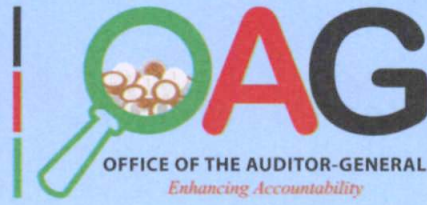
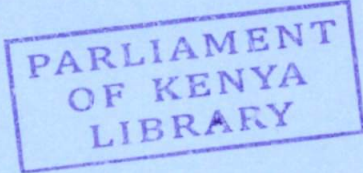


REPUBLIC OF KENYA



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REPORT



OF

THE AUDITOR-GENERAL

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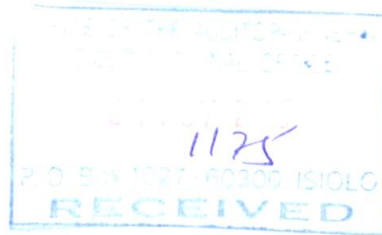
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NANYUKI TEACHING AND REFERRAL HOSPITAL

FOR THE YEAR ENDED 30 JUNE, 2025

COUNTY GOVERNMENT OF LAIKIPIA

13



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# **NANYUKI TEACHING AND REFERRAL HOSPITAL**

## **Level 4 HOSPITAL**

### **(Laikipia County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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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**

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
AMREF	African Medical and Research Foundation,
AMS	Antimicrobial stewardship
CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
CT scan	Computed Tomography Scan
EMKF	Emergency Medicine Kenya Foundation
ENT	Ear, Nose and Throat
FIF	Facility Improvement Financing
FY	Financial Year
HPTs	Health Products and Technologies
KEMSA	Kenya Medical supplies Agency
MED SUP	Medical Superintendent
MEDS	Mission for Essential Drugs and Supplies
MoH	Ministry of Health
KMA	Kenya Medical Association
KENAS	Kenya Accreditation Services
MOU	Memorandum of Understanding
KPLC	Kenya Power & Lighting Company
CCC	Comprehensive Care Clinic
TB	Tuberculosis
KDF	Kenya Defence Forces
NAWASCO	Nanyuki Water and Sewerage Company
MPDSR	Maternal and perinatal death surveillance and Response
MRI	Magnetic Resonance Imaging
NHIF	National Health Insurance Fund
NTRH	Nanyuki Teaching and Referral Hospital
OPD	Outpatient Department
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
ToTs	Training of Trainers

## 2. Key Entity Information and Management

### (a) Background information

NTRH Hospital is a level 4 hospital established under gazette notice number 9811 dated 20th July 2012 and is domiciled in Laikipia County under the Laikipia Health Services Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

**Our vision:** To be a centre of excellence in health Service delivery

**Our Mission:** To provide quality health care services, through adaptive systems of care that meet the needs of largest range of individual patients, patient groups and other members of the society.

**Our Core values:**

**Integrity:** The NTRH will adhere to the principles of good governance to ensure transparency and accountability in undertaking its programmes and activities.

**Professionalism:** The NTRH will strictly abide by professional considerations, including ethics on methods, standards, and procedures for provision of quality health services.

**Innovation:** The NTRH will continuously embrace creativity and novel solutions for value-addition in achieving excellence in healthcare.

**Teamwork:** The NTRH celebrate working together in pursuing timely attainment of targeted results at all levels, and supporting each other to resolve, share and settle the diverse health service challenges.

**Customer focus:** The NTRH commits itself to align its health service programmes to the expectations of its stakeholders and in attaining the highest standards in service delivery.

**Quality:** The NTRH embraces its responsibilities, enjoys the process of solving problems, and provide effective solutions and added value to customers.

The principal mandate of the hospital is to;

- a) To provide quality, accessible and affordable health care services
- b) To Facilitate preventive, promotive and rehabilitative services to the community
- c) To provide training to different health professionals
- d) To conduct research in diverse public health fields

The key strategic goals for the hospital include;

- a) Enhanced Quality in Service Delivery
- b) Improved Human Resources for Health Management
- c) Improved Health Infrastructure at NTRH
- d) Health Financing to achieve the hospital's mandate.

### (c) Key Management

NTRH management is under the following key organs:

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

**(d) Fiduciary Management**

The key management personnel who held office during the financial period ended 31<sup>st</sup> March 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer/ Medical Superintendent	Dr. Sammy Kilonzo
2	Head of Clinical Services	Dr. Esbon Njau
3	Head of Corporate Services	Alice Mboroki
4	Head of Nursing Services	Lucy Njogu
5	Head of Finance	Peter Wanyoike
6	Head of Supply Chain	Gertrude Nkatha
7	Head of Pharmacy Services	Dr. Sharon Wagemu
8.	Accounts Controller – Health Department	Charles M. Ntonjira

**(e) Fiduciary Oversight Arrangements**

- NTRH Board Audit and Risk Management Committee
- NTRH Board Finance, Administration and Human Resource committee
- NTRH Board Quality Assurance, Health and Safety Committee
- NTRH Board Strategy and Hospital Development Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

**(f) Entity Headquarters**

P.O. Box 66-10400  
 Off Nanyuki-Rumuruti Road  
 NANYUKI, KENYA

**(g) Entity Contacts**

Telephone: (+254) 722478289  
 E-mail: [nanyukihospital@laikipia.go.ke](mailto:nanyukihospital@laikipia.go.ke)  
 Website: <http://www.laikipia.go.ke/>

**(h) Entity Bankers**

1. Kenya Commercial Bank  
 P.O Box 10004-10400  
 Nanyuki
2. Family Bank  
 P.O Box 30084 -00100  
 Nairobi

***Key Entity Information and Management (continued)***

**(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**



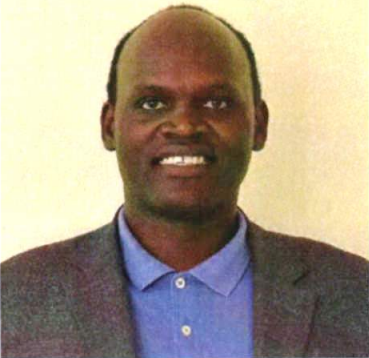
P.O. Box. 1271-10400  
Nanyuki, Kenya


### 3. The Board of Management

Ref	Directors	Details
1.	 <p data-bbox="288 1263 616 1406">Dr. Eva Njenga; MBChB, MMed (IMed) Chairperson</p>	<ul style="list-style-type: none"> <li>• Dr. Eva is a passionate, enthusiastic and transformative healthcare manager and leader with a wealth of experience in health management, social networking and resource mobilization. She has been actively involved in the development of various national health policies such as the Kenya National Drug Policy, the National Policy for Diabetes Management Guidelines and many others.</li> <li>• Dr. Eva Njenga is the immediate former Chairperson of the Kenya Medical Practitioners and Dentists Council. She has also served as the Chairperson of the Non-Communicable Diseases Alliance of Kenya, the National Coordination Centre for Covid Isolation and Quarantine Facilities and various other national boards, councils and committees.</li> <li>• She is the founder and Director of the Kenya Diabetes Management and Information Center and a Core Founder of the Kenya Diabetes Study group. She is a recipient of the Presidential Award of the Order of the Burning Spear (OBS) and other accolades such as the KMA Lifetime Achievement Award of 2022 and the Kenya Diabetic Study Group Lifetime Award of 2023.</li> <li>• She holds a Master’s Degree and Bachelor’s Degree in Medicine and Surgery from the University of Nairobi, a Certificate in Social Medicine and Medical Anthropology from the Harvard Medical School, a certificate in Endocrinology from the University of Newcastle and other academic testimonials from recognized institutions.</li> </ul>

<p>2.</p>	 <p>CPA Amos Toroitich                  Kakuko; BBM, MBA                  Member</p>	<ul style="list-style-type: none"> <li>• Mr Amos is a professional accountant, focused at bringing positive and tangible change in the utilization and management of resource through strategic and prudent utilization of resources.</li> <li>• He possesses great technical expertise in accounting, project planning, budgeting, resource mobilization, management and staff capacity building.</li> <li>• Mr Amos holds a Master’s in Business Administration from the Kenyatta University and a bachelor’s degree in Business and Management from Moi University. He is a certified Public Accountant.</li> <li>• He has previously served in various capacities as a professional accountant in various organizations including Kenya Urban Roads Authority (KURA) and World Vision International.</li> </ul>
<p>3.</p>	 <p>Ms. Mary Muthoni Kinoti;                  KRN, KRMW, Dip                  (Palliative care)                  member</p>	<ul style="list-style-type: none"> <li>• Mary is a Kenya Registered Nurse trained at the Aga Khan University Hospital and a trained Kenya Registered Midwife at the Pumwani Maternity Hospital. She is a trained palliative care expert with a Diploma in Palliative Care from the Oxford Brookes University.</li> <li>• She has also served in the community at various capacities in the Board of Management in different schools including Thingithu Secondary School and Bingwa Special School.</li> <li>• Mary is the co-founder the Laikipia Palliative Care Centre (LPCC) where she serves as the treasurer to the centre and consultant palliative care nurse</li> </ul>

<p>4.</p>	 <p>Prof. Ngugi Peter Mungai; MBCChB, MMed (Surgery), FCS, ECSA Member</p>	<ul style="list-style-type: none"> <li>• Prof. Peter Ngugi is a renowned academician, consultant surgeon and urologist at the Kenyatta National Hospital. He is also a professor in the Department of Surgery at the University of Nairobi and the director of East African Kidney Institute (EAKI)</li> <li>• Prof. Ngugi has previously served in numerous managerial and administrative capacities such as the Registrar of Urology at the Royal Sussex County and the Royal Alexandra Hospital at Brighton in the United Kingdom.</li> <li>• He has been the chairman of the Division of Surgery at KNH and head of several units in the same university. He has also served as the head of various academic departments at the University of Nairobi.</li> </ul>
<p>5.</p>	 <p>Mrs. Teresia Waihuini Wahome; Dip (Education management), Dip (ECDE), Dip. (Theological education) Member</p>	<ul style="list-style-type: none"> <li>• Ms. Teresia is an experienced teacher with over 20 years of experience in the education sector.</li> <li>• In her endeavour to serve her community, she successfully organized and facilitated the Nanyuki Parish Alternative Rite of Passage Course for both boys and girls.</li> <li>• Using her well-established and widespread social network and relationship management skills, she has also been able to secure sponsorship for girls from less fortunate backgrounds for their primary and secondary education.</li> <li>• She holds a Diploma in Education Management, a Diploma in ECDE and Diploma in Theological Education.</li> <li>• She has training in Public Legal Education (PLE) &amp; Human Rights by Community Based Development Services (COBADES) and other certifications.</li> </ul>




<p>6.</p>	 <p>Mr. David Ndungo Ndungu Member</p>	<ul style="list-style-type: none"> <li>• Mr. David is an accountant by training and has acquired a wide range of experience in various fields of accounting, logistics and supplies management, administration and charity activities.</li> <li>• He has participated and supported numerous institutions and organizations from Laikipia county and across the country in the mobilization of resources to take care of the vulnerable people in the society.</li> <li>• He is an astute advocate for the rights of persons living with disabilities.</li> </ul>
<p>7.</p>	 <p>Mr. Ibrahim H. Adan;</p>	<ul style="list-style-type: none"> <li>• Ibrahim holds a master’s degree in Social Sciences from the University of Nairobi, a Diploma in Clinical Medicine and Surgery from KMTC and is currently pursuing another master’s degree in Business Administration (Strategic Management) at Kenyatta University.</li> <li>• He is a certified and astute member of the Clinical Officers Council, the Marketing Society of Kenya and the Chartered Institute of Marketing.</li> <li>• He is currently the Managing Director and CEO of Alpha Energy Group Ltd. and has previously served as the country manager of Hass Petroleum in DRC Congo and Zambia.</li> <li>• Ibrahim has also been a sales and marketing executive at GlaxoSmithKline (GSK) Pharmaceuticals Ltd and Lords Healthcare.</li> </ul>
<p>8.</p>		<ul style="list-style-type: none"> <li>• Timothy Panga is the Chief Officer of Health, in the Laikipia Health Service of the third administration County Government of Laikipia. He has previously served in the same position in the first administration of the County Government at the inception of Devolution in Kenya.</li> <li>• Within the same County Government, he has served as</li> </ul>

	<p>Dr. Timothy Panga; BPharm, Mpharm (Clin Pharm)</p>	<p>the Chief Executive Officer of the Nanyuki Teaching and Referral Hospital, between 2018 and 2022.</p> <ul style="list-style-type: none"> <li>• Panga was educated at the University of Nairobi where he undertook both his Bachelor of Pharmacy and Master of Pharmacy in Clinical Pharmacy. He is currently pursuing accreditation as a Certified Secretary of Kenya and Certified Quality Professional, all under KASNEB Kenya.</li> </ul>
<p>9.</p>	 <p>Dr. Sammy Kilonzo; MBChB, MMed (Paeds)</p>	<ul style="list-style-type: none"> <li>• Dr Sammy Kilonzo is health professional with over 20 years of experience in the health sector in both clinical services and administration. He is passionate about delivery of efficient, effective, and safe healthservices.</li> <li>• Dr Kilonzo holds a Bachelor of Medicine Degree (MBChB) from Moi University and a master’s degree in medicine (Child Health &amp; Pediatrics)from The University of Nairobi. He also holds a certificate in Senior Management in Health Systems Strengthening from the Kenya School of Government.</li> </ul>

4. Key Management Team

Ref	Management	Details
1.	 Dr. Sammy Kilonzo; MBChB, MMED (Peds)	Chief Executive officer/Medical Superintendent
2.	 Alice Makena Mboroki; B. Com (HR), Dip (Health Management)	Head of Corporate services/ Hospital Administrator

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)  
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3.	 <p>Dr. Esbon W. Njau; BPharm, Mpharm (Clinical pharmacy)</p>	Head of Clinical Services
4.	 <p>Ms. Lucy Njogu; BSc Nursing</p>	Manager, Nursing services
5.	 <p>Peter Wanyoike; BSC Business Administration (Finance and Accounts)</p>	Head of Finance

6.	 <p>Ms. Getrude Nkatha; Dip. (Procurement and supply chain management)</p>	Head of Procurement
7.	 <p>Dr. Sharon C. Wagem; BPharm</p>	Manager, Pharmacy Services
8.		Accounts controller – department of health

## **5. Chairman's Statement**

The present hospital board was established in December 2023 following gazettelement and inauguration. The board, which has 9 members brings in expertise from different fields including medical, finance, academia and marketing.

The key priority for the board is attainment of Level V status during its term. The board identified key interventions required to actualize this goal including operationalization of maternity theatre, installation of CT scan and MRI, installation of modern dental unit, enhancement of oncology services, operationalization of in-patient pharmacy, improvement of ambulance services and recruitment of additional staff.

The number of admissions increased by **1.6%** during the fiscal year, but outpatient visits decreased by **36%**. The substantial change in government policy following the switch from NHIF to SHA was primarily responsible for the notable drop in outpatient visits. It was anticipated that the Primary Healthcare Fund will pay for primary care services in Level II, Level III, and a few Level IV facilities after the changeover, primarily sub-county hospitals. As a result, the majority of clients using our facility under the now-defunct NHIF capitation model were not granted continued access to outpatient services in the hospital. The hospital revenue decreased by **3.5%** to **Ksh. 305,903,574**, having generated a total of Ksh. 507,510,954 where Ksh. 316,348,163 was from rendering of medical services, Ksh 12,000 was from rent of facility, and Ksh. 191,150,791 was receivables from exchange transactions. In order to ensure delivery of quality services, the hospital laboratory is in the process of transitioning to ISO 15189-2022 ISO standards from the previous ISO-15189-2012 standards.

The hospital faces several challenges. Inadequate staffing amongst key cadres especially nursing and laboratory pose a threat to provision of quality services. Industrial actions within the health sector disrupt provision of essential health services and the smooth running of the hospital as witnessed during the year under review. Health financing continues to pose a challenge to hospital operations due to inadequate budget allocation, inappropriate costing of services and delayed reimbursement by NHIF/SHA and waiver of hospital fees. This has led to accumulation of pending bills. Attempts by previous boards to secure ownership documents for the hospital land have been

futile which has led to attempts to encroach on the land. The current board has prioritized acquisition of ownership documents for the hospital land and the process is underway.

In order to deal with the rising demand for healthcare services and the ever-growing population of the hospital's catchment area, the board envisions development of a multi-storey modern hospital complex which will house most of the services under one roof. This project will be implemented through multi-year financing.

The hospital board expresses its appreciation to Safaricom PLC and the M-pesa Foundation for their commitment to fund the construction and setup of a new Newborn Unit at the hospital, which is anticipated to improve newborn care services.

We look forward as a board to working with hospital management and county leadership to make Nanyuki Teaching and Referral Hospital a modern teaching hospital offering efficient, quality and safe services while at the same time providing teaching and research opportunities.

To further ensure that the Board's priorities are aligned with the county development goals and the hospital management's priorities the board is in the process of reviewing the current strategic plan. This process is expected to culminate into the hospital's new strategic plan for the period July 2025 to June 2030.



.....  
**Dr. Eva Njenga**

**Chairperson to the Board**

## **6. Report of The Medical Superintendent**

The institution is guided by the eight pillars as outlined in the strategic plan (2021-2025). These pillars include: Leadership and Governance; Service Delivery; Health Products, Vaccines and Technologies; Health Research; Human Resources for Health; Health Infrastructure; Health Information and Health Financing.

### **a) Leadership and Governance**

The current hospital board was appointed and published in the Kenya gazette on November 10, 2023. Throughout the year being reviewed, the full Board convened for 3 sessions, while the four committees collectively held 9 meetings, with each committee conducting at least 2 meetings. The review process for the hospital's strategic plan commenced in the last quarter of the financial year and is anticipated to be finalized in the first quarter of the 2025/2026 financial year.

### **b) Service delivery**

In the fiscal year ending June 30, 2025, our outpatient departments treated **133947** walk-in patients, marking a 36% decrease compared to the total outpatient visits of the preceding year. A total of **8436** patients were admitted to our inpatient wards, reflecting a growth of approximately **1.6%** over last year's admissions. Our theatre utilization has demonstrated consistent growth over the past three years. In order to improve client satisfaction, two exit surveys were implemented: one for outpatient clients and another for inpatient clients. The feedback gathered from these surveys is being utilized to pinpoint key areas that require intervention.

The hospital laboratory is currently undergoing a transition to **ISO 15189-2022** standards, which will ensure the ongoing delivery of quality services to our clients. The hospital management is committed to maintaining this accreditation through ongoing quality enhancement efforts.

In collaboration with UTJ, the hospital proudly celebrated the graduation of **55** HIV infants exposed to HIV in December 2024, coinciding with World AIDS Day. Other notable days that were celebrated includes; world radiology day, World Antimicrobial resistance awareness week, World Kidney Day, World AIDS day and World menstrual day.

The hospital remains a training center for various groups of healthcare interns and students, including medical officers, clinical officers, nurses, pharmacists, and medical lab technologists, among others.

To keep the hospital staff updated with the constantly changing healthcare requirements and practices, and to ensure the provision of evidence-based care, a variety of staff from different levels participated in training sessions throughout the year. This training included areas such as emergency airway and ventilation, management of diabetes in pediatric and adolescent populations, antimicrobial stewardship, comprehensive newborn care supported by the Clinton Health Access Initiative (CHAI), sexual and gender-based violence (SGBV), drug and substance abuse, the use of Point of Care Ultrasound (POCUS), training on non-communicable diseases, and the Field Epidemiology and Laboratory Training Program (FELTP). In addition to these trainings, the hospital has also continued to conduct weekly simulation exercises in the Accident and Emergency unit, pediatrics, New Born Unit, and maternity, which have led to significant skill enhancement among several staff members.

By partnering with Dharura charity, the hospital successfully obtained an extension for the CwPAMS 2.5 grant, which will aid in enhancing AMS stewardship initiatives within the hospital.

#### **c) Health Products, Vaccines and Technologies**

We are continually working to enhance the accessibility and availability of essential health products and technologies (HPTs). Our prescription fulfillment rate was around **50-60%** over the past financial year. This situation primarily resulted from delays in reimbursements from the Social Health Authority and pending NHIF debts, which led to an accumulation of debts to suppliers, coupled with insufficient budgetary support. However, it is crucial to recognize that the hospital's needs far surpass its revenue, highlighting the necessity for additional backing.

