

REPUBLIC OF KENYA



REPORT

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NTHONGONI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED  
30 JUNE, 2025

COUNTY GOVERNMENT OF MAKUENI

AW

Revised 30<sup>th</sup> June 2025



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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**NTHONGONI Level 4 HOSPITAL  
(MAKUENI County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms & Glossary of Terms**

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

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

**2. Key Entity Information and Management**

**(a) Background information**

Nthongoni Sub County Hospital is a Government facility located in Kibwezi East Sub County, Mangelete sub location, Nthongoni location, Kibwezi East constituency, Makueni County. It lies at Latitude: -2.705257 & Longitude: 38.047939. The hospital started as a dispensary in 1989, then elevated to a health centre level in 2017. It was upgraded to a sub district hospital on 1<sup>st</sup> July 2022 via gazette notice no Vol.CXIV-No.125. The hospital nevertheless, continued to operate as a health centre until 30<sup>th</sup> June 2023. The hospital land is approximately 4.6 Acres and has a Catchment population of 8123 individuals, it serves residents of Kibwezi East constituency. The hospital is domiciled in Makueni County under the Health Department and is governed by a Board of Management.

**(b) Principal Activities**

The principal activity/mission/ mandate of the hospital is to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all Citizens.

**(c) Key Management**

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

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

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> JUNE 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Mr. Urbanus Mutisya
2.	Nursing Officer, In-Charge	Mr. Leonard Kipkorir Kiptoo
3.	Head of Finance	Caroline Maundu
4.	Head of Supply Chain	Judy Muiruri


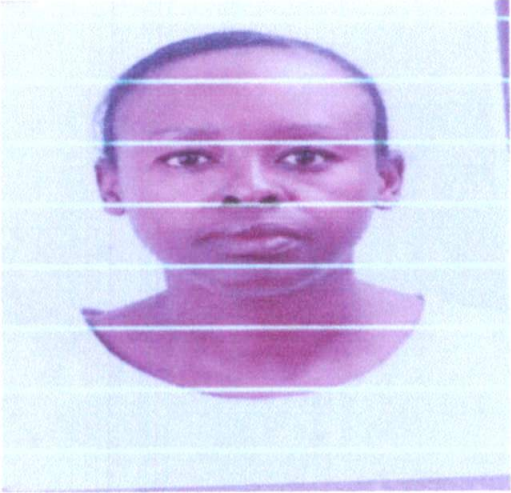
**(e) Fiduciary Oversight Arrangements**


- **Makueni County Assembly;** The County Assembly enacted the various legislation and performed the oversight required. They also reviewed the external audit reports and financial statements of the County Government as required by the law.
- **Controller of Budget (COB);** COB Provided the required guidelines in budget execution, through the county government and processed requisition for funds transferred to the hospital by Makueni County Government department of health services and provided oversight in budget implementation.
- **National Treasury (NT);** The NT Processed exchequer funds received from Makueni County Government, provided guidelines in preparation of hospital annual reports and financial statements.
- **Commission on Revenue Allocation (CRA);** CRA provided support in revenue allocation indirectly via Makueni County Government and also undertook the County Credit Rating;
- **Makueni County Audit Committee;** The Committee supported the hospital by reviewing internal audit reports shared by our mother department of health services and ensured corrective actions were taken to safeguard the internal controls of the County's financial operations. It also spearheaded preparation of the county risk management framework which was disseminated to the hospital.
- **Public Sector Accounting Standards Board;** the board developed the financial reporting templates and provided guidance on the accounting standards to be adopted by level 4 and 5 county hospital.
- **County Health Authority to Incur Expenditure Committee (CHAIEC).** The committee has been reviewing hospital budget, implementation, hospital operations and pending bills report to ensure that funds received are accounted for, suppliers are paid in good time and the hospital continues to offer high quality health care services.
- **Drugs and Therapeutic Committee -** whose primary function is to oversee medication safety and management and pharmacy regulation
- **Medical Board -** whose primary function is to act as an advisory body to the management


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



- (f) **Entity Headquarters**  
P.O. Box 72-90137  
Hospital Building Nthongoni  
Makueni, Kenya
- (g) **Entity Contacts**  
  
Telephone: (+254) 725973549  
E-mail: nthongoni.hospital@makueni.go.ke  
Website: www.makueni.go.ke
- (h) **Entity Bankers**  
The Kenya Commercial Bank,  
Kibwezi Branch
- (i) **Independent Auditors**  
  
Auditor General  
Office of Auditor General  
Anniversary Towers, Monrovia Street  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya
- (k) **County Attorney**  
  
P.O. Box. 78-90300,  
Makueni, Kenya

**3. The Board of Management**



Ref	Directors	Details
1.	<p>DR. DARIUS W. KIEMA</p> 	<p>He is the chairman of the board, He is a Board Certified Medical Doctor, He holds a Bachelor of Medicine &amp; Bachelor of Surgery degree from Moi University (2002), Post Graduate Diploma in Diabetes and Undertaking Masters in Occupational Medicine &amp; Health, accredited to Directorate of occupational Safety &amp; Health- Ministry of Labour, in private practice and Founder/Managing Partner at My clinic LLP, previously worked with Ministry of Health and AAR Health care both in clinical practice and Management level.</p>
2.	<p>DR. CAROLINE KAVILU</p> 	<p>She is the sub county MOH kibwezi east and member of board at nthongoni hospital She has a bachelor in pharmacy and masters in health system management. Work experience since 2008 to date.</p>


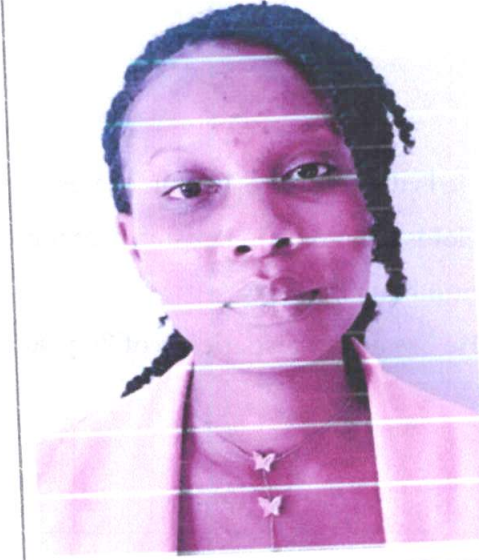
3	<p>DR. URBANUS KYALO MUTISYA</p> 	<p>He is a board member representing health professionals.</p> <p>PhD in Nursing Sciences, Master of Science in Nursing, Bachelor of Science in Nursing</p> <p>Senior Lecturer, and Dean, School of Nursing, Bachelor Science in Nursing</p> <p>Senior lecturer, and Dean, school of nursing, Jomo Kenyatta university of agriculture and technology</p>
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4.	<p>MR. URBANUS KIOKO MUTISYA</p> 	<p>He is the board secretary</p> <p>He holds a diploma in clinical medicine and surgery</p> <p>He has a work experience of 15 years</p>
----	--	---

5	<p>MR. HARRISON MUNYAO KINGOO</p> 	<p>He is a member of the board He holds a diploma in leadership and a certificate in electrical wiring. He was a member of health centre management committee.</p>
6.	<p>MRS. STELLA KITHEKA</p> 	<p>She is a board member She is the chairperson of community health unity and a business lady at nthongoni market.</p>

**4. Key Management Team**

Ref	Management	Details
1.	<p>MR. URBANUS KIOKO MUTISYA</p> 	<p>He is the Medical Superintendent. He holds a diploma in clinical medicine and surgery He has a work experience of 15 years</p>
2.	<p>MR LEONARD KIPKORIR KIPTOO</p> 	<p>He is the nursing officer in charge Holds a diploma in registered community health nursing He has a work experience of 20 years</p>

3.	 A portrait of Caroline Maundu, a woman with dark hair pulled back, wearing a light-colored patterned top. The image is slightly faded and has a grid overlay.	<p><b>ACCOUNTANT-CAROLINE MAUNDU</b> Aged 38 years, Caroline Maundu is the hospital Clerical Officer and the acting accountant. She is a Certified Public Accountant CPA 2 (SECTION 5), She has 16 years' experience as an accountant in Accounting and Financial management in private sector</p>
4.	 A portrait of Judy Muiruri, a woman with dark hair in braids, wearing a light-colored top and a necklace with a butterfly pendant. The image is slightly faded and has a grid overlay.	<p><b>PROCUREMENT OFFICER - JUDY MUIRURI</b> Aged 27 years. Judy is a licensed procurement officer at Nthongoni Sub County Hospital with over three years of experience in the field. She holds a diploma in Supply Chain Management and is currently pursuing her Bachelor's degree at Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>

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

I have served as the board chair of Nthongoni Sub County Hospital since 2024 after official appointment and gazettelement of the new board of management following the elevation of the hospital to level 4 facility. Previously the hospital was being run by a hospital management committee. The board has a leadership and governance role assisted by the Hospital Management Team. We are accountable for the delivery of safe and quality health care services to our patients while at the same time we are challenged by the economic realities and growing health care needs of our community.

The board acts as a bridge between the community and the hospital whereby community interests are taken care of. We articulate health issues to the community in a way they can understand. The board normally meets on a quarterly basis to review performance, status of primary health care and budgeting.

The board holds three committee meetings every quarter, being the Primary Healthcare Committee, the Finance and General Purpose committee and the main board meeting. During the Primary Healthcare committee meetings, the members are briefed on matters of PHC activities at the hospital e.g. personal hygiene, water and sanitation, waste management, immunization and maternal child welfare.

The facility workload has increased overtime this has necessitated employment of additional technical staff to carter for the rising workload.

The facility requires additional infrastructure such as septic tank to facilitate opening of the already constructed wards. There is also a future need to of sonography services to cater for the increasing number of mothers attending the antenatal clinic.

Going forward, the board plans to enhance community mobilization through the available channels and encourage the catchment population to fully utilize services at the hospital. Its is the wish of the board to see an exponential expansion of the hospital facilities, services and ultimately income levels coupled with enhanced customer care and quality services. It's the intention of the board to ensure that the hospital staff work in a contusive environment.



.....  
Name *Dr. Darius Wambui Kema*

**Chairman to the Board**

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

Nthongoni sub county hospital has undergone tremendous growth in the last five years, upgrading from a level 3 to a level 4 hospital led to increased uptake of services by the community hence increased workload. The hospital introduced Medical Outpatient Clinics (MOPC), and nutrition clinic to cater for the rising needs of health services.

Introduction of maternal networks of care which involve focusing on creating connections between people and services and strengthening the functional aspects of health systems while incorporating and emphasizing core relational aspects. They are also being used to strengthen referral systems, thus promoting continuity of care, holding of maternity open days, focused ANC clinics, partner involvement, timely referral of mothers with birth complications and partnering with CHPs, improved quality of care, continuity of care, and improved maternal and new born outcomes in line with the Sustainable Development Goals for maternal and new born health.

The hospital has special clinics which run weekly and monthly for follow ups, Medical out-patient clinics are held on Tuesdays and daily for newly diagnosed clients. Tb and nutrition clinic on Tuesdays. These clinics have enhanced service delivery at the hospital

The County introduced revenue visibility platform and the hospital adopted cashless payments Via M-PESA, the revenue generated by the hospital is posted the following day, this has increased the hospital collections, the revenue is used to improve services in the hospital. The hospital laboratory offers specialised services full haemogram and Urea electrolytes and creatinine, HBA1C,10 parameter urine analysis.

Amid the great achievements, we face challenges which included; inadequate finances, infrastructure, staffing, sanitation supplies, personal protective equipment, human resource development, drugs among other supplies. The facility faces limited space to accommodate both the administrative and curative services. No administration block, no offices. This situation is worse in the outpatient where there is crowding and lack of enough consultation rooms, limited space for medicals records and congestion in most of the service areas.

Underfunding and delayed disbursement of funds by NHIF/SHA has affected the day to day operations of the hospital, the major expenditures in facility include but not limited to buying pharmaceuticals, Non pharmaceuticals, medical equipment, medial air and gases, maintenance of plant, building and equipment, casual and contracted professional wages, water and sewerage, bedding and linen, laboratory reagents, food and ration sanitary and cleansing, fuel, publishing printing & general office supplies among others. The facility lacks an ambulance and rely on Kambu sub county hospital and Makueni call centre for referral of patients. The facility being on 15km interior of Nairobi Mombasa highway and near Chullu national reserve receive both trauma related cases and animal bites and therefore we require an ambulance to handle such emergencies.

The facility has staff shortage in various departments like nursing, medical, pharmacy, clerks, support staff, dental and laboratory, this has increased the hospital expenditure on contracted professional services, locums and casual wages, some departments are manned by one staff leading to longer waiting time and decreased quality of care.

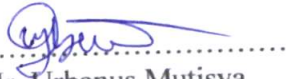
*Nthongoni Hospital (Makueni County Government)  
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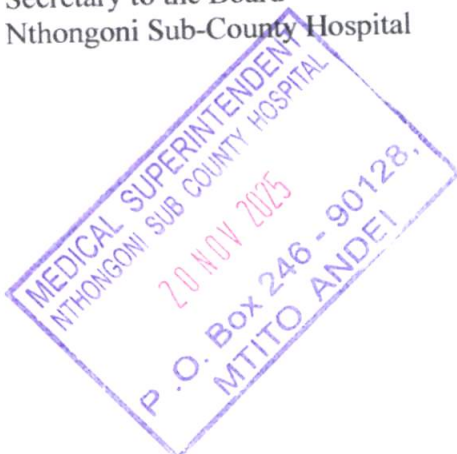
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The hospital infrastructure is dilapidated and requires a facelift, we have developed a Master plan in consultation with department of works and housing to control development, some of the future plans include putting up a storey building which will host administration offices, inpatient wards, theatre, x-ray, outpatient department among other units, this will be done in phases with departmental support.

Having grown from a Health Centre to a level 4 facility, this requires additional staff, specialized staff in tandem with the level of care and according to WHO staffing Norms and Standards, the facility is working closely with the department and stakeholders to increase staffing and provide the required equipment across all the hospital sections, the above measures will contribute to delivering quality care, improving health outcomes, and reducing inequities and vulnerability within the community and achieve the overall objective of universal health coverage to all Kenyans.

I wish to thank the County department of health, Nthongoni hospital board, Nthongoni SCH staff, stakeholders and partners for the support continuous support to deliver Accessible, Affordable and high quality health services in the Facility.

  
.....  
Mr. Urbanus Mutisya  
Secretary to the Board  
Nthongoni Sub-County Hospital



**7. Statement of Performance Against Predetermined Objectives**

Nthongoni sub-county hospital has several strategic pillars and objectives within the current Strategic Plan for the FY 2024 - 2025. These strategic pillars are as follows;

Pillar 1: Reduce communicable conditions

Pillar 2: Reverse the rising burden of non- communicable conditions

Pillar 3: Minimize exposure to health risk factors

Pillar 4: Halt and reverse the rising burden of non-communicable conditions.

