total General Expenses	13,914,358	11,593,509

22. Finance Costs

Description	2024-2025	2023-2024
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

23. Gain/Loss on Disposal of Non-Current Assets

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised (<i>specify</i>)	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2024-2025	2023-2024
	KShs	KShs
Investments at fair value	-	-
Total gain	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	-	-

26. Impairment Loss

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
Total impairment loss	-	-

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	9,222,991	958,955
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	72,640	123,620
Total cash and cash equivalents	9,295,631	1,082,575

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Notes to the Financial Statements (Continued)

27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1273741056	1,733,534	772,865
Kenya Commercial bank	1145668097	7,489,457	186,090
Sub- total		9,222,991	958,955
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa Paybill No. 593863		72,640	123,620
Sub- total		72,640	123,620
Grand total		9,295,631	1,082,575

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	8,670,875	45,910,471
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	8,670,875	45,910,471

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	8,670,875	100%	45,910,471	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

30. Receivables From Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	-	-

(Undisbursed donor funds refer to funds expected where conditions for disbursements have been met by the recipient as at the reporting date)

Analysis of Receivables From Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	-	6,242,426
Maintenance supplies	-	5,131,241
Food supplies	-	7,166,333
Linen and clothing supplies	-	3,500
Cleaning materials supplies	-	753,330
General supplies	-	1,606,002
Less: provision for impairment of stocks	-	-
Total	-	20,902,832

Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost		10%		12.5%					
At 1 July 2023	-	-	-	-	-	-	-	-	-
Additions	-	60,000	-	218,000	200,000	1,894,500	-	-	2,372,500
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	60,000	-	218,000	200,000	1,894,500	-	-	2,372,500
At 1 July 2024	-	54,000	-	190,750	140,000	1,894,500	-	-	2,279,250
Additions	-	-	-	683,332	854,138	567,700	-	-	2,105,170
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	54,000	-	874,082	994,138	2,462,200	-	-	4,384,420
Depreciation and impairment									
At 1 July 2023		-	-	-	-	-	-	-	-
Depreciation for the year		6,000	-	27,550	60,000	-	-	-	93,250

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2024		54,000	-	190,750	140,000	1,894,500	-	-	2,279,250
At July 2024		54,000	-	190,750	140,000	1,894,500	-	-	2,279,250
Depreciation		5,400	-	109,260	298,241	-	-	-	412,902
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025		5,400	-	109,260	298,241	-	-	-	412,902
Net book values									
At 30 th Jun 2024	-	54,000	-	190,750	140,000	1,894,500	-	-	2,279,250
At 30 th Jun 2025	-	48,600	-	764,822	695,897	2,462,200	-	-	3,971,518

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	2024-2025	2023-2024
	KShs	KShs
At beginning of the year	2,279,250	-
Additions	2,105,170	678,000
Disposals during the year	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	(412,902)	(93,250)
Impairment	-	-
At end of the year	3,971,518	584,750

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

36. Trade and other Payables

Description	2024-2025	2023-2024		
	KShs	KShs		
Trade payables	15,302,797	525,163		
Employee dues	-	941,500		
Third-party payments (e.g. unremitted payroll deductions)	-	430,200		
Audit fee	-	5,897,746.5		
Doctors' fee	-	4,689,092		
Total trade and other payables	15,302,797	478,221		
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

37. Refundable Deposits from Customers/Patients

Description	2024-2025	2023-2024
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (specify)	-	-
Total deposits	-	-

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Ageing analysis:	Current FY	% of the Total	Current FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount & time value for money	-	-	-	-
Total provisions	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-
Total Provisions	-	-	-	-

39. Finance Lease Obligation

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
Total	-	-

40. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

40 (a) The deferred income movement is as follows:

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

41. Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
Balance at end of the period	-	-

41. (a) Breakdown of Long- and Short-Term Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
Total	-	-

(Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024-2025	2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	-5,397,473	-
Adjusted for:		
Depreciation	412,902	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	15,302,797	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	10,318,226	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

44. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The hospital's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The hospital does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the hospital's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital's board of management who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the hospital under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Foreign currency sensitivity analysis

The following table demonstrates the effect on the hospital's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
2025 (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The hospital's interest rate risk arises from bank deposits. This exposes the hospital to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the hospital's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Notes to the Financial Statements (Continued)

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (20xx: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs xxx (20xx – KShs xxx).

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Hospital's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (<i>excess cash and cash equivalents</i>)	-	-
Gearing	%	%

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates, and close family members.

xxx County Government is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties include:

- i) The National Government;
- ii) The County Government;
- iii) Board of Directors;
- iv) Key Management

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-
d) Key management compensation		

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Description	2024-2025	2023-2024
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

46. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

(Give details)

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Events after the Reporting Period

There were no material adjusting and non-adjusting events after the reporting period.

50. Ultimate and Holding Entity

The entity is a County Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of Taita-Taveta.

51. Currency

The financial statements are presented in Kenya Shillings (Kshs) and all values are rounded off to the nearest shilling.

20. Appendices

Appendix 1: 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from the final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments