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REPORT

OF

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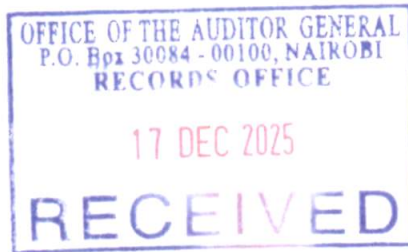
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GATUNDU LEVEL 5 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KIAMBU

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**GATUNDU LEVEL 5 HOSPITAL
(COUNTY GOVERNMENT OF KIAMBU)**

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

FIF	Facility Improvement Fund
NHIF	National Hospital Insurance Fund
CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
KMPDC	Kenya Medical Practitioners and Dentists Board
CHMT	County Health Management Team
MEDS	Mission for Essential Drugs and Supplies
KUTTRH	Kenyatta University Teaching and Referral Hospital
EEC	Executive Expenditure Committee
NEMA	National Environmental management Authority
HMT	Hospital management Team
H.A.O	Health Administrative Officer
N.S.M	Nursing Services Manager
S.C.M.O	Supply Chain Management Officer
V.A.T	Value Added Tax
S.H.I.F	Social Health Insurance Fund
S.H.A.	Social Health Authority
N.S.S.F	National Social Security Fund

2. Key Entity Information and Management

(a) Background information

Gatundu Level 5 Hospital is a level (5) hospital established under gazette notice Number GK_009186 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/vision/ mandate of the hospital is to promote and participate in provision of integrated and high quality curative and rehabilitative services to all Kenyans And to be an efficient Medical Care System for a Healthy Nation.

(c) Key Management

The hospital's management is under the following key organs:
County Department of Health

The hospital management board

Accounting Officer

Med Sup

Hospital management team

Expenditure and Evaluation Committee

(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.	Med Sup	Dr. Catherine Munyendo
2.	Head of finance	Kennedy Kamau
3.	Health Administrative Officer	Beth Wangui Mwangi
4.	Nursing Services Manager	Jenelica Kagonda
5.	Supply Chain Management Officer	Rebecca Gatune

(e) **Fiduciary Oversight Arrangements**

• **KMPDC**

This is responsible for licensing hospitals and ensures compliance to the relevant regulations.

Health Committee in the County

This ensures there is adherence to policies of the government of the day

• **CHMT**

The role of the County Department of Health includes;

Review and monitor the implementation of the Kiambu Health Act and advise the department on appropriate measures to be adopted for effective implementation of the act, Supervise and support the management of the hospitals and county health facilities, Assess the delivery and impact of the health care services within the county and advise the Executive Member, Monitor drugs and commodities availability and diagnostic standards, Recommend policies, strategies, regulations and standards to Executive Member.

• **County Assembly**

The County Assembly plays the role of public finance management through the County Budget and Appropriations Committee, Examine financial statements and other documents submitted to the County Assembly and make recommendations to the County Assembly for improving the management of the county's public finances

(f) **Entity Headquarters**

Gatundu Level 5 Hospital

P.O Box 84-01030

Gatundu

Kinare Road

Kenya

(g) **Entity Contacts**

Telephone: (+254) 111495079

E-mail: gatundul4h@gmail.com

Website: www.go.ke

(h) **Entity Bankers**

Kenya Commercial Bank-F.I.F

Family Bank-Grant Account

S.H.I.F Kenya Commercial Bank
Family Bank –Revenue Account

(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. 2344- 00900
Kiambu, Kenya



3. The Board of Management

Directors	Details
<p>Njinji Murigi Board Chair</p> 	<p><u>Age</u> 39 Years</p> <p><u>Qualifications</u> Masters Environmental Planning-University of Nairobi Degree Urban Planning-University of Nairobi Diploma Project Management-Kenya Institute of management</p> <p><u>Experience</u> Consultant as an Urban Planner and Environmental Issues-Planning Farm Peman Consultants Executive Board Member-Gatundu Level 5 Hospital Board</p>
<p>Ivy Wachira Member</p> 	<p><u>Age</u> 46 years</p> <p><u>Profession</u> Communication, guidance and counselling Protocol and Public Relations</p> <p><u>Qualifications</u> Diploma in Public Communications Degree in Public Relations</p> <p><u>Work Station</u> Parliament of Kenya Serve in Staff welfare and Mental health committee</p> <p><u>Years in Service</u> 22 Yrs Executive Board Member-Gatundu Level 5 Hospital Board</p>

<p>Elizabeth Wanjiku Kanonga Member</p> 	<p><u>Age</u> 65 Years</p> <p><u>Experience</u> Chair lady-Social Economic Development Integrated Organization Farmers Executive Dormant Board Member-Gatundu Level 5 Hospital Board</p>
<p>Geoffrey K Macharia Member</p> 	<p><u>Age</u> 59 Years</p> <p><u>Profession</u> Teaching Work station, Muthiga Girls in Gatundu south</p> <p><u>Qualifications</u> Diploma in Education</p> <p><u>Teaching experience</u> 32 Years Executive Board Member-Gatundu Level 5 Hospital Board</p>
<p>Dr. catherine Munyendo Secretary</p>  <p>Dr. Catherine Munyendo MED SUP</p> <p><u>Qualification's</u></p> <ol style="list-style-type: none"> 1.Master of Medicine in Paediatrics 2.Bachelor of Medicine 3.Bachelor of Surgery 	<ul style="list-style-type: none"> • Med Sup -Gatundu Level V Hospital • Promoting and protecting patient health and safety • Reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care

4. Key Management Team

 <p>Dr. Catherine Munyendo MED SUP <u>Qualification's</u> 1.Master of Medicine in Paediatrics 2.Bachelor of Medicine 3.Bachelor of Surgery</p>	<ul style="list-style-type: none"> • MED SUP-Gatundu Level V Hospital • Promoting and protecting patient health and safety • Reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes • Overseeing teams that provide direct patient care
 <p>Beth Wangui Mwangi Health Administrative Officer <u>Qualifications.</u> Bachelor of Business Administration-finance</p>	<ul style="list-style-type: none"> • Responsible for deployment, training and appraisal of non-medical staff, including drivers, security guards and cleaners and overall Planning and administration.
 <p>Jenelica Kagundu Nurse Services Manager <u>Qualifications.</u> 1. Kenya Registered Clinical Health Nurse 2. Bachelor of Science in Clinical Nursing</p>	<ul style="list-style-type: none"> • Promoting and protecting patient health and safety • reducing healthcare costs by improving efficiency • Developing treatment plans to improve care and patient outcomes

	<ul style="list-style-type: none"> • Overseeing teams that provide direct patient care.
 <p>Kennedy Kamau Accountant</p> <p><u>Qualifications.</u></p> <p>1. Certified Public Accountant of Kenya CPAK</p>	<ul style="list-style-type: none"> • Reviewing the hospital's financial records to ensure compliance with laws and regulations • Assisting with audits of the hospital's financial statements to ensure compliance • Vote book Control. • Maintenance of Cash Book. • Bank Reconciliations. • Preparation of Financial Statements.
 <p>Rebbeca Gatune Supply Chain Management Officer</p> <p><u>Qualifications.</u></p> <p>Degree in Supply Chain Management</p>	<ul style="list-style-type: none"> • Opening Tenders • Overall Supervision on Procurement/Stores • Raising Local Purchase Orders

5. Chairman's Statement

The Board was gazetted on 4th January 2023 and comprises of 5 members with the following mandate:

1. Provide oversight over several general administration of the hospital
2. Promote development of the hospital
3. Recommend to the CEC Health plans and programmes to be implemented in the hospital.
4. Recommend hospital budget estimates.
5. Assess the delivery of services and monitoring hospital performance and advise CEC- Health.

The team is committed and up to the task to ensure the above mandate are well executed
The key areas of interest are

1. Human resource management
2. Oversight of financial management at the hospital
3. Quality improvement
4. Public relations between the hospital and its catchment population

Human resource

The hospital has major human resources challenges

The nursing staff shortage is a serious concern that has been raised and is significantly impacting on service delivery

Similarly the hospital needs more medical officers as the ones currently available are seconded from kutrrh and do not meet the desired number leaving major departments without coverage

The casual labourers both skilled and unskilled also offer support in the day to day running on the hospital but leave a huge wage bill on the hospital expenditure.

Oversight of financial management

The board receives the proposed annual budget as well as quarterly budgets for scrutiny and approval

This has enhanced transparency and accountability of the financial resources at the hospital

Several measures have been put in place to increase the hospital revenue

A great concern is the huge amount that is hospital pending bills we hope the county management can advise on the payment and way forward for the said amounts

Quality improvement

In the endeavour to improve the services provided at the hospital the board is actively involved in lobbying to have all key areas of service delivery to be fully operationalised

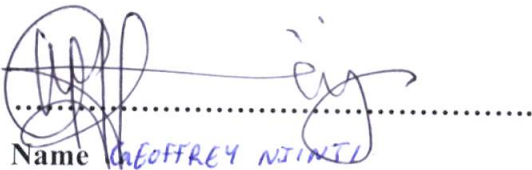
This will expand the menu of services provided increase hospital work load and ultimately hospital revenue

Areas of interest include fully operationalising the radiology department and ICU

The hospital has a small morgue that has a small capacity and only serves the hospital and not the local community

The new mortuary is currently at 95% and once complete it will fully operationalise the hospital.

We are committed to support the hospital management team effectively run the hospital on a day to day basis and also serve as a linkage between major partners at the hospital including kutrrh and the county government.



A handwritten signature in blue ink, consisting of a circular emblem on the left and a stylized signature on the right, connected by a horizontal line. A dotted line extends from the end of the signature to the right.

Name **GEORGEY NJIMI**

Chairman to the Board

6. Report of The Medical Superintendent

1. Service Delivery

There was disruption of services during the period under review due to time after time doctor strikes which negatively affected smooth daily operations in the facility.

The hospital received a lot of support from the County Government by disbursing funds for payment of Non-pharmaceuticals pushing the overall expenditure on Drugs and Non-pharms to all time high. This called for negotiation with our suppliers for extension of debts payments.

2 Human Resource for Health

There was marginal increase in Human Resource. The number of Medical Officers increased from **3 (three)** to **9 (nine)** while the number of Nurses and Laboratory Technicians increased with **15 (Fifteen)** and **2 (Two)** respectively.

However, the number summarized below optional level as recommended by the World Health Organization across all the departments with the overall effect being service providers born-out.

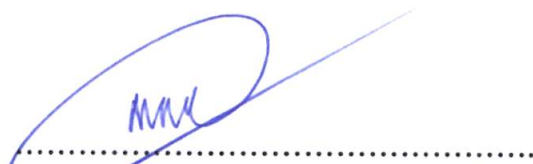
3 Health commodities

To obtain value for money, the hospital purchased over **60%** of the drugs and Non-Pharms from either Kenya Medical Supplies Agency Mission for Essential Drugs and Supplies. Local merchants were also considered and not less than **40%** of Health Commodities were purchased from local merchants. Huge debts continued to be a major challenge. As at the closure of the financial year, the hospital owed a total of khs 128,915,763 to local merchants.

4 Health financing

The financial performance was as below;

- The cash transactions collected for the period was Kshs 77,326,633.33 as FIF against a projection of Kshs. 100,000,000 which is 77% of the projection.
- SHIF collections were khs76,189,504.85 against a projection of Kshs. 100,000,000 which is 76 % of the projection.



Name DR. CATHERINE MUVHENDOO

Secretary to the Board

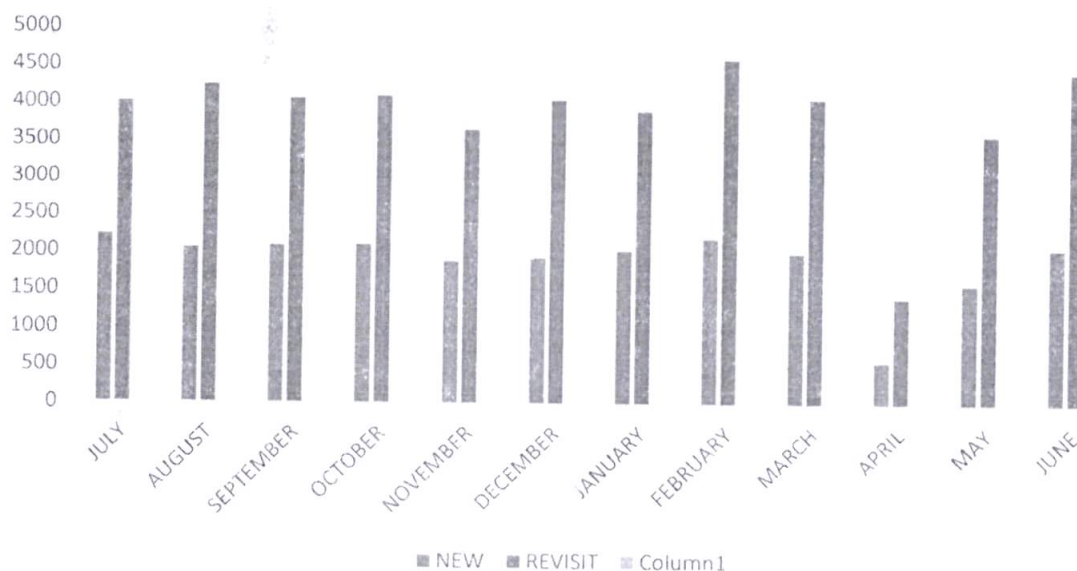
7. Statement of Performance Against Predetermined Objectives

The entity’s performance against pre-determined objectives during the financial year 2024/2025 Was as below;

OUT PATIENT NEW AND REVISIT 1st JULY 2024 TO 30th June 2025

MONTH	NEW	REVISIT
July	2,338	4,897
August	2,255	4,929
September	2,267	4,579
October	1,677	3,579
November	1,917	4,303
December	1,659	3,630
January	2,360	2,904
February	3,681	2,170
March	3,543	2,350
April	2,939	174
May	2,834	91
June	2,307	97
Total	29,777	33,703

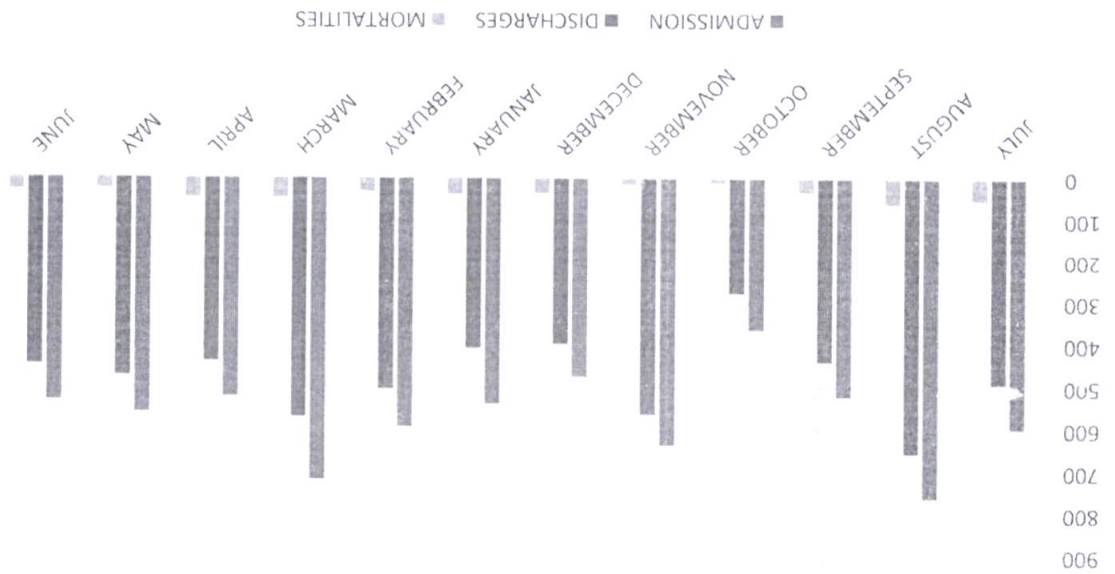
Chart Title



ADMISSION AND MORTALITIES

	ADMISSION	DISCHARGES	MORTALITIES
July	598	493	53
August	762	657	62
September	523	441	34
October	365	278	13
November	638	565	15
December	476	398	37
January	541	409	39
February	596	506	34
March	721	572	50
April	524	441	49
May	562	475	27
June	534	449	30