#### **d) Human Resources for Health**

At the end of the fiscal year, the institution had a total staffing of 453, which included various medical personnel, support staff, and general casual workers. Over the course of the year, the hospital welcomed an additional physician, two gynecologists, one ophthalmologist, an oncology nurse, a renal nurse, and a medical laboratory technologist, resulting in enhanced service delivery. Furthermore, a public health specialist and a pharmacist with expertise in health systems were assigned to the hospital during this period to aid in the establishment of a research unit.

Regrettably, the hospital experienced a loss of 19 staff members due to retirement, resignation, contract expiration, and death, which includes 13 nurses, one oncologist, one gynecologist, two medical laboratory technologists, and a dental technologist and a HR officer.

**e) Health Infrastructure**

To enhance service delivery and improve client satisfaction, several infrastructure projects have been carried out by the hospital in collaboration with the County Government of Laikipia. Significant improvements initiated and/or completed by the hospital to better serve our patients include the partitioning of the physiotherapy building to create sufficient space for specialist clinics and the renovation of the maternity theatre, as well as the acquisition of various medical equipment. Over the last 3 years, Laikipia Health Service, under the County government of Laikipia, has initiated several important projects within the hospital. During the Fiscal year under review, the county has begun interior design renovations in the new outpatient/emergency department complex to improve the overall patient experience and minimize overcrowding by consolidating most outpatient services in a single location.

After a request was submitted to the CEO of Safaricom PLC during a hospital visit in October 2024, the MPESA Foundation will support the building and equipping of a new Newborn Unit with a capacity of 60 beds in the Financial Year 2025/2026.

**f) Health Research**

Our aspiration to become a hub of excellence in health service delivery cannot be achieved without prioritizing quality improvement. To fulfill the vision of establishing a functional research unit within the county and the hospital as a whole, we have assigned two staff members who have a strong interest in operational research to the hospital. Initial plans are in progress to create the unit with the aim of promoting evidence-based practices in the hospital. Several quality improvement initiatives were undertaken during this period, including tabletop mass casualty simulations for the accident and emergency department, infection prevention and control training focused on waste management, and simulation exercises across various departments such as emergency, pediatrics, newborn unit, and maternity. The hospital has been undertaking regular Maternal and perinatal death surveillance reviews which has seen improvement in maternal and newborn outcomes

**g) Health Information**

The hospital is making progress towards achieving a paperless operation. To facilitate this goal, we are currently seeking a dependable internet service provider. Additionally, we successfully

implemented EMR-based inventory management in our non-pharmaceutical and laboratory stores during the second quarter of the year under review.

**h) Health Financing**

The Facilities Improvement Financing Act, number 14 of 2023, began its implementation in the hospital on January 1, 2024, leading to enhanced payments for goods, salaries, and wages. Nevertheless, ongoing delays in payments from NHIF/SHA pose a significant threat to the Act's full implementation. Moreover, the outstanding trade receivables from the now-defunct NHIF are severely hindering hospital operations due to the uncertainty surrounding their future. In the fiscal year under review, the hospital Received total revenue of **Ksh. 305,903,574**, having generated a total of Ksh. 507,510,954 where Ksh. 316,348,163 was from rendering of medical services, Ksh 12,000 was from rent of facility, and Ksh. 191,150,791 was receivables from exchange transactions. This reflects a **3.5%** decline compared to the previous financial year, primarily due to the uncertainties resulting from the transition from NHIF to SHA. The main sources of revenue included SHA rebates, NHIF capitation (for the first quarter), NHIF rebates (for the first quarter), and cash collections. Additional sources comprised the NHIF fee for service and private insurance providers such as AON, MINET, Britam, Jubilee Health Insurance, and Madison.



.....  
**Dr. Sammy Kilonzo**  
**Secretary to the Board**

### 7. Statement of Performance Against Predetermined Objectives

NTRH has 8 strategic pillars and objectives within the current Strategic Plan for the FY 2021- 2025.

These strategic pillars/ themes/ issues are as follows;

Pillar 1: Leadership and Governance

Pillar 2: Service Delivery

Pillar 3: Health Products, Vaccines and Technologies

Pillar 4: Health Research

Pillar 5: Human Resources for Health

Pillar 6: Health Infrastructure

Pillar 7: Health Information

Pillar 8: Health Financing

NTRH develops its annual work plans based on the above 8 pillars. Assessment of the hospital management's/ Board's performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its 8 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Leadership and Governance	To strengthen Leadership, Management and Governance (LMG) at NTRH	<ul style="list-style-type: none"> <li>Percent of increase in partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Improve existing partnership and develop new ones</li> </ul>	<ul style="list-style-type: none"> <li>Continued support by UTJ</li> <li>Extension of CwPAMS grant (Won CwPAMS 2.5 grant)</li> <li>Renewed MoU with Dharura Charity on behalf of university hospitals of Bristol and Weston</li> </ul>

				<ul style="list-style-type: none"> <li>• AMREF supported Liquid oxygen supply</li> </ul>
Service Delivery	To provide effective teaching and referral services towards contribution to attainment of universal health coverage by 2026:	<ul style="list-style-type: none"> <li>• Number of HCWs trained on emergency and trauma care</li> </ul>	<ul style="list-style-type: none"> <li>• Training of HCWs on Emergency and trauma care</li> </ul>	<ul style="list-style-type: none"> <li>• 20 staff trained on mass casualty simulation exercise</li> </ul>
		<ul style="list-style-type: none"> <li>• No. of clients receiving new specialized services</li> </ul>	<ul style="list-style-type: none"> <li>• Cancer screening, counselling, palliative care,</li> </ul>	<ul style="list-style-type: none"> <li>• 169</li> </ul>
		<ul style="list-style-type: none"> <li>• No of departments routinely conducting simulations</li> </ul>	<ul style="list-style-type: none"> <li>• Simulations</li> </ul>	<ul style="list-style-type: none"> <li>• 4 (maternity, Emergency department, Paediatrics and newborn unit)</li> </ul>
		<ul style="list-style-type: none"> <li>No. of contracts with private health</li> <li>• insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Signed Contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Signed contract with CIC</li> </ul>
		<ul style="list-style-type: none"> <li>Number of departments routinely</li> </ul>	<ul style="list-style-type: none"> <li>Enhance quality control</li> </ul>	<ul style="list-style-type: none"> <li>• 6 (CCC, TB, Maternity, Theatre,</li> </ul>

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		applying SOPs	standards	laboratory, Newborn Unit)
		<ul style="list-style-type: none"> <li>• Number of review meetings held</li> </ul>	<ul style="list-style-type: none"> <li>• Enhance quality control standards</li> </ul>	<ul style="list-style-type: none"> <li>• 1 maternal mortality meeting,</li> <li>• 5 MPDSR meeting</li> <li>• 1 CCU mortality meeting</li> <li>• 1 paediatrics mortality meeting</li> </ul>
		<ul style="list-style-type: none"> <li>• number of clients exit surveys undertaken</li> </ul>	<ul style="list-style-type: none"> <li>• Client exits survey</li> </ul>	<ul style="list-style-type: none"> <li>• 1 inpatient exit survey</li> <li>• 1 outpatient exit survey</li> <li>• 2 orthopedics exit surveys</li> </ul>
Health Products, Vaccines and Technologies		<ul style="list-style-type: none"> <li>• Prescription fillrate</li> </ul>	<ul style="list-style-type: none"> <li>• Improve drug availability</li> </ul>	<ul style="list-style-type: none"> <li>• 60% average</li> </ul>
Human Resources for Health	To strengthen the HRH management towards improved health outcomes at NTRH.	<ul style="list-style-type: none"> <li>• % compliance of staff returns to the approved staff establishment</li> </ul>	<ul style="list-style-type: none"> <li>• Staff returns</li> </ul>	<ul style="list-style-type: none"> <li>• 99.9</li> </ul>
		No. of departments with work plan	Preparation of work plan	<ul style="list-style-type: none"> <li>• 2</li> </ul>
		No. of staff with performance	<ul style="list-style-type: none"> <li>• Setting of performance targets</li> </ul>	<ul style="list-style-type: none"> <li>• 23</li> </ul>

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		targets based on departmental work plans		
Health Infrastructure	To expand and improve the NTRH physical infrastructure for ease of access to health services and to attain the level 5 facility status	<ul style="list-style-type: none"> <li>Completed renovation against target areas</li> </ul>	<ul style="list-style-type: none"> <li>Renovations</li> </ul>	<ul style="list-style-type: none"> <li>Maternity Theatre renovation</li> <li>Partitioning of physiotherapy clinic to create specialist clinics</li> <li>Morgue Driveway</li> <li>Administration driveway &amp; staff parking</li> </ul>
Health Information	To establish health information system for ready access of information for decision making	No. of departments networked	<ul style="list-style-type: none"> <li>Networking of offices</li> </ul>	<ul style="list-style-type: none"> <li>12 departments</li> </ul>
Health Financing	Provide resource adequacy to achieve the hospital's health delivery mandate.	Amount of revenue generated through NHIF/SHA	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Kshs. 200,799,299</li> </ul>
		% increase of new NHIF clients	<ul style="list-style-type: none"> <li></li> </ul>	N/A due to transition to novel social health financing model

## **8. Corporate Governance Statement**

A new board was constituted and officially announced in the second quarter of the financial year 2023/2024. The Board was then inaugurated in December 2023 and completed its induction in early January 2024. During the financial year 2024/2025, three full board meetings took place, while the four committees conducted a total of nine meetings, with each committee holding two meetings except for the Finance, Administration, and Human Capital Committee, which met three times. Attendance at all three meetings was nearly complete, with only one member absent in each of the two meetings. The appointment process, remuneration, and conduct are governed by the Laikipia County Health Services Act of 2014, the Constitution of Kenya, and other relevant legal frameworks. Board appointments are conducted in accordance with Section 9 (1) of the Laikipia County Health Services Act of 2014, along with other relevant legislation.

The board currently consists of four active committees: the Strategy and Hospital Development Committee, the Finance, Administration and Human Resources Committee, the Quality Assurance, Health and Safety Committee, and the Audit and Risk Management Committee. The board is in the process of finalizing a charter. Terms of Reference (ToRs) for both the board and its committees have been created and accepted. The responsibilities of the board and the various committees, as outlined in the ToRs, are detailed below:

The functions of the Board as specified in Section 10 of the Laikipia County Health Services Act, 2014, are as follows:

The Board shall be responsible for-

- Providing oversight over the administration of the hospital;
- Promoting the development of the hospital;
- Approving plans and programs for implementing county health strategies in the hospital;
- Approving budgetary estimates before submission to the Executive Member; and;
- Carrying out any other function assigned by the Executive Member.

**The Audit and Risk Management Committee assists the Board in its oversight of:**

- The financial reporting process to ensure the transparency and integrity of financial reports;
- The effectiveness of the Hospital's internal control and risk management environment;

- The Risk Management Framework;

With regard to its oversight responsibilities for each of the areas below, **the Finance, Administration and Human Capital Committee** is tasked with the following responsibilities

***Finance and Procurement***

- Review the Hospital's annual budget before submission to and after approval by the County Assembly, through the County Department of Health and the County Executive Committee;
- Review quarterly Financial Monitoring Reports (FMR) or equivalent prepared by the management;
- Review periodic operational budgets and financial statements;
- Monitor the continuing efficacy of accounting and internal control;

Compliance with the Government financial management regulations;

- The independent audit process as it relates to the hospital, including reviewing the audit reports from the Office of the Auditor General;
- The effectiveness of the internal audit function, once established in the hospital;
- The Hospital's compliance with legal, statutory and regulatory requirements, including requirements regarding health and safety.
- The Committee has the authority to request any investigation appropriate to fulfilling its responsibilities in the hospital.
- With regard to its oversight responsibilities for each of the areas below, the Finance, Administration and Human Capital Committee is tasked with the following responsibilities

***Finance and Procurement***

- Review the Hospital's annual budget before submission to and after approval by the County Assembly, through the County Department of Health and the County Executive Committee;
- Review quarterly Financial Monitoring Reports (FMR) or equivalent prepared by the management;
- Review periodic operational budgets and financial statements;
- Monitor the continuing efficacy of accounting and internal control;

Compliance with the Government financial management regulations;

- Review the annual procurement plans for projects, including the external funded projects;

- Provide oversight and advice on a policy framework for the conduct of the Hospital's financial activities
- Review and make recommendations to the Board concerning multi-year financial goals including those arising from the Hospital long-term capital expenditure planning activities.
- Guide the development and maintenance of financial health indicators for the Hospital that can assist the Committee with its responsibilities for long-term financial planning and related oversight.
- Review, at least once annually, financial statements pertaining to capital expenditures.
- Review the annual Audited Financial Statements for the hospital and provide recommendations and/or comments to the Audit, Risk and Compliance Committee.

#### Advise on Governance Policies and Procedures

- Periodically review governance-related policies, including terms of reference for standing committees and, recommend amendments to the Board.
- Advise on and approve programs for the orientation and ongoing education and development of Board members and monitor the implementation of such programs from time to time.
- Develop, implement and monitor procedures for assessing the effectiveness of the Board, its standing committees and individual members.
- Human Resources and Remuneration
- Oversee and review processes for succession, terms and conditions of employment, and compensation of hospital-employed staff, and report to the Board.
- Monitor and advice on policies pertaining to the search, appointment, annual review and compensation framework of hospital-employed staff.
- Report to the Board, as required, on the Hospital's compliance with employment- related legislation.
- Complete periodic self-assessments on the effectiveness of the Committee against its mandate and report these results to the Board.
- Periodically review the Committee's mandate and update as required.

- Perform any other activities consistent with the Committee’s mandate, other rules and regulations, and governing laws, as the Committee or the Governing Council deems necessary or appropriate.
- Periodically review the hospital management structure, and make recommendations to the Board.

**With regard to its oversight responsibilities for each of the topics below, the Quality Assurance Health and Safety Committee is tasked with oversight of the following:**

- Development and implementation of Quality Strategy and Priorities and Quality Improvement Plan;
- Review data and trends in patient safety, experience and outcomes to provide assurance to the Board as appropriate at the discretion of the Committee;
- Operation of the Hospital Clinical Governance systems and processes to:
  - promote safety and excellence in patient care;
  - identify, prioritize and manage risk arising from clinical care on a continuing basis;
  - ensure the effective and efficient use of resources through evidence-based clinical practice;
- Develop actions to mitigate quality and safety risks on the Risk Register in line with the Board’s risk appetite;
- Promote a culture of open and honest reporting of any situation that may threaten the quality of patient care;
- Compliance with relevant national standards and regulatory requirements;
- Oversight on quality and safety related national reviews, accreditation or regulatory inspections including assurance with regard to the preparation and implementation of associated action plans.
- Ensure that there is continuous improvement in the standard of quality and safety across the whole organization – continuously monitored through the Healthcare Standards and to ensure all reasonable steps are taken to prevent, detect and rectify irregularities or deficiencies in the quality and safety of care provided.

**The Strategy and Hospital Development Committee assists the Board to oversight the:**

- Development of the Hospital Strategic Plan
- Preparation of the annual work plan to ensure that it is in line with the Strategic Plan;
- Preparation of the Hospital annual Performance Contract and to oversee its implementation;
- Development of the Hospital's Resource Mobilization Strategy;
- Development of framework policies and plans on the use of land, buildings and related physical infrastructure and the siting of new developments
- Development of Master plans concerning Hospital Lands, Buildings and Related Physical Infrastructure

## 9. Management Discussion and Analysis

### Clinical/operational performance

The hospital attended to **133947** outpatients which represents a **36%** decline from the number of outpatients in the financial year 2023/24. However, the number of admissions increased marginally from 8302 in the FY 2023/24 to **8436** in the FY 2024/25 which represents a growth of 1.6%. Maternal deliveries during the year stood at **3549** which represents a 1.4% growth from 3501 deliveries in 2023/2024. Significant decline in outpatient visits that was observed from the second quarter was mainly contributed to by transition from NHIF to SHA which led to radical changes in the outpatient cover model. This led to uncertainties in the roll out of Primary Healthcare services by the hospital thus leading to reduced number of outpatient visits. Notably, admissions and maternal deliveries were barely affected by the transition because transition to social health insurance fund was largely seamless.

**Table 1: Summary of OPD Attendance for the FY 2024/2025**

OPD Attendance	Q1	Q2	Q3	Q4	Total
Over 5	39188	22387	23921	23021	108517
Under 5	7003	4023	5384	5079	21489
Casualty/Emergency department	1096	660	1454	731	3941
<b>Totals</b>	<b>47287</b>	<b>27070</b>	<b>30759</b>	<b>28831</b>	<b>133947</b>

**Table 2: Summary of inpatient for the FY 2024/2025**

Wards	Beds	Cots	Admissions	Discharges	Deaths	Absconders
Medical ward Male	22		747	584	138	2
Medical ward Female	32		752	614	120	1
Maternity Ward	62		3549	3544	3	
Labour Ward						
Paediatric Ward	25	1	553	542	16	
Nursery/Neonatal Ward	9	15	1007	901	23	
Surgical paediatric	3		183	181	0	
Surgical Female	8		203	178	8	
Surgical Male	12		289	283	9	1
Gynaecology Ward	8		620	595	2	
Orthopaedic Male	12		197	191	3	
Orthopedic Female	8		109	96	2	
Orthopedic Paed	3		60	61	0	
CCU	10		167	89	48	
<b>TOTALS</b>	<b>214</b>	<b>16</b>	<b>8436</b>	<b>7859</b>	<b>372</b>	<b>4</b>

Table 6: Summary of key indicators for the FY 2024/2025

Indicator	Q1	Q2	Q3	Q4	Average
Average length of stay (Days)	8	8	9	9	8.5
Bed Occupancy rate (%)	89%	79%	82%	76.8%	81.7%
Mortality rate (%)	4.6	5	5	4	4.7

Table 7: Summary of surgical theatre utilization for the FY 2024/2025

	Q1	Q2	Q3	Q4	Totals
Minor surgeries operated	22	91	9	83	205
Emergencies Operated	349	382	318	256	1305
Cold surgical cases	233	203	171	184	791
Major surgeries Operated	563	494	480	434	1971
Caesarean Sections	297	354	295	237	1183
Ophthalmic surgeries	186	36	40	46	308
OPD stitching done	279	201	199	227	906
OPD ROS	74	59	44	48	225
Totals	2003	1820	1556	1515	6894

Table 8: Specialized Clinics attendance summary for the FY 2024/2025

Specialized Clinic	New clients	Re-visits	Totals
ENT Clinic Attendance	2082	1387	3469
Eye Clinic Attendance	2385	5767	8152
TB and Leprosy attendance	183	2209	2392
Comprehensive Care Clinic (CCC)	81	6453	6534
Psychiatry Attendance	185	1720	1905
Orthopaedic Clinic Attendance	533	1253	1786
Occupational Therapy Attendance	130	395	525
Physiotherapy Attendance	488	2044	2532
Medical Attendance	421	3730	4151
Surgical Clinics attendances	721	1243	1964
Paediatrics attendances	105	883	988
Obstetrics/Gynaecology Attendance	950	2104	3054
Nutrition Clinic	6811	16856	23667
Oncology Clinic	57	121	178
Renal Clinic	53	507	560
All other special clinics attendance	229	0	229
Totals	15414	46672	62086

## **10. Environmental And Sustainability Reporting**

### *i) Sustainability strategy and profile*

The primary goal of the institution is to provide quality and affordable healthcare services. Nevertheless, these services depend on essential resources such as energy and water, among other inputs. A considerable portion of our revenue is allocated to electricity and water expenses. We examined sustainable energy options, leading to the initiation of a transition plan toward solar energy. In addition, we explored rainwater harvesting as a way to supplement water supplied by the Nanyuki Water and Sewerage Company (NAWASCO). To mitigate water loss resulting from a deteriorating piping network, the hospital has started replacing some of its old water pipes with PPR pipes. Unfortunately, due to limited resources, the hospital was unable to implement the plans for solar energy and water harvesting.

### *ii) Environmental performance*

The hospital administration is in the initial phases of creating a master plan with a strong emphasis on green spaces, tree planting, solar energy, and harvesting rainwater. The idea of establishing a hospital orchard has also been explored. The second phase of the perimeter fence for in-patients has been completed, which has helped prevent unnecessary damage to trees caused by unchecked grazing and tree harvesting by the local community. Waste management protocols and procedures have been implemented, with all medical waste from nearby facilities, both private and public, being incinerated at the hospital's incinerator. Importantly, the newly installed incinerator has ensured proper handling of medical waste, particularly through training provided to staff responsible for managing the waste. Training on waste segregation and management was carried out for various healthcare professionals, and with the assistance of the IPC committee, regular evaluations of waste management practices in different areas are being conducted. The hospital is currently undertaking an assessment by the National Environment Management Authority (NEMA) with the goal of securing NEMA certification and an annual operating license for the incinerator. Through collaboration with the county government, the KDF, the Water Resource Users Association (WRUA), and the National Government via the Laikipia County commissioner, the hospital successfully planted over 2000 native trees during the review period.

*iii) Employee welfare*

The hospital has implemented a human resource recruitment and management policy that emphasizes diversity and equality, equitable compensation, and disciplinary procedures in accordance with relevant laws and regulations. A staff welfare committee has been formed, which has held multiple meetings during the review period. To ensure the safety of our employees, we are continuously running a Hepatitis B vaccination campaign with the goal of immunizing all staff by the end of this year. The hospital continues to provide refreshments, including tea and snacks, for its employees. There are plans to introduce a bi-annual staff satisfaction survey to gain insights into their concerns and subsequently address them.

*iv) Market place practices-*

*a) Responsible competition practice.*

The hospital maintains a strict policy against corruption. It works in partnership with other healthcare organizations in various domains to guarantee ongoing care. For example, this includes patient referrals, consultations, and training sessions. The tendering process continues to be transparent and competitive, adhering to applicable regulations. The cashless system has ensured that incidences of corruption/fraud are minimal if any.

*b) Responsible Supply chain and supplier relations*

The organization follows the guidelines set by the Public Procurement and Asset Disposal Act (PPDA), 2015, and the Public Finance Management Act, 2012. The hospital strives to settle payments to suppliers within the established credit timeframe. Nonetheless, there have been delays caused by insufficient funding, delays in exchequer disbursements, and sluggish payments from SHA, NHIF and other creditors.

*c) Responsible marketing and advertisement or Responsible engagement with citizens*

The hospital maintains a dynamic communication team and a lively presence on social media platforms. Efforts are in progress to develop an official institutional website.

*d) Product stewardship or Awareness Creation*

Two exit surveys were conducted during the review period. One survey targeted outpatient services while the other focused on inpatient services. Furthermore, the orthopaedics

department implemented two exit surveys during this time. The hospital administration is actively addressing the concerns raised by clients. The hospital is committed to establishing a continuous feedback mechanism and a framework for regular stakeholder engagement.

***e) Corporate Social Responsibility / Community Engagements***

Several CSR initiatives were carried out during the financial year, which included offering free services to homeless families, as well as conducting free screenings for diabetes and hypertension on World Kidney Day and World Diabetes Day. A group of hospital staff took part in a radio talk program during World Antimicrobial Resistance Awareness Week, where community members were educated on the proper use of antibiotics to combat resistance. The hospital management is in the process of creating a framework to engage stakeholders on critical topics such as budgeting, the annual development plan, the strategic plan, and other pertinent matters.

**11. Report of The Board of Management**

The board members submit their report together with the financial statements for the year that ended June 30<sup>th</sup>, 2025, which show the state of the Nanyuki Teaching and Referral Hospital's affairs.

**Principal activities**

The principal activities of the entity continue to be

- a. To provide quality, accessible and affordable health care services
- b. To Facilitate preventive, promotive and rehabilitative services to the community
- c. To provide training to different health professionals
- d. To conduct research in diverse public health fields

**Results**

The results of the entity for the year ended **June 30<sup>th</sup> 2025** are set out on pages **1** to **7**

**Board of Management**

The members of the Board who served during the year are shown on page **vi**. During the year, none of directors retired/ resigned.

**Auditors**

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

By Order of the Board



.....

**Dr. Sammy Kilonzo**

**Secretary to the Board**

## **12. Statement of Board of Management’s Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and Facility Improvement Financing Act, 2023 requires the Board of Management to prepare financial statements in respect of Nanyuki Teaching and Referral Hospital (NTRH), which give a true and fair view of the state of affairs of the NTRH at the end of the financial year/period and the operating results of the hospital (NTRH) for that year/period. The Board of Management is also required to ensure that the NTRH keeps proper accounting records which disclose with reasonable accuracy the financial position of the NTRH. The council members are also responsible for safeguarding the assets of the NTRH.

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

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

In preparing the financial statements, the Directors have assessed the Hospital’s ability to continue as a going concern.

### **Approval of the financial statements**

The Hospital’s financial statements were approved by the Board on **27<sup>th</sup> August 2025** and signed on its behalf by:



.....  
**Dr. Eva Njenga**  
**Chairperson**  
**Board of Management**



.....  
**Dr. Sammy Kilonzo**  
**Accounting Officer**

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON NANYUKI TEACHING AND REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF LAIKIPIA

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nanyuki Teaching and Referral Hospital set out on pages 1 to 54, which comprise of the statement of financial position

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*Report of the Auditor-General on Nanyuki Teaching and Referral Hospital for the year ended 30 June, 2025 - County Government of Laikipia*

as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nanyuki Teaching and Referral 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 comply with the County Governments Act, 2012, the Health Act, 2012, the Laikipia Health Service Act, 2014 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

The statement of changes in net assets discloses a negative capital/development grants of Kshs.165,328,890. However, Management did not provide supporting schedules or detailed analyses to explain the composition, nature or adjustments leading to the negative balance.

Further, the statement of cashflows discloses total payments from operating activity amounting to Kshs.295,657,660. However, recalculation discloses a total of Kshs.285,201,071, resulting in unexplained variance of Kshs.10,456,589.

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

### **2. Long Outstanding Trade Payables**

The statement of the financial position and Note 36 to the financial statements disclose trade and other payables amounting to Kshs.266,600,102. Review of the ageing analysis revealed that payables totalling Kshs.145,827,734 has remained outstanding for more than one (1) year and was not settled as a first charge. Further, trade and other payables increased by Kshs.52,630,529, from Kshs.213,969,573 in the 2023/2024 financial year.

In the circumstances, the accuracy and completeness of trade and other payables amounting to Kshs.266,600,102 could not be confirmed.

### **3. Non-Disclosure of Intangible Assets**

The statement of financial position and Note 33 to the financial statements discloses nil balance for intangible assets. However, it was noted that the Hospital is actively using the Funspot Hospital Management System of unknown value, which is used for managing patient information, billing, laboratory, pharmacy, and other administrative and clinical

operations. The software, which is an intangible asset, has not been recognized or disclosed in the financial statements.

In the circumstance the accuracy and completeness of the nil balance on intangible assets could not be confirmed.

#### **4. Long Outstanding Receivables**

The statement of financial position and Note 29 to the financial statements disclose receivables from exchange transactions balance of Kshs.191,150,791, which includes receivables amounting to Kshs.100,127,562 that had remained outstanding for more than one year. Further, the receivables comprised of Kshs.131,628,768 that was due from the defunct National Hospital Insurance Fund (NHIF) and Management did not provide evidence to demonstrate that this amount is recoverable.

In the circumstances, the accuracy, completeness, and recoverability of receivables balance of Kshs.191,150,791 could not be confirmed.

#### **5. Property, Plant and Equipment**

The statement of financial position and Note 32 to the financial statements disclose property, plant and equipment totalling Kshs.100,287,265. However, the Hospital occupies a 45-acre parcel of land whose value had not been established nor disclosed in the financial statements. In addition, the Hospital operates three (3) motor vehicles inherited from the County Government of Laikipia, but their values and related asset records were not provided for review and the assets were not recognized in the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.100,287,265 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.820,720,394 against actual receipts of Kshs.800,196,817, resulting in a shortfall of Kshs.20,523,577, or 3% of the budget. Similarly, the Hospital spent a balance of Kshs.775,613,105 against actual receipts of Kshs.800,196,817, resulting in under-absorption of Kshs.24,583,712, or 3% of the actual receipts.

The shortfall in receipts and the under-absorption may have negatively impacted the Hospital's service delivery.

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*Report of the Auditor-General on Nanyuki Teaching and Referral Hospital for the year ended 30 June, 2025 - County Government of Laikipia*

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

### **Unresolved Prior Year's Matters**

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Hospital in the year 2024/2025 revealed that the following matters remained unresolved;

1. Inaccuracies in Revenue Collection
2. Overstatement of Property, Plant and Equipment
3. Inaccuracies in Trade and Other Payables
4. Material Uncertainty Related to Going Concern
5. Hospital's Name Misnomer
6. Presentation of Financial Statements
7. Lack of an Approved Budget and Workplan
8. Unutilized Assets
9. Improper Maintenance of Fixed Assets Register
10. Lack of Policy Documents
11. Failure to Utilize Funsoft I-HMIS System Modules
12. Non-Operational Maternity Theatre
13. Lack of a Business Continuity Plan and a Disaster Recovery Plan
14. Lack of Internal Audit Function.

### **Other Information**

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed,

I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unapproved Waivers of Patients' Bills**

The statement of financial performance and Note 25 to the financial statements disclose medical services contracts losses amounting to Kshs.10,456,589, being waivers and exemptions granted to patients. However, Management did not provide for audit, the written delegated authority to the officers who granted the waivers from the Accounting Officer or the Receiver of Revenue. Further, review of medical social worker evaluation forms revealed that the forms were not signed by the medical social work department officers. The policy and procedure on giving waivers and exemptions was also not provided for audit review.

In the circumstances, the regularity and validity of the waivers and exemptions granted amounting to Kshs.10,456,589 could not be confirmed.

#### **2. Non-Compliance with Ethnic Diversity Requirements in Staffing**

The statement of financial performance and Note 16 to the financial statements reflect employee costs of Kshs.558,579,595. Review of the human resource records revealed the Hospital had a total of four hundred and forty-three (443) employees as at 30 June, 2025, out of whom two hundred and sixty-three (263), or 59% were from one dominant ethnic community, contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008, which stipulates that no public establishment should employ more than one-third of its staff from the same community.

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

#### **3. Non-Compliance with Acting Appointment Requirements**

A review of personnel records revealed that the Acting Chief Executive Officer/Medical Superintendent has served in an acting capacity since 19 December, 2022, which was

over two years as at the time of audit. However, no justification was provided for the prolonged acting period, contrary to Section 34(3) of the Public Service Commission Act, 2017, which limits acting appointments to a minimum of 30 days and a maximum of six months.

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

#### **4. Unverified Professional Registration of Medical Personnel**

The statement of financial performance and Note 16 to the financial statements reflect employee costs amounting to Kshs.558,579,595. However, review of personnel records revealed that one medical practitioner was not listed in the Kenya Medical Practitioners and Dentists Council (KMPDC) register of licensed medical practitioners and specialists for the year 2025. Additionally, one pharmacist could not be traced in the Pharmacy and Poisons Board (PPB) register of licensed practitioners.

In the circumstances, the authenticity of professional qualifications and the compliance with the statutory licensing requirements by the affected staffs could not be confirmed.

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Non-Compliance with Medical Supplies Procurement Framework**

The statement of financial performance and Note 15 to the financial statements disclose expenditure on medical and clinical supplies amounting to Kshs.127,948,971. Review of the procurement records revealed that no medical supplies were obtained from the Kenya Medical Supplies Authority (KEMSA) during the year under review, contrary to the approved procurement framework for public health facilities. Instead, the Hospital procured all medical supplies from private vendors. Further, analysis of outstanding payables revealed that the Hospital owes KEMSA an amount of Kshs.39,415,805 and due to the long-outstanding debt, KEMSA blacklisted the Hospital, restricting access to

essential supplies on credit. This exposed the Hospital to procurement risks, supply interruptions and potentially higher costs.

In the circumstances, the effectiveness of internal controls governing supply chain management, and continuity of medical supplies could not be confirmed.

## **2. Lack of Disaster Recovery and Emergency Preparedness Procedures**

Review of the Hospital's internal control environment revealed that the Hospital does not have an approved Disaster Recovery Plan (DRP) or a formally documented and tested set of emergency procedures. The absence of these critical documents exposes the Hospital to significant operational risks, including prolonged service interruption, data loss and compromised patient safety in the event of system failures, disasters or emergencies.

In the circumstances, the adequacy and effectiveness of the Hospital's internal controls over business continuity and emergency preparedness could not be confirmed.

## **3. Weaknesses in ICT Governance**

Review of the Information Communication Technology (ICT) environment revealed that although the Hospital had an approved ICT Policy, it had not established an ICT Steering Committee nor developed an ICT Strategic Plan to guide ICT governance, planning and investment decisions. The absence of these key governance structures limits the Hospital's ability to manage ICT risks, align ICT initiatives with institutional objectives and ensure coordinated and effective ICT operations.

In the circumstances, the effectiveness of ICT governance and strategic oversight could not be confirmed.

## **4. Ineffective Procurement Function and Lack of Operational Autonomy**

The statement of financial performance and Note 15 to the financial statements disclose medical and clinical supplies expenditure totalling Kshs.127,948,971. However, review of procurement files and payment vouchers revealed that, despite the Hospital having its own management structure and a fully staffed procurement unit, procurement processes were conducted by the County Executive of Laikipia. No professional opinions were issued by the Hospital's Head of Procurement Unit, and procurement decisions were made by County Executive officers. This arrangement undermines the Hospital's operational autonomy, delays service delivery and reflects ineffective delegation of procurement functions.

In the circumstances, the effectiveness of procurement controls and governance within the Hospital could not be confirmed.

## **5. Non-Operational Maternity Theatre**

As previously reported, the maternity theatre for obstetric and emergency maternal care, remains non-operational. This raises concerns regarding the Hospital's capacity to provide essential maternal health services, manage patient demand, and uphold required operational and clinical standards. Despite the need for expanded maternity services, the

theatre has not been commissioned, thereby limiting the Hospital's ability to perform procedures that should ordinarily be available within the facility.

In the circumstances, the effectiveness and efficiency of maternity service delivery could not be confirmed.

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

### **Responsibilities of Management and the Board of Management**

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

In preparing the financial statements, Management is responsible for assessing the Hospital 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**

**27 November, 2025**

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**14. Statement of Financial Performance for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	489,584,849	670,731,255
Grants from donors and development partners	8	-	5,381,783
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>489,584,849</b>	<b>676,113,038</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	507,498,954	226,187,371
Revenue from rent of facilities	12	12,000	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
<b>Revenue from exchange transactions</b>		<b>507,510,954</b>	<b>226,187,371</b>
<b>Total revenue</b>		<b>997,095,803</b>	<b>902,300,409</b>
<b>Expenses</b>			
Medical/Clinical costs	15	127,948,971	239,437,033
Employee costs	16	558,579,595	595,168,324
Board of Management Expenses	17	525,400	321,600
Depreciation and amortization expense	18	13,364,976	15,715,354
Repairs and maintenance	19	14,451,206	36,865,223
Grants and subsidies	20	-	7,532,278
General expenses	21	55,450,333	62,681,917
Finance costs	22	-	-
<b>Total expenses</b>		<b>770,320,481</b>	<b>957,721,729</b>
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Losses	25	(10,456,589)	44,523,442
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		<b>(10,456,589)</b>	<b>44,523,442</b>
<b>Net Surplus / (Deficit) for the year</b>		<b>216,318,733</b>	<b>(99,944,762)</b>

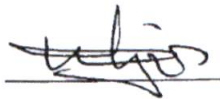
*Nanyuki Teaching and Referral Hospital (Laikipia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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The Hospital's financial statements were approved by the Board on **27<sup>th</sup> August 2025** and signed on its behalf by:



.....  
**Chairperson**  
**Board of Management**  
**Dr. Eva Njenga**



.....  
**Head of Finance**  
**ICPAK No: 24072**  
**Charles M. Ntonjira**



.....  
**Medical Superintendent**  
**Dr. Sammy Kilonzo**

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

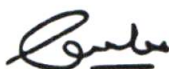
**15. Statement of Financial Position as at 30<sup>th</sup> June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	24,583,712	5,449,508
Prepayments	28	46,490	-
Receivables from exchange transactions	29	191,150,791	64,012,486
Receivables from non-exchange transactions	30	-	-
Inventories	31	24,318,493	55,220,443
<b>Total Current Assets</b>		<b>240,099,486</b>	<b>124,682,437</b>
<b>Non-current assets</b>			
Property, plant, and equipment	32	100,287,265	112,083,941
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
<b>Total Non-current Assets</b>		<b>100,287,265</b>	<b>112,083,941</b>
<b>Total assets (A)</b>		<b>340,386,751</b>	<b>236,766,378</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	36	266,600,102	213,969,573
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
<b>Total Current Liabilities</b>		<b>266,600,102</b>	<b>213,969,573</b>
<b>Non-current liabilities</b>			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>266,600,102</b>	<b>213,969,573</b>
<b>Net assets (A-B)</b>		<b>73,786,649</b>	<b>22,796,805</b>
<b>Represented by:</b>			
Revaluation reserve		-	-

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Accumulated surplus/Deficit		93,042,624	(123,276,109)
Capital Fund		(19,255,975)	146,072,915
<b>Net Assets</b>		<b>73,786,649</b>	<b>22,796,806</b>

The Hospital's financial statements were approved by the Board on **27<sup>th</sup> August 2025** and signed on its behalf by:



.....  
**Chairperson**  
**Board of Management**  
**Dr. Eva Njenga**



.....  
**Head of Finance**  
**ICPAK No: 24072**  
**Charles M. Ntonjira**



.....  
**Medical Superintendent**  
**Dr. Sammy Kilonzo**

**16. Statement of Changes in Net Assets for The Year Ended 30<sup>th</sup> June 2025**

<b>Capital/Development grants</b>	<b>Revaluation reserve</b>	<b>Accumulated surplus/Deficit</b>	<b>Capital Fund</b>	<b>Total</b>
<b>As at July 1, 2023</b>	-	(23,331,347)	69,074,660	45,743,313
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(99,944,762)	-	(99,944,762)
Capital/Development grants	-	-	76,998,255	76,998,255
<b>As at June 30, 2024</b>	-	(123,276,109)	146,072,915	22,796,806
<b>At July 1, 2024</b>	-	(123,276,109)	146,072,915	22,796,806
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	216,318,733	-	216,318,733
Capital/Development grants	-	-	(165,328,890)	(165,328,890)
<b>At June 30, 2025</b>	-	93,042,624	(19,255,975)	73,786,649

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**17. Statement of Cash Flows for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government	6	-	-
Grants from donors and development partners	8	-	2,880,000
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
Rendering of services- Medical Service Income	11	305,891,574	159,904,724
Revenue from rent of facilities	12	12,000	-
Finance / interest income	13	-	-
Miscellaneous receipts( <i>specify</i> )	14	-	-
<b>Total Receipts</b>		<b>305,903,574</b>	<b>162,784,724</b>
<b>Payments</b>			
Medical/Clinical costs	15	127,948,971	63,316,882
Employee costs	16	86,825,161	39,871,932
Board of Management Expenses	17	525,400	301,600
Repairs and maintenance	19	14,451,206	13,354,247
Grants and subsidies		-	7,532,278
General expenses	21	55,450,333	32,699,790
Finance costs	22	-	-
<b>Total Payments</b>		<b>295,657,660</b>	<b>157,076,729</b>
<b>Net cash flows from operating activities</b>	43	<b>20,702,503</b>	<b>5,707,995</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		1,568,299	1,873,000
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		<b>1,568,299</b>	<b>1,873,000</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,134,204</b>	<b>3,834,995</b>
Cash and cash equivalents as at 1 July	27	5,449,508	1,614,513
<b>Cash and cash equivalents as at 30 June</b>	27	<b>24,583,712</b>	<b>5,449,508</b>

*Nanyuki Teaching and Referral Hospital (Laikipia County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30<sup>th</sup> June 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a Kshs	b Kshs	c=(a+b) Kshs	d Kshs	e=(c-d) Kshs	f=d/c%
Budget carryovers from the previous year	5,449,508	(741,114)	4,708,394	4,708,394	-	100%
<b>Receipts</b>						
In-kind contributions from the County Government	500,000,000	-	500,000,000	489,584,849	10,415,151	98%
Rendering of services- Medical Service Income	316,000,000		316,000,000	305,891,574	10,108,426	97%
Revenue from rent of facilities	12,000	-	12,000	12,000	-	100%
<b>Total receipts</b>	<b>821,461,508</b>	<b>(741,114)</b>	<b>820,720,394</b>	<b>800,196,817</b>	<b>20,523,577</b>	<b>97%</b>
<b>Payments</b>						
Medical/Clinical costs	130,000,000	3,400,000	133,400,000	130,945,715	2,454,285	98%
Employee costs	600,000,000	-	600,000,000	558,579,595	41,420,405	93%
Remuneration of directors	700,000	(100,000)	600,000	525,400	74,600	88%
Repairs and maintenance	16,000,000	(741,114)	15,258,886	14,451,206	807,680	95%
General expenses	59,761,508	10,000,000	69,761,508	69,542,890	218,618	100%
Plant, Property and Equipment	15,000,000	(13,300,000)	1,700,000	1,568,299	131,701	92%
<b>Total Operational Expenditure paid</b>	<b>821,461,508</b>	<b>(741,114)</b>	<b>820,720,394</b>	<b>775,613,105</b>	<b>45,107,289</b>	<b>95%</b>
<b>Capital Expenditure paid</b>	-	-	-	-	-	0%

**Nanyuki Teaching and Referral Hospital (Laikipia County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Surplus	-	-	24,583,712	(24,583,712)
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**Budget notes;**

- a) remuneration of directors includes the board expenses
- b) All the changes between the original and the final budgeted were done through a re-allocation.
- c) Remuneration of directors is below 90% due to lack of enough funds to facilitate their needs as per the planned schedules.

**Budget Reconciliation**

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	24,583,712
1 Reason for differences	-
2 Reason for differences	-
3 Reason for differences	-
4 Reason for differences	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	24,583,712

## **19. Notes to the Financial Statements**

### **1. General Information**

NTRH is established by and derives its authority and accountability from Laikipia Health Services Act. The entity is wholly owned by the Laikipia County Government and is domiciled in Laikipia County in Kenya. The entity's principal activity is offering healthcare services.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 6-43. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of NTRH. 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 or 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.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2025</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2025</i></p>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2025</i></p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2025</i></p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2026</i></p>

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2026</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2026</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>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.</li> </ol> <p><i>This standard will be effective in NTRH from 1<sup>st</sup> July 2027</i></p>

**iii) Early adoption of standards**

The Entity 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 the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the asset that has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

##### **Rendering of services**

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

##### **Sale of goods**

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024/2025 was approved by Board on **May 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The reallocations were made to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. **NTRH's** budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Biological Assets**

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

**i. Research and development costs**

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

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

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

**j. Financial instruments**

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

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

## **Financial assets**

### **Classification of financial assets**

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

### **Subsequent measurement**

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

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note 26*.

## **Financial liabilities**

### **Classification**

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

#### **k. Inventories**

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

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

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

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

#### **l. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**m. Social Benefits**

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

**n. Contingent liabilities**

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

**o. Contingent assets**

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

**p. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements.

**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 does not provide 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**

NTRH 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, NTRH 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, NTRH 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<sup>th</sup>, 2025**.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of NTRH'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**

No provisions were raised during the financial year under review thus the management did not need to determine an estimate based on the information available. No additional disclosure of these estimates of provisions is included in **Note 38**. 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
<b>Unconditional grants</b>		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants	-	-
	-	-
<b>Conditional grants</b>		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Pediatrics block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	-	-

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs			
			KShs	KShs	KShs
Laikipia County Government	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Notes to Financial Statements Continued**

**7. In Kind Contributions from The County Government**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages (permanent and pensionable)	471,754,434	502,085,749
Salaries and wages (contracted employees)	-	53,210,643
Medical Equipment supplies	2,996,744	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	84,391,470
Acquisition of assets	-	6,888,537
Repairs and maintenance	-	8,109,500
General expenses	-	16,045,356
Construction (buildings and walk ways)	14,833,671	-
<b>Total grants in kind</b>	<b>489,584,849</b>	<b>670,731,255</b>

**8. Grants From Donors and Development Partners**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Dharura Global Emergency Care - (computers and medical equipments)	-	2,501,783
Dharura Global Emergency Care - Cash	-	2,880,000
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>5,381,783</b>

**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 recognized in capital fund.	Total grant income during the year	FY 2023/2024
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organizations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortized	-	-
<b>Total donations and sponsorships</b>	-	-

10 (a) Reconciliations of amortised grants

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortized and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	6,657,451	2,644,068
MCH/FP	1,189,458	-
Laboratory	13,238,265	4,459,544
Radiology	14,344,828	3,406,158
Orthopedic and Trauma Technology	845,571	456,547
Theatre	1,927,663	1,269,193
Outpatient	2,912,363	743,586
Inpatient	30,231,320	13,253,690
Accident and Emergency Service	-	-
Public health services	41,400	166,800
Student attachment	876,000	55,250
Anesthesia Service	-	-
Ear Nose and Throat service	176,775	80,000
Nutrition service	64,040	29,386
Renal services	170,461	137,821
Clinics	109,600	
Records	16,216,989	4,461,014
Occupational Therapy Services	109,739	-
Dental services	309,208	88,450
Medical legal	821,100	411,700
Reproductive health	-	464,514
Physiotherapy	356,327	-
Eye Services	183,000	-
Farewell home services	9,653,261	5,308,812
Ambulance services	678,147	328,518
NHIF and other insurances	182,551,281	121,325,813
Other debtors	32,683,916	813,860
<b>Sub total</b>	<b>316,348,163</b>	<b>159,904,724</b>
<b>Rendering of services- Receivables from Exchange Transactions</b>	<b>191,150,791</b>	<b>66,282,647</b>
<b>Total revenue from the rendering of services</b>	<b>507,498,954</b>	<b>226,187,371</b>

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Residential property	-	-
Commercial property	12,000	-
<b>Total Revenue from rent of facilities</b>	<b>12,000</b>	<b>-</b>

Notes;

*This revenue is received from renting out of the canteen to the staff welfare group at an annual fee of Ksh. 12,000*

13. Finance /Interest Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	<b>-</b>	<b>-</b>

14. Miscellaneous Income

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

**Notes to the Financial Statements (Continued)**

**15. Medical/ Clinical Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	8,212,436	22,711,221
Public health activities	-	-
Food and Ration	19,197,343	27,129,527
Uniform, clothing, and linen	233,634	2,750,550
Dressing and non-pharmaceuticals	67,446,234	98,553,128
Pharmaceutical supplies	25,212,583	53,568,788
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	526,548	2,274,200
Purchase of Medical gases	5,967,150	3,477,150
X-Ray/Radiology supplies	1,153,043	5,128,668
Refunds of overpayments	-	257,594
Rentals of produced assets	-	23,586,207
Other medical related clinical costs ( <i>specify</i> )	-	-
<b>Total medical/ clinical costs</b>	<b>127,948,971</b>	<b>239,437,033</b>

**16. Employee Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances (permanent and pensionable)	471,754,434	502,085,749
Salaries, wages, and allowances (contracted employees)	86,825,161	93,082,575
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>specify</i> )	-	-
<b>Employee costs</b>	<b>558,579,595</b>	<b>595,168,324</b>

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	525,400	190,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	131,600
Airtime allowances	-	-
<b>Total</b>	<b>525,400</b>	<b>321,600</b>

18. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	13,364,976	15,715,354
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>13,364,976</b>	<b>15,715,354</b>

19. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	9,116,692	30,613,681
Medical equipment	1,169,644	10,500
Office equipment	-	1,766,690
Furniture and fittings	-	-
Computers and accessories	1,712,241	3,317,762
Motor vehicle expenses	1,622,836	1,156,590
Maintenance of civil works	829,793	-
<b>Total repairs and maintenance</b>	<b>14,451,206</b>	<b>36,865,223</b>

Notes;

- a) Computers and accessories include maintenance of software with the following economic items (2220210 and 2211102)

**Notes to the Financial Statements (Continued)**

**20. Grants And Subsidies**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidized medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies- county executive	-	7,532,278
<b>Total grants and subsidies</b>	-	<b>7,532,278</b>

**21. General Expenses**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	1,732,745	2,503,328
Waste management expenses	-	-
Insecticides and rodenticides	-	200,230
Audit fees	-	-
Bank charges	93,267	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	3,817,910	3,450,000
Electricity expenses	14,536,222	14,961,757
Fuel and Lubricants	7,017,626	9,948,510
Other fuels (cooking gas)	3,000,000	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	4,995,100	5,514,280
Legal expenses	-	-
Licenses and permits	297,734	42,000
Courier and postal services	39,069	18,040
Printing and stationery	2,444,924	5,787,147
Hire charges	-	45,000
Rent expenses	-	638,000
Water and sewerage costs	8,607,713	11,907,762
Skills development levies	-	-
Telephone and mobile phone services	647,147	754,055

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Internet expenses	119,589	400,000
Staff training and development	196,000	-
Subscriptions to professional bodies	-	-
General office supplies	7,105,287	5,881,808
Trade shows and exhibitions	800,000	630,000
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>55,450,333</b>	<b>62,681,917</b>

**22. Finance Costs**

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

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

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

**24. Unrealized Gain on Fair Value Investments**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

**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 NHIF/SHA	-	28,086,579
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions (inpatient)	9,436,592	16,202,539
Waivers and Exemptions (outpatient)	1,019,997	234,324
<b>Total Gain/Loss</b>	<b>10,456,589</b>	<b>44,523,442</b>

**26. Impairment Loss**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	<b>-</b>	<b>-</b>

**27. Cash And Cash Equivalent**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	24,579,962	4,612,156
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	829,246
M-PESA pay bill- Mobile money 3131311	3,750	8,106
<b>Total cash and cash equivalents</b>	<b>24,583,712</b>	<b>5,449,508</b>

