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REPORT

369

OF

THE AUDITOR-GENERAL

ON	DATE	17/2/26
	TABLED BY	Dr. (Dr.) telegwa
	COMMITTEE	
	PRESENT AT THE TABLE	Tiffany

MUKURWEINI SUB-COUNTY
LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NYERI

200



MUKURWE-INI SUB-COUNTY HOSPITAL (Nyeri County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2025

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

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1. Acronyms & Glossary of Terms

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.
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
PHC	Primary Health Care
NHIF	National Hospital Insurance Fund
HMIS	Health Management Information System
MCH	Maternal and Child Health
CWC	Child Welfare Clinics
TB	Tuberculosis
HIV	Human Immunodeficiency Virus
IPSAS	International Public Sector Accounting Standards
FIF	Facilities Improvement Financing
ARV	Antiretroviral
PMTCT	Prevention of Mother to Child Transmissions
HIB	Haemophilus Influenza type b
DPT	Diphtheria-Pertussis-Tetanus
CPA	Certified Public Accountant
MBA	Master of Business Administration

HDU	High-Dependency Unit
CCTV	Closed Circuit Television
ORS	Oral Rehydration Solutions
TT2	Tetanus Toxoid vaccine
OPD	Out-patient Department

2. Key Entity Information and Management

(a) Background information

Mukurwe-ini Sub-County Hospital is a level 4 hospital established under gazette notice number 12240 and is domiciled in Nyeri County under the Department of Medical Services and Public Health. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activities of the hospital are:

- 24-hour inpatient and outpatient clinical services including maternity services.
- Weekly specialists' clinics, i.e., medical, surgical, orthopaedic, psychiatry, gynaecology, and paediatric.
- Daily clinics such as TB, HIV, nutrition, maternal and child health including family planning, antenatal, postnatal, and child welfare clinics (CWC).
- Dental services.
- Theatre services.
- Laboratory and radiology services.
- Pharmacy.

The vision and mission of the facility is as outlined below:

VISION: A leading hospital in providing comprehensive, patient-centred and high-quality healthcare services

MISSION: To provide comprehensive high quality and patient-centred healthcare services that are efficient, accessible and aimed at improving the quality of life and promoting a healthy livelihood.

CORE VALUES: Teamwork, integrity, trust, professionalism, client-centred, accountability and transparency

(c) Key Management

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

- County Department of Health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team.

Key Entity Information and Management (continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Duncan Kiarie Kagwa
2.	Head of Finance	Eric Ndung'u Kariuki
3.	Head of Supply Chain	Milcah Wangu Weru
4.	Hospital Administrator	Wickliffe Mbae Kaburu

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees
- Other oversight committees

(f) Entity Headquarters

P.O. Box 139- 10103
Mukurwe-ini
Mukurwe-ini- Karatina Road
Mukurwe-ini, Kenya

(g) Entity Contacts

Telephone: (+254) 720 747 323
E-mail: mukurweini.hospital@gmail.com

(h) Mukurwe-ini Hospital Bankers

Bank: Kenya Commercial Bank
Branch: Mukurwe-ini
Account No.: 1175309648

Key Entity Information and Management (continued)

(i) Independent Auditors

Auditor General,
Office of Auditor General,
3rd Floor, Anniversary Towers, University 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


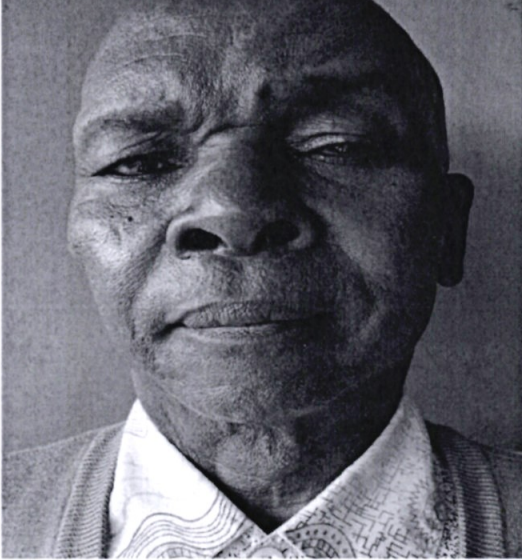
(k) County Attorney

Office of the County Attorney
P.O. Box 112-10100,
Nyeri, Kenya

3. The Board of Management

Ref	Directors	Details
1.	 <p>Eng. Peter Kiama Higher diploma in Mechanical Engineering and Executive MBA Chairperson</p>	<p>Aged 64 years, has a Higher diploma in Mechanical Engineering and Executive Masters of Business Administration. Worked as packaging manager, consultant asset care manager and technical services manager and has worked in various boards of management. An independent member</p>
2.	 <p>Dr. Cottolengo Mundia Wahome Bachelor of Medicine and Bachelor of Surgery</p>	<p>Aged 58 years, has a degree in Bachelor of Medicine and Surgery - independent member Has worked as a medical practitioner for 32 years in private practice. An independent member.</p>


<p>3.</p>	 <p>Francis Muturi Gatangi</p> <p>Bachelor of Science in Botany and Zoology, Post Graduate Diploma in Education</p>	<p>Aged 59 years, has Bachelor of Science in Botany and Zoology, Post Graduate Diploma in Education, has worked as a teacher for 34 years, has headed various school departments for 30 years.</p> <p>An independent member</p>
<p>4.</p>	 <p>Evah Mumbi Maina,</p> <p>PhD in Nursing Sciences, Masters in Public Reproductive Health</p>	<p>Aged 44 years, has a PhD in Nursing Sciences, Master in Public Reproductive Health and Degree in Nursing and Public Health, has worked for 14 years as a college tutor in nursing and community health, worked for 1 year as a service delivery manager, worked as a program manager for 8 years and 2 years as a senior nursing officer.</p> <p>An independent member</p>

5.	 <p>Julia Njoki Karoki</p> <p>CPA(K) and Degree in Purchasing and Supplies Management</p>	<p>Age 36 years, has a degree in Purchasing and Supplies Management and CPA(K), worked for 1 year as a procurement/accountant, worked as personal banking representative for 2 years and as a road inspector for 7 years.</p> <p>An independent member</p>
6.	 <p>Richmond Macharia Kariuki</p> <p>Bachelor of Arts in Theology, Diploma in Education</p>	<p>Aged 72 years, taught in various schools for 33 years, worked as a priest for 34 years.</p> <p>An independent member.</p>

<p>7.</p>	 <p>Patrick Mbugua Diploma in Clinical Medicine and surgery, HND in Paediatric and child health, HND in Epidemiology</p>	<p>Aged 54 years, has a Diploma in Clinical Medicine and Surgery, HND in Paediatric and Child Health, HND in Epidemiology, has worked in various hospitals for 27 years and held various leadership positions.</p>
<p>8.</p>	 <p>Dr. Duncan Kiarie Kagwa Bachelor of Dental Surgery Secretary to the board</p>	<p>Aged 50 years, has a degree in Bachelor of Dental Surgery, worked for 22 years as dental practitioner, worked 4 years as a deputy medical superintendent and 8 years as medical superintendent. Not a member of ICS Secretary</p>

4. Key Management Team

Ref	Management	Details
1.		<p>Dr. Duncan Kiarie Kagwa Medical Superintendent</p>
2.		<p>Wickliffe Mbae Kaburu Hospital Administrator</p>
3.		<p>Eric Ndung'u Kariuki Accountant</p>

4.	 A black and white portrait of a woman with her hair pulled back, wearing a patterned shawl over a dark top. She is looking directly at the camera with a neutral expression.	Milcah Wangu Weru Procurement Officer
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5. Chairman's Statement

During the financial year 2024-2025, the hospital continued to fulfill its mandate of providing comprehensive preventive, curative and rehabilitative healthcare services. The management focused and prioritized activities that impacted service delivery positively.

During the year 2024-2025, the management renovated theatre doors, fabricated shelves in procurement stores, linen stores, food stores and health records archive storage. Also, three administrative offices were painted.

The management continued to collaborate with the County department of health for installation of an integrated HMIS to optimize patient registration, workload documentation and revenue collection.

Other improvements during the financial year included;

1. Securing funding for construction of outpatient block to address the congestion in service delivery areas and this has been achieved as the construction is currently ongoing.
2. Introduction of free Primary Health Care for outpatient services to improve access to health care services.
3. Improved quality of care due to increase in the number of healthcare workers and improved health infrastructure.
4. Increased revenue collection.
5. Support from development partners and county government in procurement of pharmaceuticals and non-pharmaceuticals.

The main challenges included:

1. The high cost of commodities due to increased inflation and taxes.
2. Increased cost of maintaining medical equipment due to cessation of Managed Medical Equipment project that supplied and serviced medical equipment

The board of management appreciates the county government of Nyeri, the department of health, the hospital management team, the staff and partners' collaboration in providing services to the hospital clients and improving the working environment. The board appreciates the hospital management team for the commitment to implement recommendations by the board.

During the coming financial year 2025-2026, the board of management will work on actualizing the construction of an outpatient block, renovation of existing facilities and more importantly, implementation of the 2023-2027 Hospital Strategic Plan.

The board of management will also be seeking public private partnership and support from other development partners to fund developments in the facility.

The board will engage the political leaders to lobby for support through the ward specific fund for commodities, equipment and renovations.



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Name: Eng. Peter Kiama

Chairman to the Board

6. Report of The Medical Superintendent

During the financial year 2024-2025, Mukurwe-ini Sub-County hospital continued providing quality, affordable and accessible health care services to patients. A total of 50,778 patients were treated in the outpatient departments an increase from 39,836 treated in the financial year 2023-2024. A total of Ksh. 96,290,657 was collected through service delivery compared to Ksh. 97,078,136, for financial year 2023-2024. The reduction in revenue collection was mainly due to non-payment of claims by the now defunct NHIF and SHA for services rendered.

During the year ended 30th June 2025, there were many positive achievements in various pillars of healthcare service delivery.

In human resource management, there were additional staff posted to the facility to address staff shortage. They included nurses, medical officer interns, clinical officer interns and orthopedic intern. Many students from colleges were provided with attachment opportunities in various hospital departments.

In continuous professional development, many hospital staff undertook on job training and others were approved to undertake training in higher diploma, degree programs, attend scientific conference, strategic leadership and development and in house continuous medical education.

Several development projects were undertaken in an effort to improve service delivery and working environment. These included renovation of three administrative offices, fabrication of storage shelves in health records archive, line stores, kitchen stores, non-pharmaceutical stores and replacement of theatre doors. The construction of an outpatient block was started in an effort to decongest outpatient departments.

The hospital waivers declined from Ksh. 5,717,734 to Ksh. 2,724,362 mainly due to implementation of free primary healthcare services.

However, a few challenges were experienced that included;

1. Revenue collection decreased marginally to Ksh. 96,290,657 from Ksh. 97,078,136. The decline was due to unpaid claims mainly by the defunct NHIF and SHA.
2. The lapsing of the service contract for the MES equipment posed a great challenge in servicing and maintenance of the equipment under that program.
3. Delay in delivery of purchased commodities. This affected availability of commodities for service delivery.
4. Delayed repair of medical equipment with closed system and equipment whose sole suppliers had not been prequalified with the county.
5. Lack of sewerage system that increased the cost of exhausting the septic tank.
6. Expensive repair of medical equipment.
7. Staff shortage in critical service delivery areas.

The following activities mark the way forward for the facility in the year 2025-2026.

1. Completion of phase 1 of the construction of outpatient block to decongest outpatient clinical rooms.
2. Implementation of 2023-2027 hospital strategic plan for strategic direction.
3. Up scaling the utilization of HMIS to cover service delivery in outpatient departments.
4. Fostering public private partnership in resource mobilization for improved working environment and service delivery.
5. Improving revenue collection to meet budgetary needs.
6. Staff capacity building for effective service delivery and good customer relations.
7. Continued SHA registration for universal health coverage.

8. Full operationalization of Mukurwe-ini Primary Care Network for implementation of in reach activities. This will bring specialist services closer to the community and mentor staff in primary healthcare facilities for improved health care outcomes.
9. Increase allocation for health products and technologies.



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Name: Dr. Duncan Kiarie Kagwa

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Mukurwe-ini hospital has six strategic policy objectives within the current Strategic Plan 2023-2027. These strategic policy objectives are as follows;

1. Eliminate Communicable Conditions
2. Halt and reverse the rising burden of non-communicable conditions
3. Provide Essential Health Services
4. Reduce the burden of violence and injuries
5. Minimise exposure to health risk factors
6. Strengthen collaboration with health-related sectors

Mukurwe-ini hospital developed its annual work plans based on the above six policy objectives. The strategic objectives are meant to actualize service delivery which is the core mandate of the hospital. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The achievement of the performance targets set for the FY 2024-2025 period for its six strategic policy objectives, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Target 2023-2024	Achievement 2023-2024	Target 2024-2025	Achievements 2024-2025
Service Delivery	Eliminate Communicable Conditions					
		Proportion HIV+ pregnant mothers receiving preventive ARV's to reduce risk of mother to child transmission (PMTCT)	100%	91.7%	100%	100%

*Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

		% Of children under 1 year of age fully immunized	90%	93%	93%	95%
		% Of children receiving three doses of Penta3 (containing vaccine (HIB/Hib/DPT3)	83%	99%	99%	100%
		Number of newly diagnosed TB cases	100	103	105	111
		No. Of eligible HIV clients on ARVs	45	42	1150	1178
		No. Of children under five years treated for Diarrhoea with ORS & Zinc	60	65	45	36
		Proportion of Pregnant Women receiving TT2 Plus immunization	200	186	180	173
	Halt and Reverse Increase in Non-Communicable Conditions					
		No. Of Women of Reproductive Age screened for cervical cancer	700	740	890	935
		Number of new Outpatients with mental health conditions per 100,000 population	150	174	176	161

Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

		Number of new Outpatients diagnosed with high blood pressure per 100,000 population	300	301	305	301
		Number of new Outpatients diagnosed with Diabetes per 100,000 population	120	103	115	103
	Reduce the Burden of Violence and Injuries					
		Road traffic injuries in OPD as a % of all diagnoses	3%	3.44%	2.5%	2.3%
		No. Of new outpatient cases attributed to other injuries	1200	1376	1380	1242
		% Of Patients with injury related conditions dying in the facility	0	2	0	0
	Provide Essential Health Care					
		No Of Pregnant women attending at least 4 ANC visits	450	481	485	265
		No Of Women of reproductive age (WRA) receiving family planning (FP) commodities	1000	1087	1020	1036
		No of deliveries conducted by skilled	1100	1057	1160	1192

*Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

		attendants in health facilities				
		Number of children Under 5 dying in health facility	5	14	14	17
		Fresh Stillbirth rate per 1,000 births in health facilities	0	3.45%	0	1.7%
		Number of Facility Maternal deaths per 100,000 deliveries	0	0	0	0
		Proportion low birth weight in health facilities rate per 1,000 births	10%	9.22%	10%	11.1%
		Proportion of Children under 5 years attending Child Welfare Clinics for growth monitoring (new cases)	1200	1292	1100	508
	Minimize exposure to health risk factors					
		Percentage of children 0-5 (<6 months) months who were exclusively breastfed	2500	2647	2100	2259
		Proportion of Children under 5 years attending Child Welfare Clinics who are under weight	400	476	180	183
		Proportion of Children under 5 years attending Child Welfare Clinics who are stunted	100	114	170	184

Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

	Strengthen Collaboratio n with Health- Related Sectors					
		No. meetings held with health-related sectors	4	4	4	4

8. Corporate Governance Statement

The hospital board of management held six management meetings in the financial year 2024-2025. The board members were committed in supporting the hospital management in improving service delivery. All the meetings had quorum and the absent members gave apologies for unavailability.

Appointment of board members

The chairperson is nominated by the CECM and appointed by the Governor.

Board members representing organizations are nominated by their organization for appointment by the CECM. The board members serve a term of three years and membership can be renewed for one final term of three years.

There are 9 board members with 2 women and 7 men. The current board had its second term renewed in accordance with Nyeri County Health Service Act 2015 section 9.

Roles and functions of the board include;

1. Providing oversight over the administration of the hospital
 2. Promoting the development of the hospital
 3. Approving plans and programs for implementing health strategies in the hospital
 4. Approving budget estimates before submission for approval by the fund board
- and carrying out other functions assigned by the executive secretary

The removal from office is guided by the Nyeri County Health Services Act 2015 third schedule section 6.

If a member resigns by issuing a one-month notice to the executive secretary

1. Be removed from office by the executive secretary on advice by the CECM team in consultation with the governor for the following reasons.
 - Serious violation of the constitution.
 - Gross misconduct.
 - Physical or mental incapacity to perform functions of the office.
 - Incompetency
 - Bankruptcy
 - Being absent from three consecutive meetings of the board without permission from the chairperson.

The board members are paid allowances according to guidelines issued by the salaries and remuneration commission that include sitting allowance, transport allowance and lunch allowance. The allowances paid are as indicated below.

Allowance		Level 4
Sitting allowance	Chairperson	4,000
	Members	2,500
Lunch allowance where lunch is not provided	Chairperson and members	500

Transport: reimbursed on production of receipts for public service vehicles or AA rates not exceeding Ksh. 5,000 for level 5 hospitals, Ksh. 2,000 for District Hospitals and Ksh. 1,500 for Sub-District Hospitals.

Induction and training

The board members were inducted and attended Nyeri County Fund Board end term review meeting.

Members performance

Members were committed in attending the meetings. All meetings had quorum. 44% of attended all meetings and 78% attended more than half of the meetings.

The resolutions of the board were implemented.

Meetings held

The board held four meetings with one meeting held every quarter.

Succession plan

Two board members were appointed at different times to allow continuity and the process of appointing new board members to replace those whose term has ended is ongoing.

Declaration of conflict of interest

Members declared any conflict of interest before conducting any business of the board for any direct or indirect interest in the outcome of the decision of the board. Board members do not engage in any business activity with the hospital.

Ethics and conduct

The members complied with the conduct governing public officers and the Mwongozo code of governance.

Terms of reference for committees

There are three board committees. The finance and general-purpose committee, audit committee and service delivery committee.

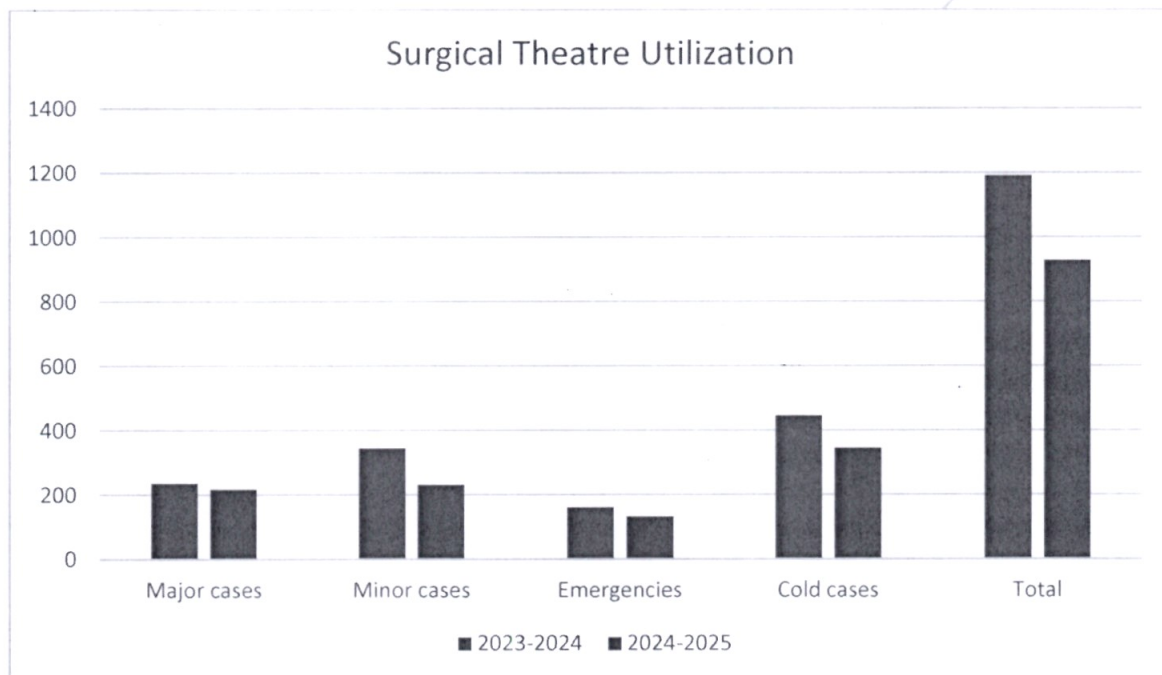
During the financial year, the board achieved the following.

- Provided oversight through the meetings held and following through the recommendations of the board.
- Reviewed and approved budget estimates and other hospital plans.
- Oversaw implementation and completion of various projects in the hospital.
- The board reviewed its performance for the three-year period.
- Initiated the development of the hospital strategic plan.

9. Management Discussion and Analysis

SURGICAL THEATRE UTILIZATION

	2023-2024	2024-2025
MAJOR CASES	237	218
MINOR CASES	346	232
EMERGENCIES	162	133
COLD SURGICAL CASES	447	347
Total	1192	930



There was a decline in theatre cases by 22% mainly due bed capacity ceiling by the Kenya Medical Practitioners and Dentist Board that limited surgical patient admissions and theatres renovations

HOSPITAL BED CAPACITY

The hospital has four wards.

WARD	AUTHORISED BEDS		AVAILABLE BEDS		% OCCUPANCY		AVERAGE LENGTH OF STAY (DAYS)	
	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025
MALE WARD	36	36	36	36	83	88	10	14
FEMALE WARD	36	36	36	36	82	72	13	11

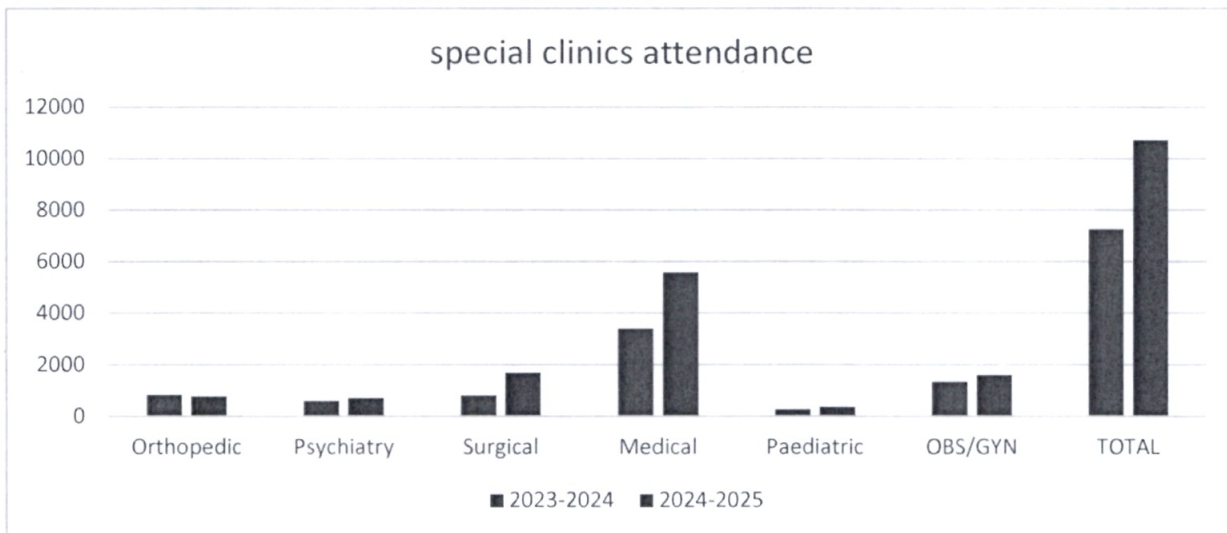
Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
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PEDIATRIC WARD	30	30	30	30	40	41	9	8
MATERNITY WARD	26	26	26	26	62	59	4	5
HDU	4	4	4	4	34	39	5	5
TOTAL	132	132	132	132	60.2	60	8.2	8.6

The percentage occupancy was 60%. However, the average length of stay increased from 8.2 days to 8.6 days.

SPECIAL CLINICS ATTENDANCE

CLINIC	2023-2024	2024-2025
ORTHOPEDIC	839	775
PSYCHIATRY	606	706
SURGICAL	816	1691
MEDICAL	3392	5580
PEDIATRIC	261	365
OBS/GYN	1349	1599
Total	7,263	10,716



The 48% increase in specialized clinic attendance was attributed to free Primary Health Care through SHA.

FACILITY TOP TEN OUTPATIENT MORBIDITY

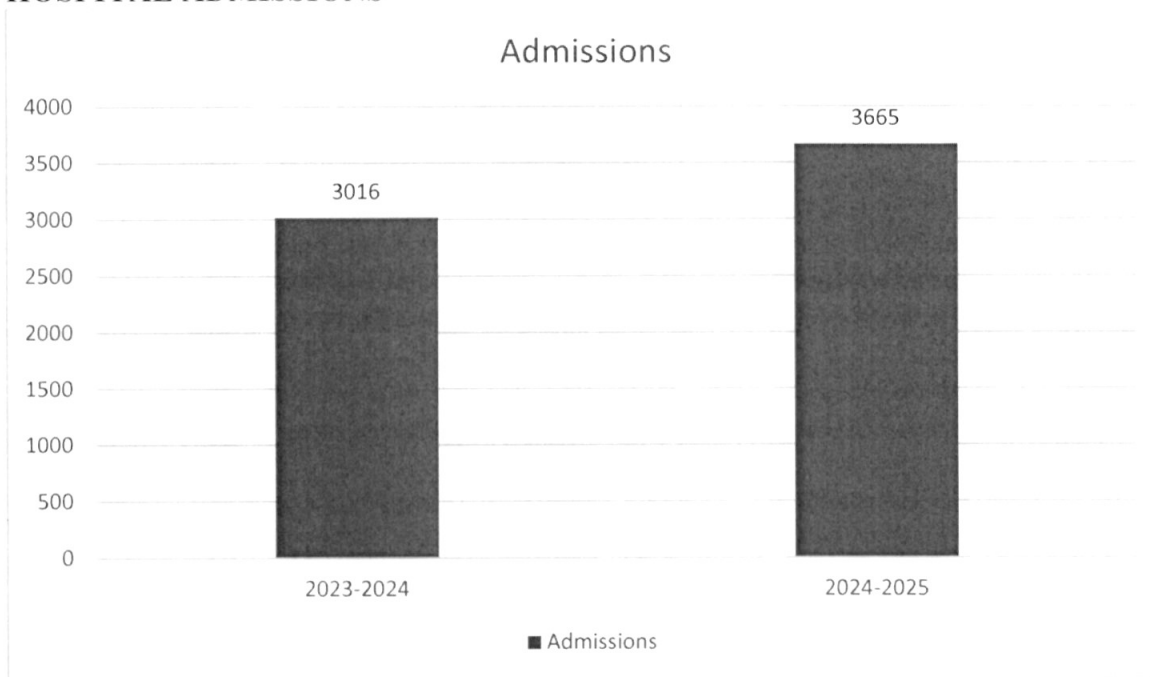
UNDER 5 YEARS

2023-2024		2024-2025	
RESPIRATORY TRACT INFECTION	1424	UPPER RESPIRATORY TRACT INFECTIONS	1143
TONSILITIS	302	PNEUMONIA	770
OTHER INJURIES	200	TONSILITIS	757
DISEASES OF THE SKIN	168	LOWER RESPIRATORY TRACT INFECTIONS	205
DIARRHOEA	92	GASTROENTERITIS	163
ASTHMA	62	OTHER INJURIES	130
PNEUMONIA	42	DISEASES OF THE SKIN	118
VIOLENCE RELATED INJURIES	32	DEHYDRATION	110
BURNS	32	ASTHMA	96
URINARY TRACT INFECTIONS	28	EYE INFECTIONS	80

OVER 5 YEARS

2023-2024		2024-2025	
ARTHRITIS, JOINT PAINS	2514	UPPER RESPIRATORY TRACT INFECTIONS	2245
OTHER INJURIES	2138	ARTHRITIS, JOINT PAINS ETC.	1315
RESPIRATORY INFECTIONS	1874	OTHER INJURIES	1148
URINARY TRACT INFECTION	712	URINARY TRACT INFECTIONS	988
DISEASES OF THE SKIN	410	PNEUMONIA	457
ASTHMA	406	GASTRITIS/GERD	440
PNEUMONIA	324	ASTHMA	375
DIARRHOEA	240	DENTAL DISORDERS	299
HYPERTENSION	202	HYPERTENSION	278
VIOLENCE RELATED INJURIES	202	DISEASES OF THE SKIN	212

HOSPITAL ADMISSIONS



There was a 22% increase in admissions attributed to implementation of SHIF in health care service delivery,

The main source of hospital revenue was collection from rendering of health services.

During the year 2024-2025 the facility collected Ksh. 96,290,657 compared to Ksh. 97,078,699 in the year 2023-2024. Out of this, 3% 2,893,586 was for Nyeri County Health fund for fund administration, 20% of 97% amounting to Ksh. 18,711,856 for primary health care services and the remaining 76,961,627 was for hospital services.

The Nyeri County Department of health services supported the facility in renovation works and health products and technologies.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

exists to transform lives through provision of quality, affordable, equitable and accessible health care services. It provides comprehensive promotive, preventive, curative and rehabilitative services in delivering on its mandate. Below is an outline of the organisation's policies and activities that promote sustainability.

The hospital endeavours to optimise outpatient attendance for maximum utilization of health services. Efforts have been made to increase hospital bed turn over and high bed occupancy for better utilization of hospital resources that consequently lead to improved revenue collection. In this regard, clinical audits and quarterly data review are done for corrective measures.

Efforts have been made to optimize utilization of diagnostic services both medical and radiological to maximise revenue.

Customer satisfaction survey is done to receive input from clients on areas of improvement in service delivery.

Outreach activities are conducted especially in rehabilitative services to gain touch with clients and create awareness on availability of the services offered.

Public participation in assessing client's perception of the operations of the hospital through community score card.

The hospital endeavours to schedule preventive maintenance of equipment and infrastructure for optimum functionality and limited down time.

The facility adopted cost cutting measures that included installation of solar lighting to cut cost on electricity.

The management lobbied for staff deployment and replacement of staff that exited service through various ways for there to be a good successional plan that shares knowledge and cultivates the next generation.

Expansion projects were considered with construction of an outpatient block initiated to improve working environment and client experience.

The hospital invested in new equipment with improved efficiency rating for effective service delivery and reduced cost of operations.

ii) Environmental performance

The hospital is guided by the public health act cap 242 section 118 and the Kenya healthcare waste management policy and other guidelines.

In environmental performance, the following measures have been instituted.

1. Improved waste management through use of a modern incinerator,
2. Minimising medical waste generation, waste segregation at point of generation and safe transport, proper waste handling and disposal, provision of appropriate waste management equipment.
3. Disposal of pharmaceutical products in accordance with NEMA guidelines.
4. The management planted about one hundred trees in the hospital land to improve on its tree cover.

The main short coming was lack of a sewerage system. Occasionally, heavy rainfall caused the hospital septic tank to overflow.

iii) Employee welfare

The hiring process is conducted centrally through the county public service board. Consideration is made on gender ratio and stakeholders are involved.

The hospital conducts continuous professional education for capacity building and skills improvement to its staff. The staff are trained on short courses and recommendation made for staff to undertake farther training in their areas of specialization. On job training is conducted to improve on skills. Recommendation is made for re-designation of staff who have acquired higher qualifications.

Annual appraisal system has been adopted and staff are appraised on their performance. Staff are recognized for their good performance.

The hospital has put measures to frequently assess and improve the working environment for occupational safety in line with Occupational Safety and Health Act 2007.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The hospital is guided by public procurement and disposal act 2021 and the regulations. The procurement procedures adopted give equal opportunity to all to participate. All procurement processes are done through competitive bidding and in accordance with public procurement and disposal act 2021.

The hospital has sensitized staff on public officer's integrity and ethics, principles of public service and professionalism in service delivery.

The hospital has an integrity and anti-corruption committee that sensitizes the staff on corruption and monitors and reports on occurrences of corrupt activities.

b) Responsible Supply chain and supplier relations

Suppliers are an integral part of the hospital's commodities and services supply chain. The management fosters good relations with suppliers to take better advantage of supplier capabilities, reduce costs, ensure supply chain continuity, increase responsiveness of suppliers and manage price volatility.

The hospital adheres to terms of contracts entered into with contractors.

It is committed to making payment for services rendered and goods received.

Goods and services are procured for the available resources.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The hospital adheres to the Medical Practitioners and Dentist (practitioners and health facilities) advertisement rules 2016.

The hospital embraces transparency in presentation of any information on goods and services. Specifications for commodities are made in a way that does not give undue advantage to certain products while disadvantaging others. It has respect for consumer privacy and cultivates a culture of integrity and transparency in its operations.

d) Product stewardship or Awareness Creation

The hospital undertakes verification through inspection of products purchased for conformity to standards and specifications provided to ensure quality of products. Comparative information is sought on pricing of goods and services through market surveys.

v) Corporate Social Responsibility / Community Engagements

The hospital undertook community outreaches and engaged the community in assessing the hospital score card. The facility conducted cervical cancer screening in collaboration with grounds for health. Consultant Medical outreaches were held in health centres to decongest the specialist medical clinic and take specialist services close to the clients.

11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of the Mukurwe-ini hospital affairs.

Principal activities

The principal activities of the hospital are provision of healthcare services and generation of revenue for financing health care services.

Results

The results of the entity for the year ended June 30, 2025 are set out on pages 1 to 9.

Board of Management

The members of the Board who served during the year are shown on page vii to x. During the year, no director(s) retired/ resigned, and no director (s) were appointed.

Auditors

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

By Order of the Board



.....
Name: Dr. Duncan Kiarie Kagwa

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of Mukurwe-ini hospital, which gives a true and fair view of the state of affairs of the Mukurwe-ini hospital at the end of the financial year and the operating results of Mukurwe-ini hospital for that year. The Board of Management is also required to ensure that Mukurwe-ini hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Mukurwe-ini Hospital. The council members are also responsible for safeguarding the assets of the Mukurwe-ini hospital.

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 Mukurwe-ini hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

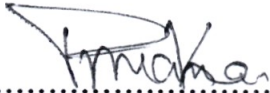
The Board of Management accepts responsibility for the Mukurwe-ini hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and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

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 24th October 2025 and signed on its behalf by:



.....
Name: Eng. Peter Kiama
Chairperson
Board of Management



.....
Name: Dr. Duncan Kiarie Kagwa
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MUKURWEINI SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NYERI

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 Mukurweini Sub-County Level 4 Hospital set out on pages 1 to 65, which comprise of the statement of financial

performance for the year ended 30 June, 2025, statement of financial position as at 30 June, 2025 and the 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 Mukurweini Sub-County Level 4 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Anomalies in Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment (PPE) balance of Kshs.160,281,995 as disclosed in Note 32 to the financial statements. The following anomalies were noted.

1.1 Valuation of Assets

Management did not provide a valuation report from a recognized and qualified valuer to support the stated value of the assets.

1.2 Failure to Tag Assets Belonging to The Hospital

Included in the PPE amount were furniture, fittings and office equipment, ICT equipment, plant and medical equipment amounting to Kshs.3,860,745, Kshs.2,000,757 and Kshs.143,752,729 respectively which were not tagged. It was therefore not possible to identify whether the assets belonged to the Hospital.

1.3 Lack of Ownership Documents

The PPE balance includes land and buildings and motor vehicles valued at an amount of Kshs.915,575 and an amount of Kshs.750,000 respectively which were inherited from the defunct Nyeri County Council and are not in the Hospital's name. However, there was no evidence of transfer of ownership documents to the Hospital and neither were the assets tagged.

In the circumstances, the validity, accuracy, ownership and completeness of the property, plant and equipment amount of Kshs.160,281,995 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mukurweini Sub-County Level 4 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.

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 effects 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.

Other Matter

Unresolved Prior Year Audit Issues

Review of prior year audit certificate revealed that several matters were raised under financial statements, statement of lawfulness and effectiveness in use of public resources. Review of the status during audit of the Hospital in 2024/2025 revealed that the following matters remained unresolved.

S/No.	Financial Year	Prior Year Audit Issue
1	2024/2025	Unsupported property, plant and equipment balance
2	2024/2025	Unresolved prior year matters
3	2024/2025	Employees on long periods of casual employment
4	2024/2025	Deficiencies in implementation of universal health coverage

Other Information

The Board of Management is responsible for the Other Information set out on page iv to xxxiii which comprise of Key Entity Information and Management, The Board of Management, 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 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. Engagement of Casuals Beyond Stipulated Period

The statement of financial performance for the year ended 30 June, 2025 reflects employee costs amounting to Kshs.3,324,038. This amount related to casuals who were engaged throughout the year for more than three months. This is contrary to Section 37(1)(a) and (b) of Employment Act, 2007 state that notwithstanding any provisions of this Act, where a casual employee works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and section 35(1)(c) shall apply to that contract of service.

Further, Section 9(1)(a) of the Employment Act, 2007 states that a contract of service for a period or several working days which amount in the aggregate to the equivalent, of three months or more shall be in writing. Further, Management of the Hospital did not provide evidence of recruitment needs approval and the criteria used in hiring the staff.

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

2. Compliance with Law and Effectiveness of Upgrade of Hospitals

It was observed that the Hospital failed to meet universal health coverage standards and guidelines as shown below.

Staff Requirements	Level 4 Hospital Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	7	9	56.25
Anesthesiologists	2	1	1	50
Pediatricians	2	1	1	50
Radiologists	2	0	2	100
Total	26	13	13	50

Further, the staff establishment for the Hospital was not aligned to the health standards and guidelines.

In the circumstances, the Hospital was non-compliant to health sector standards and guidelines for level 4 hospitals.

3. Non-Adherence to the Approved Staff Establishment

Review of the payroll and approved staff establishment indicated that there was staffing shortfall as reflected by the number of staff per designation and those in post as shown in the Appendix.

	Staff Cadres	Staff In Post	Number as per Establishment	Deficit
1	Consultants	11	14	3
2	Medical Officers	3	6	3
3	Dentists	1	2	1
4	Dental Technologists	0	2	2
5	Public Health Officers	0	2	2
6	Pharmacists	0	2	2
7	Pharmacy Technologists	5	7	2
8	Laboratory Technologists	8	12	4
9	Orthopedic Technologists	2	4	2
10	Nutritionists	2	4	2
11	Radiographers	3	6	3
12	Health Records & Information Officers	4	6	2
13	Medical Engineering Technologists	2	3	1
14	Mortuary Attendants	3	4	1
15	Drivers	1	3	2
16	Accountants	1	2	1
17	Clinical Officers (Specialists)	3	10	7
18	Clinical Officers (General)	7	10	3
19	Nursing Staff (KRCHNs)	62	80	18
20	Community Oral Health Officers	1	2	1
21	Secretarial Staff/Clerks	4	10	6
22	Cooks	0	4	4
23	Cleaners	0	10	10
24	Security	0	10	1
25	Community Health Extension Workers (PHT's, Social Workers, etc.)	1	2	1

	Staff Cadres	Staff In Post	Number as per Establishment	Deficit
26	Other (Specify)Psychologist	1	3	2
27	Supply Chain Management Assistants	1	2	1
28	Store Keepers	0	4	4
29	Support Staff	4	10	6

In the circumstances, the deficits in staffing levels may affect service delivery to the public.

4. Non-Compliance with Public Procurement Capacity Building Levy order, 2023

The Hospital did not cause to be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per cent (0.03%) of the value of the signed contract, exclusive of applicable taxes. This is contrary to Paragraph 5 and 6 of Public Procurement Regulatory Authority Circular No.01/2024. Further, Management did not remit the Levy amounts to the Authority through the eCitizen payment platform by the 20th day of the subsequent month. In addition, the Hospital did not file monthly returns by the 20th day of the subsequent month on all levy amounts deducted and remitted to the Authority through the Public Procurement Information portal contrary to Paragraph 5&6 of Public Procurement Regulatory Authority Circular No.01/2024.

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

5. Failure to Dispose Expired Drugs

It was observed that the Hospital had inventory of expired drugs amounting to Kshs.772,054.76. The drugs are kept in the store and the disposal process had not been initiated by Management.

In the circumstances, the public did not get value for money and their treatment needs were not met due to the expired drugs worth Kshs.772,054.

6. Budgetary Preparation and Execution

Review of the budget preparation and execution at the Hospital revealed that it prepared its budget on quarterly basis and not annually with the budget being based on the actual collection of a quarter and not an estimate. This is contrary to Regulation 29.(1) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that the accounting officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations. (2) The accounting officer is responsible, in particular for ensuring that- (a) all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his county government entity during the financial year; and (b) the estimates have been prepared and 8, are complete and accurate as possible;

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter 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

Lack of a Risk Management Framework and Disaster Recovery Plan

Review of the internal controls system in place, revealed that the Hospital did not carry out any risk assessments during the financial year and did not have a disaster recovery plan. This is contrary to the National Treasury Circular No. 03/2009; Ref:MOF/IAG/033(75) which requires that government entities/agencies should among other things develop and establish Risk Management Policy and Framework (IRMPF) so as to guide its strategic and operational activities.

In the circumstances, there was no structure to identify operational risks and a risk management policy to control and mitigate financial, operational, disaster recovery and business continuity risks.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 November, 2025

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

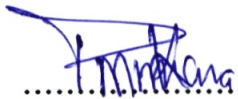
Description	Note	2024-2025	2023-2024
		Ksh.	Ksh.
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	0
In- kind contributions from the County Government	7	16,556,177	29,339,805
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	9,922,644	4,324,784
Total Revenue from non-exchange transactions		26,478,821	33,664,589
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	128,770,373	103,009,858
Revenue from rent of facilities	12	72,000	36,000
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Total Revenue from exchange transactions		128,842,373	103,045,858
Total Revenue		155,321,194	136,710,447
Expenses			
Medical/Clinical costs	15	77,559,097	32,746,200
Employee costs	16	3,324,038	3,057,702
Board of Management Expenses	17	121,600	204,000
Depreciation and amortization expense	18	24,448,056	2,660,666
Repairs and maintenance	19	13,968,637	2,963,661
Grants and subsidies	20	21,605,443	20,182,856
General expenses	21	27,888,629	24,374,917
Finance costs	22	0	0
In- kind contributions from the County Government		-	29,339,805
Public contributions and donations		-	4,646,526
Total expenses		168,915,498	120,158,022
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0

Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025

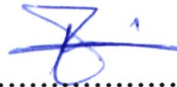
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	(17,952,293)	(5,967,722)
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		(17,952,293)	(5,967,722)
Net Surplus / (Deficit) for the year		(31,546,597)	10,584,703

(The notes set out on pages 10 to 63 form an integral part of the Annual Financial Statements.)

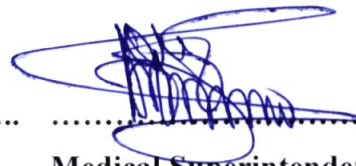
The Hospital's financial statements were approved by the Board on 24th October 2025 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: AS900/2973



.....
Medical Superintendent

15. Statement of Financial Position as at 30th June, 2025

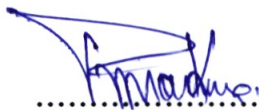
Description	Note	2024-2025	2023-2024
		Ksh.	Ksh.
Assets			
Current assets			
Cash and cash equivalents	27	2,935,694	20,478,532
Prepayments	28	0	0
Receivables from exchange transactions	29	40,222,511	23,351,700
Receivables from non-exchange transactions	30	0	0
Inventories	31	26,373,459	26,307,853
Total Current Assets		69,531,664	70,138,085
Non-current assets			
Property, plant, and equipment	32	160,322,245	13,165,668
Intangible assets	33	0	0
Investment property	34	0	0
Biological Assets	35	0	0
Total Non-current Assets		160,322,245	13,165,668
Total assets (A)		229,853,909	83,303,753
Liabilities			
Current liabilities			
Trade and other payables	36	8,025,866	6,427,556
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		8,025,866	6,427,556
Non-current liabilities			

*Mukurwe-ini Sub-County Level 4 Hospital (Nyeri County Government)
Annual Report and Financial Statements for The Year Ended 30th June, 2025*

Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0
Non - Current portion of borrowings	41	0	0
Service concession Arrangements	42	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		8,025,866	6,427,556
Net assets (A-B)		221,828,043	76,876,197
Represented by:			
Revaluation reserve		176,498,443	0
Accumulated surplus/Deficit		4,217,399	35,763,996
Capital Fund		41,112,201	41,112,202
Net Assets		221,828,043	76,876,197

(The notes set out on pages 10 to 63 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 24th October 2025 and signed on its behalf by:



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No: A590C/2973



.....
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	0	25,179,293	17,114,910	42,294,203
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	10,584,703	-	10,584,703
Capital/Development grants	-	-	23,997,291	23,997,291
As at June 30, 2024 (previous year)	0	35,763,996	41,112,201	76,876,197
At July 1, 2024 (current year)	0	35,763,996	41,112,201	76,876,197
Revaluation gain	176,498,443	-	-	176,498,443
Surplus/(deficit) for the year	-	(31,546,597)	-	(31,546,597)
Capital/Development grants	-	-	0	0
At June 30, 2025 (current year)	176,498,443	4,217,399	41,112,201	221,828,043

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	0
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		73,258,857	97,042,136
Revenue from rent of facilities		66,000	36,000
Finance / interest income		0	0
Miscellaneous receipts(specify)		0	0
Total Receipts		73,324,857	97,078,136
Payments			
Medical/Clinical costs		50,209,187	32,746,200
Employee costs		3,324,038	3,011,410
Board of Management Expenses		121,600	204,000
Repairs and maintenance		8,458,510	2,963,661
Grants and subsidies		0	20,182,856
General expenses		26,419,229	24,374,917
Finance costs		0	0
Refunds paid out		0	0
Total Payments		88,532,563	83,483,044
Net cash flows from operating activities	43	(15,207,707)	13,595,092
Cash flows from investing activities			
Purchase of property, plant, equipment		(2,566,504)	(878,584)
Purchase of intangible assets		0	0
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	0
Net cash flows used in investing activities		(2,566,504)	(878,584)
Cash flows from financing activities			

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Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Capital grants received		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(17,774,211)	12,047,020
Cash and cash equivalents as at 1 July	27	20,709,908	8,431,512
Cash and cash equivalents as at 30 June	27	2,935,695	20,478,532

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.	
Budget carryovers from the previous year	13,734,834	0	13,734,834	13,734,834	0	100%
Receipts						
Transfers from the County Government	0	0	0	0	0	-
Grants from donors and development partners	0	0	0	0	0	-
Transfers from other Government entities	0	0	0	0	0	-
Public contributions and donations	0	0	0	0	0	-
Rendering of services- Medical Service Income	69,059,063	4,176,659	73,235,723	73,241,723	(6,000)	100%
Revenue from rent of facilities	72,000	0	72,000	66,000	6,000	92%
Finance / interest income	0	0	0	0	0	-
Miscellaneous receipts (specify)	0	0	0	0	0	-
Total receipts	82,865,897	4,176,659	87,042,556	87,042,556	0	100%
Payments						
Medical/Clinical costs	46,603,957	1,390,760	47,994,717	47,031,155	963,562	98%
Employee costs	3,226,858	165,840	3,392,698	3,345,623	47,075	99%

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Remuneration of directors	130,000	0	130,000	121,600	8,400	94%
Repairs and maintenance	4,840,250	2,281,896	7,122,146	6,791,295	330,851	95%
Grants and subsidies	0		0	0	0	-
General expenses	28,064,832	338,163	28,402,995	25,072,179	3,330,816	88%
Finance costs	0	0	0	0	0	-
Refunds		0	0	0	0	-
Total Operational Expenditure paid	82,865,897	4,176,659	87,042,556	82,361,852	4,680,705	95%
Capital Expenditure paid	0	0	0	2,566,504	(2,566,504)	-
Surplus	0	0	0	2,114,201	(2,114,504)	-

Budget notes

- The budget was prepared and presented on a cash basis and hence, the comparative information is also on cash basis.
- The period of the approved budget is the financial year beginning 1st July, 2024 to 30th June, 2025.
- The budget is only for the hospital facility and excludes the Nyeri health fund administration costs and distribution to rural health facilities as provided for in the FIF Act.
- The difference between the original budget and the final budget is due to additional expenditure authority based on the additional collections the hospital had.
- General expenses are at 88% utilisation because purchase of laptops, computers, and a diathermy machine were capitalised as opposed to being expensed.

Budget Reconciliation

Description of Particulars	Amount in Ksh.
Actual Surplus Amounts as per the statement of Budget	2,114,201
Presentation differences	821,494
Closing Cash and Cash Equivalent as per the statement of Cash flows	2,935,695

19. Notes to the Financial Statements

1. General Information

Mukurwe-ini hospital is established by and derives its authority and accountability from the Health Act 17 of 2017. The entity is wholly owned by the Nyeri County Government and is domiciled in Nyeri County in Kenya. The entity's principal activity is health care and service delivery to all residents within Mukurwe-ini Sub-County.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at deemed cost 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 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act, Nyeri County Health Services Fund Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</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>There is no anticipated impact on the hospital's financial statements when this standard becomes effective.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>This standard is not expected to have any impact to the hospital as there are no assets held for sale or discontinued operations.</p>

Standard	Effective date and impact:
<p>IPSAS 45- Property, Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g., valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>This standard will have a impact on the recognition criteria of PPE and the valuation of assets.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>This standard will have an impact on the measurement criteria of assets and more so the use of current operational value in valuation of many hospital assets which may be in use but the cost is uncertain and/or but the asset is still in use.</p>

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Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</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>The standard will affect the hospital in recognition, measurement and disclosure of revenue from non-exchange and exchange transactions and will assist in harmonisation and treatment of various revenue streams.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</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>The standard will affect the hospital as it is required by the Nyeri Health Services Fund Act to transfer money for the fund's administration costs and distributions to level 2 and level 3 facilities.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</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>The standard may not have an initial direct impact on the hospital as it does not directly pay salaries and contribute to retirement benefit plans for its employees as this is done by the County Government.</p>

Standard	Effective date and impact:
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>We do not expect the standard to have any impact on the hospital.</p>

iii) Early adoption of standards

The hospital early adopted IPSAS 45 and IPSAS 46. The hospital elected to early adopt these standards in order to provide a more faithful representation of the hospital assets and to give a true and fair view of the financial status of the hospital. The impact this early adoption has on the financial statements is a restatement of the opening balances of the property, plant and equipment and a more accurate calculation of the depreciation expense in the statement of financial performance. Management exercised prudent judgement in giving reasonable estimates to represent faithfully the financial health of the hospital.

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 1st August, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh. 4,176,659 on the FY 2024-2025 budget following the Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

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. Nature and purpose of reserves

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

o. 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)

p. **Related parties**

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

q. **Service concession arrangements**

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

r. **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.

s. **Comparative figures**

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

t. **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the hospital'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.

Use of Deemed cost

The management exercised prudent judgement to estimate reasonably the values of various assets the hospital has based on the provisions of IPSAS 45 and IPSAS 46 to give a faithful representation of the transactions and financial status of the hospital. The use of deemed cost was necessitated by the realisation that these assets bring economic benefits or service potential to the hospital and their values could be reasonably estimated. For those assets which were not practicable to use deemed cost and their values could not be reasonably estimated like land and buildings, the standard allows such assets to be disclosed in the financial statements without affecting faithful representation.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-	2023-
	2025	2024
	KSh.	KSh.
Unconditional grants		
Operational grant	0	0
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants (specify)	0	0
	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	0

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KSh.	Amount deferred under deferred income KSh.	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KSh.	KSh.	KSh.
Nyeri County Government	0	0	0	0	0
Total					0

The department of Medical Services and Public Health of the County Government of Nyeri started the construction of and Outpatient Block in the FY:2024-2025. The first phase of the

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construction commenced on 27/5/2025 having a contract sum of Ksh. 64,660,337 and the current certificate on completion amounted to Ksh. 4,794,184. The project is expected to be completed on 22/7/2026 and handed over to the hospital for use.