Chart Title



MATERNITY DELIVERIES

	SPONTANEOUS VERTEX DELIVERY	CAESAREAN DELIVERY	BREECH DELIVERY
July	148	95	5
August	202	124	5
September	133	87	1
October	124	62	0
November	176	96	0
December	152	69	2
January	176	51	1
February	151	83	2
March	190	100	4
April	113	65	0
May	110	67	1
June	131	117	0

Chart Title



In the 1st, 2nd, 3rd and 4th Quarter that ended 30th June 2025, Gatundu Level V Hospital collected Kshs 77,326,633.33 as F.I.F cash collections, Kshs 48,077,613 as university rotations revenue and kshs76,189,504.85 being SHIF/NHIF Collections.

SECTION B

Entity's compliance with statutory requirements.

- Gatundu Level V Hospital ensures compliance with all legal policies, national and international guidelines as pertains service delivery.
- Gatundu Level 5 Hospital conforms to the statutory deductions including NSSF, NHIF and 2% withholding VAT.

SECTION C

Key projects and investment decisions the entity is planning/implementing.

There are two projects on going in collaboration with Kenyatta University Teaching and Referral Hospital namely tower II project and landscaping.

The projects are being financed by the National Government.

SECTION D

Major risks facing the entity

- i. There is possibility of further medical legal cases. This remains a viable threat because of more enlightened clientele demanding better services.
- ii. A lot of waivers as patients are unable to cater for their medical bills as most are casual labourers in in the area.
- iii. Pilferage of hospital resources – there is an ongoing investigation with the District Criminal Investigation Officer – Gatundu about the loss of drugs from the hospital stores. A member of staff in the casual establishment has been implicated. The ongoing county CCTV installation will go a long way in reducing such incidences.
- iv. Waste management – there is no functional incinerator and the septic tanks are dilapidated. We have had complaints from the community because of burst sewers and smoke from burning medical waste in the open.

Section E

Material arrears in statutory/financial obligations

Gatundu Level 5 Hospital is facing financial challenges due to accumulation of pending bills dating from 2022.

The facility has arrears from NHIF of Kshs 41,313,322 and SHA cumulating to Kshs 28,120,400 and as at 30th June 2025 we owed our contracted workers one month arrears (June) Kshs 715,312 but the payment process for the same has started.

Huge pending bills is also affecting the Facility Operations as most merchants are unable to supply commodities.

Section F

The entity's financial probity and serious governance issues

Gatundu Level 5 Hospital has adopted ethical code of conduct in matters procurement. This involves floating quotations in a transparent manner, receipt and inspection of goods via nominated committees by the Accounting officer. Once funds are available we pay as per the availability of funds when the executive expenditure committee holds a meeting and the same is passed in the Hospital Management team.

8. Corporate Governance Statement

The facility has held two board meetings in the financial year 2024/2025 where all board members were present and various issues of going concern in the facility were discussed and minuted. The Executive appointed a Hospital Board for the facility on 4th January 2023 comprising of

1. Chairperson who shall not be a staff of the County Government of Kiambu with a minimum of a diploma;
2. The hospital superintendent who shall be the secretary;
3. A representative of the Chief Officer;
4. Four residents of the sub-county in which the hospital is located who has attained basic level education taking into account gender parity and special interest groups.

The Board may co-opt any person with relevant expertise necessary to assist the Board determine with matter before it. A person shall not be appointed as a Chairperson of a Board unless that person -

1. Is a Kenyan;
2. Possesses at least a diploma from an institution recognized in Kenya;
3. Has experience in management, leadership or administration; and
4. Meets the requirements Chapter six of the Constitution.

The Members of the Board, other than an ex-officio Member, shall serve for a term of three years which may be renewed. The Board shall-

1. Provide oversight over the general administration of the hospital;
2. Promote the development of the hospital;
3. Recommend to the Executive Member plans and programs for implementing the county health strategies in the hospital;
4. Recommend to the Executive Member budget estimates;

5. Establishing a hospital-community participation and feedback platform;
6. Assessing the delivery of services at the hospital and advice the Executive Member;
7. Monitoring the hospitals performance against set targets and advice the Executive Member; and
8. Carrying out any other function that may assigned by the Executive Member.

The term of office of a member shall be three years which term may be renewed.

The Executive Member may by Regulations prescribe the conduct of business of the Board.

The Executive Member may remove from office any member of the Board who-

1. Has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
2. Is adjudged bankrupt;
3. Is unable to discharge his or her duties due to physical or mental incapacity;
4. Violates or is suspected of violating the provisions of Chapter six of the Constitution; or
5. Is charged with a criminal offence in court of law or a traffic offence attracting an imprisonment term of a minimum of six months.

9. Management Discussion and Analysis

Section A

Entities operation and financial performance

- Bed capacity of the hospital. – **300**
 - There is a second tower in progress that will be able to accommodate an additional 150 patients in addition to extension of other departments
 - Majority of our admissions are maternity thus pointing to the need for upgrading our maternity unit to accommodate the increasing number of deliveries. The general inpatient wards consist mainly of paediatrics, medical, surgical and elderly patients with chronic non communicable diseases. This puts more emphasis on the need for enhancing laboratory services
- **Commodities** – we have been able in the just ended financial year with the assistance of the county government to stabilize drug supply to the facility.
 - **Infrastructure** – tower 2 remains on schedule. Power upgrade for the old hospital is ongoing but has been complicated by the scarcity of a transformer. This will greatly assist the hospital to run efficiently the micro-wave waste burner, oxygen plant, renal unit, and the kitchen. The contractor is on site. Oxygen piping and bulk liquid oxygen tank by BOC limited is ongoing. The plinth area is nearing completion and the extra piping and oxygen outlets are being fixed.
 - **Leadership** –The facility is under the board of management led by the Chairman, Urban planner Njinji Murigi. We have had two meetings and several visits by different board members in our facility.
 - **Title deed** – together with the CEC health, the board and other stakeholders, a PDP is in place and is being waited for gazettelement by the CEC land. So far, the engagement has been cordial and we are on course to get a title deed for the hospital land soon. This matter is of great interest to the current board and they really are the drivers of this very important matter.
 - **Sponsorships and partnerships**

The hospital has been in partnership with various institutions including Jomo Kenyatta University, Kenyatta University, Kenyatta University Teaching and Referral Hospital, Presbyterian University of East Africa among others, and some ongoing partnership programmes with Mama Ngina University.

10. Environmental And Sustainability Reporting

Gatundu Level 5 Hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence

Gatundu level 5 hospital exists to transform lives. It's what guides us to deliver our strategy, putting the client/patient first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile.

Gatundu level 5 hospital operations are legal and adhere to guidelines issued by regulatory bodies such as Kenya medical and dentist practitioner's board.

ii) Environmental performance

In the next financial year the Gatundu hospital intends establish a policy guideline on safeguarding the environment tailored to the NEMA protocols. The hospital has a bio digester system which is operational.

iii) Employee welfare

Hiring of staff is done by the county public service board on behalf of our facility. However any other support staff are hired after deliberation by the hospital management team EEC and HMT to cover the gaps that the county has not filled and any other shortages due to workload. This is done in a competitive mode.

iv) Market place practices-

a) Responsible competition practice.

We have set up a customer care centre that also acts as the linda mama help desk that is active to handle complaints and settle conflicts whenever they arise.

b) Responsible Supply chain and supplier relations

In order to build trust from the suppliers and to have consistency in the supply of goods and services, we honour payments to our suppliers as soon as the funds are available, though there is a big challenge as funds are not sufficient to meet their demands and we have a pile up of pending bills due to some funds collected being unreimbursed.

c) Responsible marketing and advertisement

The hospital shall ensure that not only patient needs are met, but also have a positive impact on them and the community, of which we are both a part of.

d) Product stewardship

All members of staff are trained in proper waste segregation of medical waste. In various Service departments, we have set up different coloured and labelled bins for waste management.

e) CSR / Community Engagements

We have been running outreach camps to offer free polio immunisation services and mental counselling camps 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, 2025, which show the state of Gatundu Level V affairs.

Principal activities

The principal activities of the entity are to offer high quality, affordable curative and preventive health care services to the community.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 26 to 53

Board of Management

During the year, 5 Board members who were appointed with effect from 6th January 2023 are still in office performing their duties.

Auditors

The Auditor General is responsible for the statutory audit of the Gatundu Level V Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

.....
Name **Dr Catherine Munyendo**
Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 require the Directors to prepare annual financial statements in respect of Gatundu Level 5 Hospital, which give a true and fair view of the state of affairs of Gatundu Level 5 Hospital at the end of the period and the operating results of Gatundu Level 5 Hospital for that period. The Directors are also required to ensure that Gatundu Level 5 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Gatundu Level 5 Hospital. The Directors are also responsible for safeguarding the assets of Gatundu Level 5 Hospital

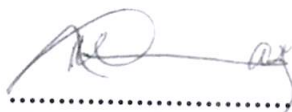
The Board of Directors is responsible for the preparation and presentation of Gatundu Level 5 Hospital financial statements, which give a true and fair view of the state of affairs of Gatundu Level 5 Hospital for and as at the end of the period ended on 30th June 2025. This responsibility includes: (i) 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 Gatundu Level 5 Hospital (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accepts responsibility for Gatundu Level 5 Hospital 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 Kiambu Health Management Act 2019. The Board members are of the opinion that the Gatundu Level 5 Hospital financial statements give a true and fair view of the state of Gatundu Level 5 Hospital transactions during the financial year ended 30th June 2025, and of Gatundu Level 5 Hospital financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Gatundu Level 5 Hospital, which have been relied upon in the preparation of Gatundu Level 5 financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Gatundu Level 5 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 15th August 2025 and signed on its behalf by:



.....
Name: Geoffrey Njinji
Chairperson
Board of Directors



.....
Name: Dr. Catherine Munyendo
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 GATUNDU LEVEL 5 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KIAMBU

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.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Gatundu Level 5 Hospital set out on pages 1 to 55, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Gatundu Level 5 Hospital 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 do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statement

The statement of comparison of Budget and Actual amounts captures total budgeted expenditure as Kshs.125,422,420. The budget provided for audit captures the budgeted expenditure as Kshs.276,666,293, leading to an unexplained variance of Kshs.151,243,873.

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

2. Variances Between the Financial Statements and Ledger

The statement of financial performance and Note 11 to the financial statements reflects revenue from rendering services-medical service income totalling Kshs.77,302,633. However, examination of the ledgers reflected an amount of Kshs.53,980,198 for Fun Soft system used between 1 July, 2024 to 21 January, 2025 and Kshs.27,943,962.00 for Q Afya resulting to a total of Kshs.81,924,160, yielding a difference of Kshs.4,621,527.00.

In the circumstances, the accuracy and completeness of rendering of services of Kshs.77,302,633 could not be confirmed.

3. Land Without Title Deeds

The statement of financial position reflects property, plant and equipment balance of Kshs.28,821,552 as at 30 June, 2025 as disclosed in Note 32. However, the balance does not include the value of land where the Gatundu hospital is located. In addition, Management did not present for audit original title deeds for the parcels of land where the Hospital is built.

In the circumstances, the accuracy and completeness of property, plant and equipment of Kshs.28,821,552 could not be confirmed.

4. Unaccounted Revenue

The statement of financial performance captures total receipts as Kshs.153,516,138. The amount was swept to Kiambu County FIF account. Kiambu county transferred back Kshs.139,581,749. In that transfer, Kshs.45,068,859 was in relation to the last financial year. Kshs.59,003,248 was not transferred back to the hospital leading to unaccounted revenue.

In the circumstances, the accuracy and completeness of revenue of Kshs.153,516,138 could not be confirmed.

5. Undisclosed Revenue

Review of the Hospital statement of financial performance revealed that the hospital generated Kshs.153,516,138 on revenue from exchange transactions. However, audit established that the hospital maintained a separate revenue cashbook where a further Kshs.48,077,613 was collected through students from various institutions who are on rotation programs, hosted by the hospital to learn and gain practical field experience. The amount does not form part of the Kshs.153,516,138 and it is not used within the hospital as confirmed by the standing orders which showed that the amounts were transferred immediately after receipt.

Further, review of the financial records revealed the Rendering of Services-Medical Services Income declined from Kshs.94,357,140 in the previous year to Kshs.77,302,633 in the year under review representing a reduction of Kshs.17,054,507 (18%). However, Management did not explain the reason for the decline and measures in place to reverse the trend.

In the circumstances, the accuracy and completeness of revenue of Kshs.153,516,138 could not be confirmed.

6. Undisclosed Bank Account

Review of the Information and Communication Technology (ICT) environment revealed that Management had implemented FUNSOFT and Q-Afya systems to manage the billing process of patients accessing services. It was noted that patients made payments totalling Kshs.77,302,633 for services rendered. However, the bank account where the amount was deposited was not disclosed.

Further, it was disclosed that the patients made payment through paybill numbers (714639 and 4133153). The ownership, authorization, Mpesa statements, and cashbook for the paybills were not availed for review.

In the circumstances, the accuracy and completeness of revenue of Kshs.153,516,138 could not be confirmed.

7. Variances Between SHA Receivables

The statement of financial position reflects receivables from exchange transactions of Kshs.69,457,722, being amount owed by the Social Health Authority (SHA). However,

collaborative data from the Social Health Authority (SHA) shows that they owe the facility Kshs.65,148,057 (NHIF – Kshs.41,313,322 and SHA – Kshs.23,834,735) leading to a variance of Kshs.4,309,665. Further, SHA rejected claims of Kshs.17,201,720 leading to doubt on actualization of the receivable amount.

In the circumstances, the accuracy and completeness of receivables of Kshs.69,457,722 could not be confirmed.

8. Failure to Maintain a Fixed Asset Register

The statement of financial position discloses balance of Kshs.28,821,552 as value for property, plant and equipment as disclosed in Note 32 of the Financial Statements. However, the hospital does not maintain an updated fixed asset register to maintain and control its assets. This is contrary to Section 143(1) of the Public Financial Management Regulations 2015 which states that Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy and completeness of property, plant and equipment of Kshs.28,821,552 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Gatundu Level 5 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis amounting to Kshs.200,048,000 and Kshs.153,516,138 respectively resulting in variance of Kshs.46,531,862 or 23%. Similarly, the hospital expended Kshs.124,707,108 against an approved budget of Kshs.125,422,420 resulting to a variance of Kshs.715,312 or 1% of the budget.

The under-funding implies that some of the planned activities were not implemented which could impact negatively on the achievement of the overall Hospital's goals and objectives.

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 effect of the matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives). 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Procurement

The statement of financial performance captures total expenses as Kshs.124,707,108. Evaluation of documentation revealed that the hospital tendered for goods worth Kshs.76,854,501 through request for quotation. This is contrary to second schedule of the Public Procurement and Asset Disposal Regulation 2020 which sets the maximum request for quotation procurement at Kshs.3,000,000 per request.

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

2. Unbalanced Budget

The statement of comparative budget and actual amounts reflects final budget receipts and expenditure of Kshs.200,048,000 and Kshs.125,422,420 resulting to a variance of

Kshs.74,625,580. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced.

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

3. Non-Procurement from KEMSA – Procurements from Sources Other than KEMSA

The statement of financial performance and Note 15 to the financial statements reflects medical/clinical costs balance of Kshs.79,308,057 in the year under review whereas an amount of Kshs.32,673,643 was incurred in the previous year resulting in an increase of Kshs.43,634,414 or 143%. However, Management has not explained the cause of the drastic increase. Further, included in the balance is Kshs.63,267,140 incurred on the purchase of various pharmaceutical and non-pharmaceuticals. These procurements were procured from various suppliers other than KEMSA contrary to Kenya Medical Supplies Authority Act No. 20 of 2013 which requires health facilities, referral hospitals and counties to procure drugs and medical supplies from KEMSA.

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

4. Non-Compliance with Budget Preparation Standards and Budget Estimates

The statement of financial performance reflects total revenue of Kshs.153,516,138 and a total expenditure of Kshs.124,707,108. Management ought to have prepared budget estimates for both revenue and expenditure. However, the hospital did not submit an approved budget for audit that conforms to the standard budget estimates format prescribed by the County Treasury.

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

5. Inadequacies in Universal Health Coverage

Verification of services offered, equipment used and number of members of staff at the Hospital revealed that during the year under review, the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines for Level IV hospital due to staff deficits as analyzed in the table below:

Personnel	Level 4 Standard	Actual Numbers	Deficit
Medical Officers	16	8	8
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Pediatrics	2	0	2
Radiologists	2	0	2
Kenya Registered Community Health Nurses	75	32	43

Further, the Hospital had deficits in services and equipment as indicated in the table below:

Services	Standard	Observation	Deficit
Bed Capacity	150	32	118
Functional ICU Beds	6	0	6
Functional HDU Beds	6	0	6
Delivery Coaches in Maternity	3	2	1
Incubators in the New Born Unit	5	4	1
HDU cots in the New Born Unit	5	0	5
Operating theatres	2	1	1

Further, the Hospital did not offer specialized services that are normally offered by a level 4 hospital such as surgical, pediatric, and renal services.

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

6. Lack of Audit Committee

Review of the Governance structure for the financial year revealed that Management did not establish audit committee as mandated by Regulation 167 (1) of the Public Finance Management (County Government) Regulations, 2015.

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

7. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records obtained from Hospital revealed that the hospital collected a total Kshs.201,593,751 towards the health facilities improvement. Out of this amount, a total of Kshs.201,593,751 was transferred to County Revenue Fund. However, the County Treasury reimbursed a total of Kshs.139,581,749 to the health facilities resulting in a deficit of Kshs.62,012,002. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the hospital negatively impacted on service delivery by the Hospital.

In the circumstances, Management of the County Executive 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Internal Control Weaknesses

Audit of the Hospital internal controls revealed the management operated without well documented policy documents to effectively guide the facility. The key missing policy documents include HR Policies and Procedure Manuals, Finance and Accounting Policy, HR Planning and Succession Management Policy, Risk management policy, Evidence of risk assessment such as risk assessment report, Disaster recovery plan/Business Continuity Plan, Strategic plan, Debtors management policy, Creditors management policy, IT security policy, IT Strategic plan and Environmental control policies and procedures.

Further, the Hospital operated without an active board of management committee and had no internal audit department.

In the circumstances, the effectiveness of the internal controls and Internal Audit was not fully realized.

2. Failure to Conduct Annual and Quarterly Stock Takes

The statement of financial position has a total balance of Kshs.128,903,241 for current assets. A review of these assets showed that the hospital did not conduct quarterly/annual stock takes for items in their stores for the period under review. Further, the hospital lacked a proper inventory management system.

In the circumstances, the validity of the stock levels in the hospital stores could not be ascertained.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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

17 December, 2025

14. Statement of Financial Performance As At 30th June 2025

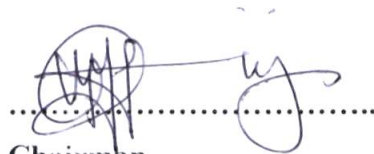
Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	000	00
In-kind contributions from the County Government	7	000	00
Grants from donors and development partners	8	000	000
Transfers from other Government entities	9	000	000
Public contributions and donations	10	000	000
Total Revenue from non- exchange transactions		000	00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	77,302,633.33	94,357,140.46
Revenue from rent of facilities	12	24,000	76,000
Finance / interest income	13	-	
Other receipts-NHIF	14	76,189,504.85	65,971,400
Total Receipts		153,516,138.18	160,404,540.46
Expenses			
Medical/Clinical costs	15	79,308,057.14	32,673,643
Employee costs	16	10,016,279	8,105,921.72
Board of Management Expenses	17	-	
Depreciation and amortization expense	18	-	
Repairs and maintenance	19	-	
Grants and subsidies	20	-	
General expenses	21	35,382,772	28,442,695
Finance costs	22	-	
Total expenses		124,707,108	69,222,259.72
Other gains/(losses)			
Gain on disposal of non-Current assets	23		000
Unrealized gain on fair value of investments	24		000
Medical services contracts Gains/Losses	25		00
Impairment loss	26		000
Gain on foreign exchange transactions			000

Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Year Ended 30th June 2025

Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Total other gains/(losses)			00
Net Surplus for the year		28,809,030	91,182,280.74

(The notes on pages 10 to 54 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 15th August 2025 and signed on its behalf by:

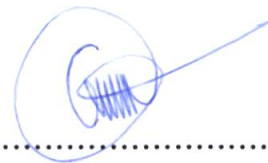


Chairman

Board of Management



Head of Finance
ICPAK No:24898



Medical Superintendent

15. Statement of Financial Position for The Year Ended 30 June 2025

Statement of Financial Position as at Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	35,496,572	25,673,289
prepayments	28		
Receivables from exchange transactions	29	69,457,722	26,183,980
Receivables from non-exchange transactions	30		
Inventories	31	23,972,947	44,632,283
Total Current Assets		128,903,241	96,489,552
Non-current assets			
Property, plant, and equipment	32	28,821,552	28,821,552
Intangible assets	33		
Investment property	34		
Total Non-current Assets		28,821,552	28,821,552
Total assets		157,724,793	125,311,104
Liabilities			
Current liabilities			
Biological assets	35		
Trade and other payables	36	128,915,763	78,024,418.64
Refundable deposits from customers/Patients	37	-	
Provisions	38	-	
Finance lease obligation	39	-	
deferred income	40	-	
borrowings	41	-	
Social Benefits			
Total Current Liabilities		128,915,763	78,024,418.64
Non-current liabilities			
Provisions		000	000
Non-Current Finance lease obligation		000	000
Non-Current portion of deferred income		000	000

Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Year Ended 30th June 2025

Statement of Financial Position as at Description	Notes	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Non - Current portion of borrowings		000	000
Service concession liability	42	000	000
Social Benefits		000	000
Total Non-current liabilities			
Total Liabilities		128,915,763	78,024,418.64
Net assets			
Revaluation reserve			
Accumulated surplus/Deficit		28,809,030	47,286,685.39
Capital Fund			
Total Net Assets and Liabilities		157,724,793	125,311,104.03



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Chairman
Board of Management



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Head of Finance
ICPAK No:24898



.....
Medical Superintendent

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

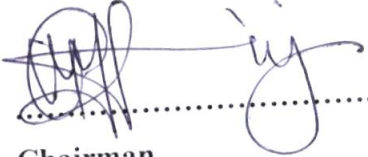
Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at 1st July 2024	000	000	0000	000
Revaluation gain	000	-	-	-
Surplus/(deficit) for the year	-	91,182,280	-	91,182,280
Capital/Development grants	-	-	000	-
As at 30th June 2024	000	91,182,280		91,182,280
As at 1st July 2025	000	91,182,280		91,182,280
Revaluation gain	000	-	-	-
Surplus/(deficit) for the year	-	28,809,030	-	28,809,030
Capital/Development grants	-	-	-	-
As at 30TH JUNE 2025	000	119,991,310		119,991,310

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


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	6		
In kind contributions	7		
Grants from donors and development partners	8		-
Transfers from other Government entities	9		-
Public contributions and donations	10		-
Rendering of services- Medical Service Income	11	77,302,633.33	94,357,140.46
Revenue from rent of facilities	12	24,000	76,000
Finance / interest income	13		
Other receipts-NHIF	14	76,189,504.85	65,971,400
Total Receipts		153,516,138.18	160,404,540.46
Payments			
Medical/Clinical costs	15	79,308,057	32,673,643
Employee costs	16	10,016,279	8,105,921
Board of Management Expenses	17		
Depreciation and amortization	18		
Repairs and maintenance	19		
Grants and subsidies	20		
General expenses	21	35,382,772	28,442,695
Finance costs	22		
Refunds paid out			
Total Payments		124,707,108	69,222,259.2
Net cash flows from/(used in) operating activities		28,809,030	91,182,280.74
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		000	
Proceeds from the sale of property, plant, and equipment		000	-
Acquisition of investments		(000)	-
Net cash flows from /(used in) investing activities		(000)	000
Cash flows from financing activities			
Proceeds from borrowings		000	

Gatundu Level 5 Hospital (Kiambu County Government)
Annual Reports and Financial Statements for the Year Ended 30th June 2025


Repayment of borrowings		(000)	
Capital grants received		000	000
Net cash flows from / (used in) financing activities		(000)	
Net increase/(decrease) in cash and cash equivalents		28,809,030	91,182,280.74
Cash and cash equivalents at Period Ended 30th June 2025	27	35,496,572.23	26,641,977.03



Chairman
Board of Management



Head of Finance
ICPAK No:24898



Medical Superintendent

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 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	-					
Receipts						
Transfers from the County Government						
Grants from donors and development partners						%
Transfers from other Government entities						%
Public contributions and donations						%
Rendering of services- Medical Service Income	100,000,000		100,000,000	77,302,633.33	22,697,367	78%
Revenue from rent of facilities	48,000	00	48,000	24,000	24,000	50%
Finance / interest income						%
Miscellaneous receipts (<i>sha</i>)	100,000,000		100,000,000	76,189,505	23,810,495	76%
Total receipts	200,048,000		200,048,000	153,516,138.33	46,531,862	75%
Payments						
Medical/Clinical costs	79,308,057		79,308,057	79,308,057		100%
Employee costs	10,731,591		10,731,591	10,016,279	715,312	97%
Remuneration of directors						%
Repairs and maintenance						%
Grants and subsidies						%
General expenses	35,382,772		35,382,772	35,382,772		100%
Finance costs						%
Total Operational Expenditure paid	125,422,420		125,422,420	124,707,108	715,312	97%
Capital Expenditure paid						
Surplus	74,625,580	00	74,625,580	28,809,030	45,816,550	38%

19. Notes to the Financial Statements

1. General Information

Gatundu Level 5 Hospital is established by and derives its authority and accountability from 21 Health Act. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is to serve its clients.

The principal activity/mission/ mandate of the hospital is to provide quality healthcare the citizens of Gatundu South and its environs.

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 4. 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 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

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 cash flows 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>
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>
IPSAS 45- Property Plant and Equipment	<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</p>

Standard	Effective date and impact:
	<p>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>IPSAS 46- Measurement</p>	<p>Applicable 1st January 2025 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>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026 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 of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

Standard	Effective date and impact:
<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 flows 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>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>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> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. 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. 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.

iii) Early adoption of standards

Gatundu level 5 hospital did not early adopt any new or amended standards in the financial year

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 Gatundu level 5 hospital 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

Gatundu level 5 hospital 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 2024/2025 was approved by Board on 26.11.2024. 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, Gatundu level 5 hospital did not *record* additional appropriations in the fy 2024/2025. Gatundu level 5 hospital 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 *nil* 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)

ii. **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.

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

Gatundu level 5 hospital 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 cash flows 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

Gatundu level 5 hospital 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.

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.

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.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	000	00
Level 5 Grants	000	000
Unconditional development grants	000	000
Other Grants	000	000
	000	000
Conditional Grants		
User Fee Forgone	000	000
Transforming Health Services for Universal Care Project (THUCP)	000	000
DANIDA	000	000
Wards Development Grant	000	000
Paediatric Block Grant	000	000
Administration Block Grant	000	000
Laboratory Grant	000	000
Total Government Grants and Subsidies	000	00

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 financial provisions. Kshs	Amount recognised in capital fund.	Total grant income during the period	Comparative period
			Kshs	Kshs	Kshs
Kiambu County Government	00	000	000	000	000
Total	00	000	000	000	000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	Fy 2023/2024
	Kshs	Kshs
Salaries and wages	000	00
Pharmaceutical and Non-Pharmaceutical Supplies	000	
Medical supplies-Drawings Rights (KEMSA)	000	000
Utility bills	000	000
Total grants in kind	000	00

8. Grants From Donors and Development Partners

Description	Fy 2024/2025	Fy 2023/2024
	KShs	KShs
Cancer Centre grant- DANIDA	00	00
World Bank grants	00	00
Paediatric ward grant- JICA	00	00
Research grants	00	00
Other grants (<i>specify</i>)	00	00
Total grants from development partners	00	00

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	00	00	00	00	00
JICA	00	00	00	00	00
World Bank	00	00	00	00	000
Total	00	00	00	00	00

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Fy 2024/2025	Fy 2023/2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	00	00
Transfer from 00 National Hospital	00	00
Transfer from 00 Institute	00	00
Total Transfers	00	00

10. Public Contributions and Donations

Description	Fy 2024/2025	Fy 2023/2024
	KShs	KShs
Public donations	00	00
Donations from local leadership	00	00
Donations from religious institutions	00	00
Donations from other international organisations and individuals	000	00
Other donations(<i>specify</i>)	00	00
Donations in kind-amortised	00	00
Total donations and sponsorships	00	00

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Balance unspent at beginning of year	00	00
Current year receipts	00	00
Amortised and transferred to revenue	00	00
Conditions to be met – remain liabilities	00	00

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Pharmaceuticals	9,206,845.02	25,048,799.47
Non-Pharmaceuticals -out, in patient-female ward-male ward	10,207,324,.34	5,234,075
Laboratory	14,794,802.97	16,333,977.99
Radiology	6,209,700	3,191,392
Renal Dialysis	1,901,150	
Orthopedic and trauma technology		368,700
Theatre	1,608,500	5,638,300
Accident and Emergency Service	2,501,425	2,681,830
Records	2,787,750	
Ear Nose and Throat service	836,030	776,700
Nutrition service	238,890	173,350
Dental services	215,300	320,600
Reproductive health	6,322,300	609,740
Paediatrics services	638,140	2,904,773
Farewell home services	1,693,500	1,983,200
Other medical services income-current a/c-medical legal-attachment-deposit-mch-physiotherapy-eye-occupational therapy-dermatology	18,140,976	24,094,703
Total revenue from the rendering of services	77,302,633.33	94,357,140.46

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Residential property	000	00
Commercial property	24,000	76,000
Total Revenue from rent of facilities	24,000	76,000

13. Finance /Interest Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Cash investments and fixed deposits	000	000
Interest income from short- term/ current deposits	000	000
Interest income from Treasury Bills	000	000
Interest income from Treasury Bonds	000	000
Interest from outstanding debtors	000	000
Total finance income	000	000

14. Miscellaneous Income

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Insurance recoveries	76,189,504.85	65,971,400
Income from sale of tender	-	000
Services concession income	-	000
Sale of goods (water, publications, Containers etc.)		000
Total other income	76,189,504.85	65,971,400

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Dental costs/ materials		25,500
Laboratory chemicals and reagents	19,212,310	6,902,121
Public health activities		
Food and Ration	13,850,779	9,454,195
Uniform, clothing, and linen		
Dressing and Non-Pharmaceuticals	33,046,631	7,751,883
Pharmaceutical supplies	11,008,199	7,518,302
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials		
Purchase of Medical gases	1,170,094	571,928
X-Ray/Radiology supplies	491,380	
Other medical related clinical costs (<i>fuel</i>)	528,664	449,714
Total medical/ clinical costs	79,308,057	32,673,643

16. Employee Costs

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	10,016,279	8,105,921.72
Contributions to pension schemes	000	000
Service gratuity	000	000
Performance and other bonuses	000	000
Staff medical expenses and Insurance cover	000	000
Group personal accident insurance and WIBA	000	000
Social contribution	000	000
Other employee costs (<i>specify</i>)	000	000
Employee costs	10,016,279	8,105,921.72

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Chairman's Honoraria	000	000
Sitting allowance	000	00
Mileage	000	000
Insurance expenses	000	000
Induction and training	000	000
Travel and accommodation allowance	000	000
Airtime allowances	000	000
Total	000	00

18. Depreciation and Amortization Expense

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Property, plant and equipment	000	000
Intangible assets	000	000
Investment property carried at cost	000	000
Total depreciation and amortization	000	000

19. Repairs And Maintenance

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Property- Buildings	000	00
Medical equipment	000	00
Office equipment	000	00
Furniture and fittings	000	00
Computers and accessories	000	00
Motor vehicle expenses	000	00
Maintenance of civil works	000	00
Total repairs and maintenance	000	00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Community development and social work	000	000
Education initiatives and programs	000	000
Free/ subsidised medical camp	000	000
Disability programs	000	000
Free cancer screening	000	000
Social Benefit Expenses	000	000
Other grants and subsidies(<i>specify</i>)	000	000
Total grants and subsidies	000	000

21. General Expenses

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	345,000	000
Catering expenses	000	000
Waste management expenses	000	000
Insecticides and rodenticides	000	000
Audit fees	000	000
Bank charges	000	000
Conferences and delegations	000	000
Consultancy fees	000	000
Contracted services	13,237,573	14,662,723.00
Electricity expenses	15,035,850	12,000,000.00
Insurance		
Research and development expenses		
Travel and accommodation allowance		
Legal expenses		
Licenses and permits	180,000	-
Courier and postal services	9,450	9,450
Other Operating Expenses	300,000	299,950
Printing and stationery	5,532,674	1,086,850
Hire charges		000
Rent expenses		000
Water and sewerage costs	356,170	96,370

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Skills development levies		000
Telephone and mobile phone services	386,055	287,352
Internet expenses		000
Staff training and development		000
Subscriptions to professional bodies		000
Subscriptions to newspapers periodical, magazines, and gazette notices		000
Library books/Materials		000
Parking charges		000
Total General Expenses	35,382,772	28,442,695.00

22. Finance Costs

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Borrowings (amortized cost) *	000	000
Finance leases (amortized cost)	000	000
Interest on Bank overdrafts/Guarantees	000	000
Interest on loans from commercial banks	000	000
Total finance costs	000	000

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

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Property, plant, and equipment	000	000
Intangible assets	000	000
Other assets not capitalised (<i>specify</i>)	000	000
Total gain on sale of assets	000	000

24. Unrealized Gain On Fair Value Investments

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Investments at fair value	000	000
Total gain	000	000

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Comprehensive care contracts with SHIF	000	000
Non- Comprehensive contracts care with SHIF	000	000
Linda Mama Program	000	000
Waivers and Exemptions	000	00
Total Gain/Loss	000	00

26. Impairment Loss

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Property, plant, and equipment	000	000
Intangible assets	000	000
Total impairment loss	000	000

27. Cash And Cash Equivalents

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Current accounts	35,496,572	25,673,289
On - call deposits		
Fixed deposits accounts		
Cash in hand		
Others(<i>specify</i>)- Mobile money		
Total cash and cash equivalents	35,496,572	25,673,289

Notes to the Financial Statements (Continued)

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

Description		Fy 2024/2025	Fy 2023/2024
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank	1157013422	31,144,118.63	20,056,742.78
NHIF collection	1256633011	3,934,159.35	4,770,993.00
Family Bank	004000035634	418,294.25	418,294.25
Family Bank Revenue	001000053778	00	427,259
b)			
Sub- total		35,496,572.23	25,673,289
Equity Bank – etc		000	000
Sub- total		000	000
c) Fixed deposits account			
Bank Name		000	000
Sub- total		000	000
d) Others(specify)		000	000
cash in hand		000	000
Mobile money- Mpesa, Airtel money		000	000
Sub- total		000	000
Grand Total		35,496,572.23	25,673,289

28. Prepayments

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Insurance	00	00
Rent	00	00
Water	00	00
Internet	00	00
Others specify	00	00
Total	00	00

29. Receivables From Exchange Transactions

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Medical services receivables	69,433,722	26,183,980
Rent receivables	24,000	
Other exchange debtors		267,000
Less: impairment allowance		
Total receivables	69,457,722	26,450,980

Analysis of Receivables from Exchange Transactions

Description	Fy 2024/2025		Fy 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	28,144,000	28%	26,450,980	100%
Between 1- 2 years	41,313,722	72%	000	%
Between 2-3 years	00	%	000	%
Over 3 years	000	%	000	%
Total (a+b)	69,457,722	100%	26,450,980	100%

30. Receivables From Non-Exchange Transactions

Description	Fy 2024/2025	Fy 2023/2024
	KShs	KShs
Transfers from the County Government	00	00
Undisbursed donor funds	00	00
Other debtors (<i>non-exchange transactions</i>)	00	000
Less: impairment allowance	00	00
Total	00	00

Analysis of Receivables from Non-Exchange Transactions

Description	Fy 2024/2025		Fy 2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total (a+b)	00	%	00	%

31. Inventories

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Pharmaceutical supplies	8,351,943	27,320,763
Maintenance supplies		
Food supplies	238,600	110,500
Non-Pharms	13,113,014	16,850,320
Linen and clothing supplies		
Cleaning materials supplies	443,050	
General supplies	1,826,340	350,700
Less: provision for impairment of stocks		
Total	23,972,947	44,632,283

Detailed disclosure on inventories

	Fy 2024/2025	Fy 2023/2024
Opening balance	44,612,283	73,913,182
Additional Inventory in the year	45,650,934	00
Inventory expensed in the year	66,290,270	29,280,899
Write-downs in the year		00
Others specify		00
Closing balance	23,972,947	44,632,283

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Notes to the Financial Statements (Continued)*