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
<b>a) Current account</b>			
Kenya Commercial bank	1198115610	8,364,351	204,833
Family Bank Collection	064000063932	12,630,968	412
Family Bank Expenditure	064000081569	3,584,643	4,406,911
<b>Sub- total</b>		<b>24,579,962</b>	<b>4,612,156</b>
<b>b) Others</b>			
Cash in hand		-	829,246
Mobile money- M-pesa	3131311	3,750	8,106
<b>Sub- total</b>		<b>3,750</b>	<b>837,352</b>
<b>Grand total</b>		<b>24,583,712</b>	<b>5,449,508</b>

28. Prepayments

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	46,490	-
Others specify	-	-
Total	46,490	-

Notes to the Financial Statements (Continued)

29. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables- NHIF	131,628,768	60,650,458
Medical services receivables- SHA	53,710,661	-
Medical services receivables- MINET	1,177,229	1,659,876
Medical services receivables- BRITAM	367,780	61,486
Medical services receivables- JUBILEE	1,255,160	214,025
Medical services receivables- MADISON	3,011,193	1,426,641
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>191,150,791</b>	<b>64,012,486</b>

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	91,023,229	48%	-	%
Between 1- 2 years	37,350,993	20%	-	%
Between 2-3 years	17,495,162	9%	-	%
Over 3 years	45,281,407	23%	-	%
<b>Total (a+b)</b>	<b>191,150,791</b>	<b>100%</b>	<b>64,012,486</b>	<b>%</b>

Notes to the Financial Statements (Continued)

30. Receivables From Non-Exchange Transactions

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

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	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

31. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	10,164,915	9,528,035
Dressing and non-pharms	9,207,485	35,179,187
Maintenance supplies	-	-
Food supplies	182,274	391,899
Laboratory materials	2,393,257	8,181,803
Linen and clothing supplies	-	-
Renal	437,680	
Cleaning materials supplies	-	-
General supplies	1,932,882	1,939,519
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>24,318,493</b>	<b>55,220,443</b>

**Detailed disclosure on inventories**

	<b>FY 2024/2025</b>	<b>FY 2023/2024</b>
Opening balance	55,220,443	-
Additional Inventory in the year	xxx	-
Inventory expensed in the year	xxx	-
Write-downs in the year	xxx	-
Others specify	xxx	-
Closing balance	24,318,493	55,220,443

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*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Rate		2%	16.67%	12.50%	30%	12.50%			
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
<b>Cost</b>									
At 1 July 2023	-	7,200,218	-	7,518,890	5,126,435	-	-	-	19,845,543
Additions	-	-	-	-	4,616,633	11,447,486	-	-	16,064,119
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	36,479,703	-	-	-	55,409,930	-	-	91,889,633
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2024</b>	-	<b>43,679,921</b>	-	<b>7,518,890</b>	<b>9,743,068</b>	<b>66,857,416</b>	-	-	<b>127,799,295</b>
At 1 July 2024	-	43,679,921	-	7,518,890	9,743,068	66,857,416	-	-	127,799,295
Additions	-	-	-	-	430,750	1,137,549	-	-	1,568,299
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> Jun 2025</b>	-	<b>43,679,921</b>	-	<b>7,518,890</b>	<b>10,173,818</b>	<b>67,994,965</b>	-	-	<b>129,367,594</b>
<b>Depreciation and impairment</b>									
At 1 July 2023		720,022	-	939,861	1,537,931	-	-	-	3,197,814
Depreciation for the year		873,598	-	939,861	2,922,920	8,357,177	-	-	13,093,556

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Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	(576,017)	-	-	-	-	-	-	-	-	-	-	(576,017)
<b>At 30 June 2024</b>	<b>1,017,603</b>	<b>1,879,722</b>	<b>4,460,851</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>8,357,177</b>	<b>15,715,353</b>	<b>15,715,353</b>
At July 2024	1,017,603	1,879,722	4,460,851	8,357,177	8,357,177	8,357,177	8,357,177	8,357,177	8,357,177	8,357,177	15,715,353	15,715,353
Depreciation	873,598	939,861	3,052,145	8,499,371	8,499,371	8,499,371	8,499,371	8,499,371	8,499,371	8,499,371	13,364,976	13,364,976
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2025</b>	<b>1,891,201</b>	<b>2,819,583</b>	<b>7,512,996</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>16,856,548</b>	<b>29,080,329</b>	<b>29,080,329</b>
<b>Net book values</b>												
At 30 <sup>th</sup> Jun 2024	42,662,318	5,639,168	5,282,217	58,500,239	58,500,239	58,500,239	58,500,239	58,500,239	58,500,239	58,500,239	112,083,942	112,083,942
At 30 <sup>th</sup> Jun 2025	41,788,720	4,699,307	2,660,822	51,138,417	51,138,417	51,138,417	51,138,417	51,138,417	51,138,417	51,138,417	100,287,265	100,287,265

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs		KShs	
Trade payables	243,293,045		204,813,204	
Boards and committees sitting allowance	-		20,000	
Employee dues	14,402,500		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Other accrued expenses- (utility bills)	8,904,557		9,136,369	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>266,600,102</b>		<b>213,969,573</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	120,772,367	45%	241	58%
1-2 years	65,694,155	25%	83	20%
2-3 years	54,625,056	20%	69	17%
Over 3 years	25,508,523	10%	19	5%
<b>Total</b>	<b>266,600,101</b>	<b>100%</b>	<b>xxx</b>	<b>100%</b>

37. Refundable Deposits from Customers/Patients

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical fees paid in advance	-	xxx
Credit facility deposit	-	xxx
Rent deposits	-	xxx
Others (specify)	-	xxx
<b>Total deposits</b>	-	<b>xxx</b>

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Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

**38. Provisions**

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

**39. Finance Lease Obligation**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**40. Deferred Income**

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

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	-	-
Accumulated depreciation to date	-	-
Net carrying amount	=	=
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

43. Cash Generated from Operations

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	-	-
<b>Adjusted for:</b>		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	-	-

**Notes to the Financial Statements (Continued)**

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	64,012,486	64,012,486	64,012,486	-
Bank balances	5,449,508	5,449,508	-	-
<b>Total</b>	<b>69,461,994</b>	<b>69,461,994</b>	64,012,486	-
At 30 June 2025				
Receivables from exchange transactions	191,150,791	191,150,791	191,150,791	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	24,583,712	<b>24,583,712</b>	-	-
<b>Total</b>	<b>215,734,503</b>	<b>215,734,503</b>	<b>191,150,791</b>	-

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**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 no significant concentration of credit risk on amounts due. 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
<b>At 30 June 2024</b>				
Trade payables	10,698,479	36,374,827	166,896,277	213,969,583
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>10,698,479</b>	<b>36,374,827</b>	<b>166,896,277</b>	<b>-</b>
<b>At 30 June 2025</b>				
Trade payables	25,508,524	54,625,056	186,466,522	266,600,102
Current portion of borrowings	-	-	-	-
<b>Total</b>	<b>25,508,524</b>	<b>54,625,056</b>	<b>186,466,522</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

The entity does not manage foreign exchange risk from future commercial transactions.

Notes to the Financial Statements (Continued)

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

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>2024</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2025</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Notes to the Financial Statements (Continued)**

**Sensitivity analysis**

NTRH does not analyse its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. The analysis 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 not been performed same as the prior year since our transactions are not affected by the interest rates exposure.

**iv) Capital Risk Management**

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

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

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**Notes to the Financial Statements (Continued)**

**45. Related Party Balances**

**Nature of related party relationships**

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

Laikipia County Government is the principal shareholder of NTRH, holding 100% of the *NTRH'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
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	-	-
Sales of services to xxx	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for ntrh employees	558,579,595	595,168,324
Payments for goods and services for NTRH	197,850,510	346,516,451
<b>Total</b>	<b>756,430,105</b>	<b>941,684,775</b>
<b>d) Key management compensation</b>		
Directors' emoluments	525,400	321,600
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	525,400	321,600
<b>Total</b>	<b>756,955,505</b>	<b>942,006,375</b>

**46. Segment Information**

*NTRH only operates under one location in Nanyuki and has nothing to report under the Segment information.*

**47. Contingent Liabilities**

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

**48. Capital Commitments**

Capital Commitments	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**49. Events after the Reporting Period**

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

**50. Ultimate and Holding Entity**

NTRH is a County Corporation/ or a Semi- Autonomous Government Agency under the **Department of Health**. Its ultimate parent is the County Government of Laikipia.

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Issue / Observations from Auditor	The financial year 2023/24 was unique in the sense that during the first half of the year (July to December 2023), the hospital's operations were fully consolidated within the county health department. All revenue was transferred to the County Revenue Fund (CRF), and expenditure was paid through departmental exchequers. However, from January 1, 2024, with the implementation of the FIF Act No. 14 of 2023, the hospital became semi-autonomous.	Resolved	
2	Overstatement of Property, Plant and Equipment	The adjustments of PPE amount to Ksh. 91,889,633 relates to assets that were pre-existing prior to the 2023/24 financial year. These assets had previously not been recognized in prior financial statements (2021/2022 and 2022/2023).	Resolved	
3	Inaccuracies in Trade and Other Payables	The KEMSA supply amounting to KSh. 12,925,853 was ordered through Nyahururu County Referral Hospital (NCRH). However, the supplied amount was Kshs.11,836,162 which is payable to NCRH. The Trade payables to KEMSA as at 30th June 2024 was	Resolved	

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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)
		Kshs.26,016,580 and trade payables to NCRH as at 30th June 2024 was KSh. 11,916,422		

**Guidance Notes:**

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



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**Accounting Officer**

*Dr. Sammy Kilonzo*

**Appendix II: Projects Implemented by The Entity**

**Projects**

Projects implemented by the Hospital Funded by development partners

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

There were no projects implemented within the hospital through development partners

**Status of Projects completion**

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

**Appendix III: Inter-Entity Confirmation Letter**

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> 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.....

NTRH does not have any inter-entity transfers since it only operates within the conformity of the county FIF Act. This Act does not limit support from any entity, department or individuals, however, NTRH did not receive any support from any Laikipia County Government entity thus lacks any disclosure information on such.

**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		

**NTRH did not have any expenditures in line with climate changes**

**Appendix V: Disaster Expenditure Reporting Template**

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

NTRH did not have any spending in regards to disaster management thus has no report under this section.