Notes to Financial Statements (Continued)

7. In Kind Contributions from The County Government

Description	2024-2025	2023-2024
	KSh.	KSh.
Salaries and wages	-	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other supplies)	14,556,569	25,846,561
Utility bills	0	1,493,244
Renovation of hospital facilities	1,999,608	2,000,000
Total grants in kind	16,556,177	29,339,805

8. Grants From Donors and Development Partners

Description	2024-2025	2023-2024
	KSh.	KSh.
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (specify)	0	0
Total grants from development partners	0	0

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the 2023-2024	
	KSh.	KSh.	KSh.	KSh.	KSh.

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Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements (Continued)

9. Transfers From Other Government Entities

Description	2024-2025	2023-2024
	KSh.	KSh.
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KSh.	KSh.
Public donations	76,140	0
Donations from local leadership	79,500	0
Donations from religious institutions	0	0
Donations from other international organizations and individuals	5,268,522	0
Donations from KEMSA	4,498,482	4,324,784
Donations in kind-amortized	0	0
Total donations and sponsorships	9,922,644	4,324,784

These are drugs, non-pharmaceuticals, medical oxygen, and medical equipment donated by the public and organisations which help the hospital in improving service delivery to the public.

10 (a) Reconciliations of amortised grants

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortized and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements (Continued)

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Pharmaceuticals	5,256,554	2,389,574
Non-Pharmaceuticals	0	-
Inpatient Ward	5,672,557	3,098,969
Records Department	2,451,481	1,503,740
Laboratory	3,416,712	1,673,521
Radiology	1,581,021	831,350
Orthopedic and Trauma Technology	19,800	24,200
Occupational Therapy	15,700	-
Theatre	1,350,900	825,100
Accident and Emergency Service	0	-
Outpatient	368,415	234,036
Anesthesia Service	0	-
Medical Exams	127,000	172,900
Plaster Department	504,875	154,400
Ear Nose and Throat service	0	1,850
Nutrition service	0	-
Clinics	464,580	90,450
Cancer centre service	0	-
Dental services	1,800	-
Physiotherapy	143,400	67,300
Reproductive health	1,606,139	226,190
Pediatrics services	0	-
Farewell home services	4,624,200	1,662,000
Ambulance services	1,285,451	246,100
Postnatal Ward	4,900	-
Payments from Insurance Providers	64,201,157	-
Autoclaving services (KNH)	277,500	1,566,792
Other medical services income	759,520	
Accrued Revenue	29,105,500	-
Unclassified Incomes	2,090,995	82,273,664

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Waivers and Exemptions	3,440,216	5,967,722
Total revenue from the rendering of services	128,770,373	103,009,858

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Residential property	0	0
Commercial property	72,000	36,000
Total Revenue from rent of facilities	72,000	36,000

13. Finance /Interest Income

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KSh.	KSh.
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
Others (Specify)	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Dental costs/ materials	253,921	368,416
Laboratory chemicals and reagents	4,933,156	2,537,122
Public health activities	0	0
Food and Rations	9,165,668	11,414,324
Uniform, clothing, and linen	914,128	795,850
Dressing and Non-Pharmaceuticals	9,077,729	7,738,268
Pharmaceutical supplies	17,300,887	6,350,085
Health information stationery	2,538,201	2,113,893
Reproductive health materials	0	10,700
Sanitary and cleaning Materials	532,354	342,050
Purchase of Medical gases	6,143,616	604,630
X-Ray/Radiology supplies	2,220,224	393,957
Purchase of Medical and Dental Equipment	0	76,905
Pharmaceuticals and Non-Pharmaceutical Supplies (other supplies)- In kind	14,556,569	0
Donations and sponsorships	9,922,644	0
Total medical/ clinical costs	77,559,097	32,746,200

16. Employee Costs

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Salaries, wages, and allowances	3,309,609	3,057,702
Contributions to pension schemes	0	0
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	0	0
Group personal accident insurance and WIBA	0	0
Social contribution	0	0
Other employee costs-temporary labour	14,428	0
Employee costs	3,324,038	3,057,702

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Chairman's Honoraria	0	0
Sitting allowance	101,500	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	10,000	204,000
Airtime allowances	0	0
Meal Allowances	10,100	0
Total	121,600	204,000

18. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Property, plant and equipment	24,448,056	2,660,666
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	24,448,056	2,660,666

Notes to the Financial Statements (Continued)

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Property- Buildings	2,051,705	1,087,679
Medical equipment	5,592,274	-
Office equipment	674,030	64,450
Furniture and fittings	18,150	-
Computers and accessories	1,293,130	634,355
Motor vehicle expenses	1,816,012	929,489
Maintenance of civil works	0	247,688
Plant, Machinery and Equipment	523,728	0
Renovation of hospital facilities-In kind	1,999,608	-
Total repairs and maintenance	13,968,637	2,963,661

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Primary Health Care and Fund Administration	21,605,443	20,182,856
Total grants and subsidies	21,605,443	20,182,856

21. General Expenses

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Advertising and publicity expenses	0	0
Catering expenses	914,311	1,073,197
Waste management expenses	0	0
Insecticides and rodenticides	46,520	74,582
Audit fees	0	0
Bank charges	35,882	35,950
Conferences and delegations	604,062	59,000
Consultancy fees	0	0
Contracted services	6,379,042	5,959,440
Electricity expenses	5,296,950	6,885,049
Fuel and Lubricants	3,693,500	3,350,000
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	3,266,980	1,669,294
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	10,993	350

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Printing and stationery	1,245,112	834,709
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	1,963,210	2,170,080
Skills development levies	0	0
Telephone and mobile phone services	397,370	131,100
Household expenses	216,290	22,430
Internet expenses	0	0
Staff training and development	240,357	0
Subscriptions to professional bodies	0	0
Subscriptions to newspapers periodical, magazines, and gazette notices	0	0
Library books/Materials	0	0
Gas expenses	3,248,800	2,078,236
Communications equipment	0	31,500
Parking charges	0	0
Purchase of Office Furniture and Fittings	309,750	0
Safety gear	19,500	0
Total General Expenses	27,888,629	24,374,917

22. Finance Costs

Description	2024-2025	2023-2024
	KSh.	KSh.
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

Description	2024-2025	2023-2024
	KSh.	KSh.
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (specify)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain on Fair Value Investments

Description	2024-2025	2023-2024
	KSh.	KSh.
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KSh.	KSh.
Comprehensive care contracts with NHIF/SHA	(14,512,077)	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	(3,440,216)	(5,967,722)
Total Gain/Loss	(17,952,293)	(5,967,722)

26. Impairment Loss

Description	2024-2025	2023-2024
	KSh.	KSh.
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KSh.	KSh.
Current accounts	2,935,694	20,478,532
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Others(specify)- Mobile money	0	0
Total cash and cash equivalents	2,935,694	20,478,532

Notes to the Financial Statements (Continued)

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

Description		2024-2025	2023-2024
Financial institution	Account number	KSh.	KSh.
a) Current account			
Kenya Commercial bank	1175309648	17,446,302	20,478,532
Equity Bank, etc.		0	0
Sub- total		17,446,302	20,478,532
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc.		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		-	
Sub- total			
d) Others(specify)		-	
cash in hand		-	0
Mobile money- Mpesa, Airtel mon		-	0
Sub- total			0
Grand total		17,446,302	20,478,532

28. Prepayments

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Total	0	0

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KSh.	KSh.
Medical services receivables (NHIF, SHA, BRITAM, MINET/MAKL)	40,216,511	23,351,700
Rent receivables	6,000	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	40,222,511	23,351,700

The NHIF became defunct and replaced by SHA from 1st October 2024. The claims from NHIF totaling Ksh. 23,351,700 are long overdue and the probability of being paid is doubtful.