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 01/07/2024)	000	000	000	000	000	28,821,552	000	28,821,552
Additions during the year	000	000	000	000	-	-	000	000
Disposals during the year	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Transfers/adjustments during the year	000	000	(000)	000			000	(000)
As at 30/6/2025	000	000	000	000	000	28,821,552	000	28,821,552
As at 01/07/2024	000	000	000	000	000	000	000	000
Additions during the period	000	000	000	000	000	000	000	000
Disposals during the period	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Transfer/adjustments during the period		000		000			(000)	-
As At 30/6/2025	000	000	000	000	000	28,821,552	000	28,821,552
Depreciation and impairment								
As At 01/07/2024	000	000	000	000	000	000		000
Depreciation for the year	000	000	000	000	000	000		000
Disposals	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Impairment	(000)	(000)	(000)	(000)	(000)	(000)		(000)

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
As at 30/6/2025	000	000	000	000	000	000		000
As at 01/07/2024	000	000	000	000	000	000		000
Depreciation for the period	000	000	000	000	000	000		000
Disposals for the period	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Impairment for the period	(000)	(000)	(000)	(000)	(000)	(000)		(000)
Transfer/adjustment during the period		000	-	000	-	-	(000)	(000)
As at 30/6/2025	000	000	000	000	000	000	000	000
Net book values								
As at 30/6/2024	000	000	000	000	000	28,821,552	000	28,821,552
As at 30/6/2025	000	000	000	000	000	28,821,552	000	28,821,552

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Cost		
At beginning of the year	000	000
Additions	000	000
Additions-Internal development	000	000
Disposal	(000)	(000)
At end of the period	000	000
Amortization and impairment		
At beginning of the year	000	000
Amortization for the period	000	000
Impairment loss	000	000
At end of the period	000	000
NBV	000	000

34. Investment Property

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
At beginning of the year	000	000
Additions	000	000
Fair value gain	000	000
Depreciation	(000)	(000)
At end of the period	000	000

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Trees in a plantation forest	00	00
Animals: Dairy Cattle, Pigs, Sheep	00	00
Others specify	00	00
Total	00	00

36. Trade and other Payables

Description	Fy 2024/2025		Fy 2023/2024	
	KShs		KShs	
Trade payables	128,282,023		76,363,504.02	
Employee dues	633,740		1,660,914.62	
Third-party payments				
Audit fee				
Doctors' fee				
Total trade and other payables	128,915,763		78,024,418.64	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	46,178,488	36%	15,935,051.64	20%
1-2 years	82,737,275	64%	50,089,367	70%
2-3 years		%	12,000,000	10%
Over 3 years		%		%
Total	128,915,763	100%	78,024,418.64	100%

37. Refundable Deposits from Customers/Patients

Description	Fy 2024/2025	Fy 2023/2024
	KShs	KShs
Medical fees paid in advance	00	00
Credit facility deposit	00	00
Rent deposits	00	00
Others (specify)	00	00
Total deposits	00	00

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Ageing analysis:	Fy 2024/2025	% of the Total	Fy 2023/2024	% of the Total
Under one year	00	%	00	%
1-2 years	00	%	00	%
2-3 years	00	%	00	%
Over 3 years	00	%	00	%
Total	00	%	00	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	000	000	000	000
Additional Provisions for the period	000	000	000	000
Provision utilised during the period	(000)	(000)	(000)	(000)
Change due to discount & time value for money	(000)	(000)	(000)	(000)
Total provisions at the end of the period	000	000	000	000
Current Provisions	000	000	000	000
Non-Current Provisions	000	000	000	000
Total Provisions	000	000	000	000

39. Finance Lease Obligation

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Current Lease obligation	000	000
Long term lease obligation	000	000
Total	000	000

40. Deferred Income

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Current Portion	000	000
Non-Current Portion	000	000
Total	000	000

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	000	000	000	000
Additions during the period	000	000	000	000
Transfers to Capital fund during the period	(000)	(000)	(000)	(000)
Transfers to statement of financial performance	(000)	(000)	(000)	(000)
Other transfers (Specify)	(000)	(000)	(000)	(000)
Balance C/F	000	000	000	000

41. Borrowings

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Balance at beginning of the year	000	000
External borrowings during the period	000	000
Domestic borrowings during the period	000	000
Repayments of external borrowings during the period	(000)	(000)
Repayments of domestic borrowings during the period	(000)	(000)
Balance at end of the period	000	000

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

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Current Obligation	000	000
Non-Current Obligation	000	000
Total	000	000

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	000	000
Accumulated depreciation to date	(000)	000
Net carrying amount	<u>000</u>	<u>000</u>
Service concession liability at beginning of the year	000	000
Service concession revenue recognized during the period	(000)	(000)
Service concession liability at end of the period	<u>000</u>	<u>000</u>

43. Cash Generated from Operations

Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Surplus for the year before tax		
Adjusted for:		
Depreciation	000	000
Non-cash grants received	(000)	(000)
Impairment	000	000
Gains and losses on disposal of assets	(000)	(000)
Contribution to provisions	000	000
Contribution to impairment allowance	000	000
Working Capital adjustments		
Increase in inventory	(000)	(000)
Increase in receivables	(000)	(000)
Increase in deferred income	000	000
Increase in payables	000	000
Increase in payments received in advance	000	000
Net cash flow from/used in operating activities	28,809,030	91,182,280.74

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 Kshs	Fully performing	Past due	Impaired
		Kshs	Kshs	Kshs
At 30th June 2024 (previous year)				
Receivables from exchange transactions	26,183,980	000	000	000
Receivables from --non-exchange transactions		000	000	000
Bank balances	26,641,976.78	000	000	000
Total	52,825,956.78	000	000	000
At 30th June 2025 (current year)				
Receivables from exchange transactions	69,433,722	000	000	000
Receivables from --non-exchange transactions		000	000	000
Bank balances	35,496,572.23	000	000	000
Total	104,930,294.23	000	000	000

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 nhif/shif. 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 30th June 2025				
Trade payables	000	000	128,915,763	128,915,763
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	128,915,763	128,915,763
At 30th June 2025				
Trade payables	00	000	128,915,763	128,915,763
Current portion of borrowings	000	000	000	000
Provisions	000	000	000	000
Deferred income	000	000	000	000
Employee benefit obligation	000	000	000	000
Total	000	000	128,915,763	128,915,763

(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 30th June 2025			
Financial assets (investments, cash, debtors)		000	000
Liabilities			
Trade and other payables	00	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)		000	000

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.

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30th June 2025			
Financial assets (investments, cash, debtors)		000	000
Liabilities			
Trade and other payables	000	000	000
Borrowings	000	000	000
Net foreign currency asset/(liability)	000	000	000

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%	000	000
USD	10%	000	000
2025 (current year)			
Euro	10%	000	000
USD	10%	000	000

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 00 (2022: KShs 00). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 00 (2022– KShs 00).

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	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	000	000
Retained earnings	000	000
Capital reserve	000	000
Total funds	000	000
Total borrowings	000	000
Less: cash and bank balances	(000)	(000)
Net debt/ <i>(excess cash and cash equivalents)</i>	000	000
Gearing	00%	00%

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.

Kiambu County Government is the principal shareholder of the *Gatundu level 5 hospital*, 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	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to 000	000	000
Sales of services to 000	000	000
Total	000	000
b) Grants from the Government		
Grants from County Government	000	000
Grants from the National Government Entities	000	000
Donations in kind	000	000
Total	000	000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 000 employees	000	000
Payments for goods and services for 000	000	000
Total	000	000
d) Key management compensation		
Directors' emoluments	000	000

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Description	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Compensation to the medical Sup	000	000
Compensation to key management	000	000
Total	000	000

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	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Court case 00 against the hospital	00	00
Bank guarantees in favour of subsidiary	00	00
Total	00	00

(Give details)

48. Capital Commitments

Capital Commitments	Fy 2024/2025	Fy 2023/2024
	Kshs	Kshs
Authorised For	00	00
Authorised And Contracted For	00	00
Total	00	00

(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 Kiambu.

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 the for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

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Accounting Officer

*Gatundu Level 5 Hospital (Kiambu County Government)
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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's 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 30th 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		