Analysis of Receivables from Exchange Transactions

Description	2024-2025		2023-2024	
	Ksh.		Ksh.	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	29,111,500	72%	18,828,600	33%
Between 1- 2 years	6,587,911	16%	2,104,800	40%
Between 2-3 years	2,104,800	5%	2,154,100	27%
Over 3 years	2,418,300	6%	264,200	-
Total (a+b)	40,222,511	100%	23,351,700	100%

30. Receivables From Non-Exchange Transactions

Description	2024-2025	2023-2024
	KSh.	KSh.
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (non-exchange transactions)	0	0
Less: impairment allowance	0	0
Total	0	0

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

Analysis of Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Ksh.		Ksh.	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	0	%	0	%

31. Inventories

Description	2024-2025	2023-2024
	KSh.	KSh.
Pharmaceutical supplies	5,383,596	13,706,184
Maintenance supplies	0	0
Food supplies	227,442	95,138
Linen and clothing supplies	3,478,065	
Cleaning materials supplies	110,594	23,311
Non-pharmaceutical supplies	11,647,201	9,099,309
Laboratory supplies	2,711,023	1,884,644
Printing supplies	476,350	207,430
General supplies	155,774	144,563
Orthopedic commodities	865,003	832,350

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Radiology	912,739	199,424
Computer accessories	420,700	115,500
Family Planning	349,791	0
Liquid Oxygen	345,862	0
Dental Supplies	74,666.00	0
Less: provision for impairment of stocks	(785,348)	0
Total	26,373,459	26,307,853

Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	26,379,253	13,252,813
Additional Inventory in the year	53,323,643	
Inventory expensed in the year	(55,122,189)	
Write-downs in the year	0	
Provisions for impairment of stocks	(785,348)	0
Closing balance	23,795,360	26,307,853

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Property, Plant and Equipment									
Cost									
At 1 July 2023 (previous year)	1	915,575	12,000,000	50,000	2,929,265	1	0	0	15,844,840
Additions	0	0	0	0	878,584	0	0	0	878,584
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2024	1	915,575	12,000,000	50,000	3,807,849	1	0	0	16,723,424
At 1 July 2024 (current year)-restated	1	915,575	12,095,000	4,412,280	3,449,804	163,888,833	56,500	0	184,817,993
Additions	0	0	750,000	0	2,295,754	446,000	0	0	3,491,754
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	1	915,575	12,845,000	4,412,280	5,745,558	164,334,833	56,500	0	188,309,747
Depreciation and impairment									

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At 1 July 2023 (previous year)	-	0	0	0	878,779	0	0	0	878,779
Depreciation for the year	-	18,312	1,500,000	0	1,142,355	0	0	0	2,660,666
Disposals	-	0	0	0	0	0	0	0	0
Impairment	-	0	0	0	0	0	0	0	0
At 30 June 2024	-	18,312	1,500,000	0	2,021,134	0	0	0	3,539,445
At 1 July 2024 (current year)	-	18,312	1,500,000	0	2,021,134	0	0	0	3,539,445
Depreciation for the year	-	18,312	1,605,625	551,535	1,723,667	20,541,854	7,063	0	24,448,056
Disposals	-	0	0	0	0	0	0	0	0
Impairment	-	0	0	0	0	0	0	0	0
Transfer/adjustment	-	0	0	0	0	0	0	0	0
At 30th June 2025	-	36,623	3,105,625	551,535	3,744,801	20,541,854	7,063	0	27,987,501
Net book values									
At 30th Jun 2024 (previous)	1	897,264	10,500,000	50,000	1,786,715	1	0	0	13,165,668
At 30th Jun 2025 (current)	1	878,952	9,739,375	3,860,745	2,000,757	143,792,979	49,438	0	160,322,245

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	2024-2025	2023-2024
	KSh.	KSh.
Cost		
At beginning of the year	0	0
Additions	0	0
Additions-Internal development	0	0
Disposal	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

34. Investment Property

Description	2024-2025	2023-2024
	KSh.	KSh.
At beginning of the year	0	0
Additions	0	0
Disposals during the year	0	0
Fair value gain	0	0
Depreciation (where investment property is at cost)	0	0
Impairment	0	0
At end of the year	0	0

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	2024-2025	2023-2024
	KSh.	KSh.
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

36. Trade and other Payables

Description	2024-2025		2023-2024	
	KSh.		KSh.	
Trade payables	8,025,866		6,427,556	
Employee dues	0		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	8,025,866		6,427,556	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the total
Under one year	8,025,866	%	6,427,556	%
1-2 years	0	%		%
2-3 years	0	%		%
Over 3 years	0	%		%
Total	8,025,866	%	6,427,556	%

37. Refundable Deposits from Customers/Patients

Description	2024-2025	2023-2024		
	KSh.	KSh.		
Medical fees paid in advance	0	0		
Credit facility deposit	0	0		
Rent deposits	0	0		
Others (specify)	0	0		
Total deposits	0	0		
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KSh.	KSh.	KSh.	KSh.
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount & time value for money	0	0	0	0
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

40. Deferred Income

Description	2024-2025	2023-2024
	KSh.	KSh.
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to statement of financial performance	0	0	0	0
Other transfers (Specify)	0	0	0	0
Balance C/F	0	0	0	0

41. Borrowings

Description	2024-2025	2023-2024
	KSh.	KSh.
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

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

Description	2024-2025	2023-2024
	KSh.	KSh.
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	2024-2025	2023-2024
	KSh.	KSh.
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	0	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	0	<u>0</u>

43. Cash Generated from Operations

Description	2024-2025	2023-2024
	KSh.	KSh.
Surplus for the year before tax	(31,540,847)	10,888,134
Adjusted for:		
Depreciation	24,442,306	2,660,666
Non-cash grants received	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working Capital adjustments		
Increase in inventory	5,794	0
Increase in receivables	(16,870,811)	0
Increase in deferred income	0	0
Increase in payables	1,598,310	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	(22,365,249)	13,548,800

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
	Ksh.	Ksh.	Ksh.	Ksh.
At 30 June 2024 (previous year)				
Receivables from exchange transactions	26,915,964	18,828,600	8,087,364	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	31,968,726	31,968,726	0	0
Total	58,884,690	50,797,326	8,087,364	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	40,222,511	35,699,411	4,523,100	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	17,446,302	17,446,302	0	0
Total	57,668,813	53,145,713	4,523,100	0

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from the defunct NHIF and SHA. 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
	Ksh.	Ksh.	Ksh.	Ksh.
At 30 June 2024				
Trade payables	0	6,427,556	0	6,427,556
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	6,427,556	0	6,427,556
At 30 June 2025				
Trade payables	0	8,025,866	0	8,025,866
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0

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Employee benefit obligation	0	0	0	0
Total	0	8,025,866	0	8,025,866

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 no transactional currency exposures.

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Revaluation reserve	173,695,732	0
Retained earnings	4,544,891	36,085,738
Capital reserve	43,547,170	43,547,170
Total funds	221,787,793	79,632,908
Total borrowings	0	0
Less: cash and bank balances	(17,446,302)	(20,478,532)
Net debt/ (excess cash and cash equivalents)	(17,446,302)	(20,478,532)
Gearing	0%	0%

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.

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

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

Description	2024-2025	2023-2024
	Ksh.	Ksh.
Transactions with related parties		
a) Services offered to related parties		
Services to Board of Directors	0	0
Sales of services to Nyeri County Government	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for Nyeri County employees	-	0
Payments for goods and services for Nyeri County Government	-	0
Total	0	0

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a) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	-	0
Compensation to key management	-	0
Total	0	0

46. Segment Information

Mukurwe-ini hospital does not operate in different segments and, hence, does not report on segment information.

47. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Ksh.	Ksh.
Court case against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

The hospital does not have any contingent liabilities arising from any of the activities it performs.

48. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Ksh.	Ksh.
Authorised For	-	0
Authorised And Contracted For	64,660,337	0
Total	64,660,337	0

The County Government of Nyeri through the department of Medical Services and Public Health made a capital commitment and authorised the construction of an Outpatient Block in the hospital in the FY:2024-2025. The first phase of the construction commenced on 27/5/2025 having a contract sum of Ksh. 64,660,337 and the current certificate on completion amounted to Ksh. 4,794,184. This first phase of the project is expected to be completed on 22/7/2026 and handed over to the hospital for use.

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

The entity is a County Corporation under the Department of Medical Services and Public Health. Its ultimate parent is the County Government of Nyeri.

51. Currency

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

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20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
Report of the Auditor-General on Mukurwe-ini Sub-County Level 4 Hospital for the year ended 30th June, 2024- County Government of Nyeri				
	Financial Statement			
1	Unsupported Property, Plant and Equipment Balance	Title deeds for two parcels of land processed. Follow up on other property ownership documents being done	Not resolved	30/12/2025
2	Inaccuracies in statement of financial performance	The donations accounted for in the financial statement and fully reconciled	Resolved	30/12/2025
	Lawfulness and effectiveness in use of public resources			
1	Employees on long periods of casual employment	Casuals signed three month's contracts. Engagement of casuals for more than six months stopped.	Not resolved	30/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status	Timeframe
2	Deficiencies in implementation of universal health coverage (UHC)	Standard and norms for human resource and infrastructure provide for progressively attainment of UHC targets	Not resolved	30/12/2025
	Effectiveness of internal control, risk management and governance			
1	Irregular waivers and exemptions	Waiver committee duly appointed and waivers forwarded to CECM finance for forwarding to county assembly	Resolved	30/12/2025


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Accounting Officer

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by xxx as at 30 th June, 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

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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 (Ksh.)	Comments