Pillar 5: Reduce maternal and child mortality

Nthongoni Sub-County hospital develops its annual work plans based on the above pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Reduce communicable conditions	Reducing transmission of new HIV infections.	Number of patients counselled and tested for HIV, number of positive patients put on ARVs	Counselling and testing of 90% of patients with unknown HIV status, putting positive patients on ARVs	100% achievement
	Reducing of mother to child transmission of HIV	Counselling and Testing of HIV to all mothers before and after delivery	Putting HIV positive mothers on ARVs and HIV exposed children to prophylaxis	100% achievement

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	Reducing transmission of TB	Early identification of 17 new TB Patients (30%)	Early identification of 17 new TB Patients (30%)	100% Achievement
Reverse the rising burden of non-communicable conditions	Prevention of Alcohol and Drug Abuse	Reach out to 3,000 people through counselling services (50%) Mainstream counselling intervention in all departments (50%)	Community mobilization and sensitization	99% Achievement
Minimize exposure to health risk factors	Safety and Security Measures	The hospital commits to carry out safety and security baseline assessment	Preparing tools for baseline assessment (50%) Sensitizing managers to carry out the assessment (50%)	100% Achievement
Halt and reverse the rising burden of non-communicable conditions.	Provide essential package for diabetes and hypertension	Number of diabetic and hypertensive patients attended per month	Operate MOPC on weekly basis	100% achievement
	Provide basic rehabilitation services	Number of patients attended in a month	Operate daily clinics of physiotherapy and occupational therapy	100% achievement
Reduce maternal and child mortality	Reducing facility based maternal mortality rate	The hospital commits to reduce facility maternal mortality rate from 0 to 0 persons	Conducting Quarterly MPDSR	100% achievement

## **8. Corporate Governance Statement**

Corporate governance is the structure of rules, practices, and processes used to direct and manage a company. Good Corporate Governance ensures the delivery of Quality services as well as meeting the needs of our stakeholders. Nthongoni sub-county hospital is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met through the adoption of ethically driven business policies, procedures and processes.

We believe that our services should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financial performance as well as provide the leadership and effective governance for the hospital.

The hospital is run by a Health Management Committee appointed by the Executive Committee Member for health services Makueni County. The committee is charged with a mandate of

- Oversight and administrative supervision
- Promoting development
- To approve plans, programs and budgets for implementation

The committee has three sub committees appointed among the members

### **A. Finance and general purpose committee**

Should comprise of

1. Not less than 4 members
2. 3 members should be from the community
3. Accountant should be a member of the committee
4. Can co-opt the administrator and the records officer
5. Chairman should be appointed from the members of the community

### **Members of the committee**

1.	MRS. STELLA KITHEKA	Chairperson
2.	MR. HARISON KINGOO	Member
3.	Sub county MOH	Member
4.	Accountant	Member
5.	Facility incharge	Member

**A. Primary and quality care**

**Members of the committee**

This committee holds meetings once in a quarter and is supposed to look into primary healthcare matters including personal hygiene, water and sanitation, waste management, immunization and maternal child welfare.

1.	DR. DARIUS WAMBUA	Chairperson
2.	SCMOH	Member
3.	DR. URBANUS MUTISYA	Member
4.	Medical Superintendent	Member
5.	Nursing officer in charge	Member
6.	Public health officer	Member
7.	Records officer	Member

**9. Management Discussion and Analysis**

**Section A**

**The entity’s operational and financial performance**

Nthongoni Sub County Hospital has put in efforts to better service delivery to the people. The hospital is engaged in the operational performance and the financial performance of the hospital.

**i. Clinical/operational performance**

**A) Outpatient, inpatient and special clinics attendance**

**Outpatient attendance**

In the period ending 30TH JUNE 2024, the outpatient recorded 13,367 patients. The number increased to 15,477 patients in the period ending 30TH JUNE 2025. The increase is attributed to disease patterns affecting the area and increased working hours.

<b>OUTPATIENT ATTENDANCE</b>	<b>JULY-JUNE 2024</b>	<b>JULY-JUNE 2025</b>
<b>NO OF PATIENTS</b>	14,247	15,477

**OUT PATIENTS ATTENDANCE**

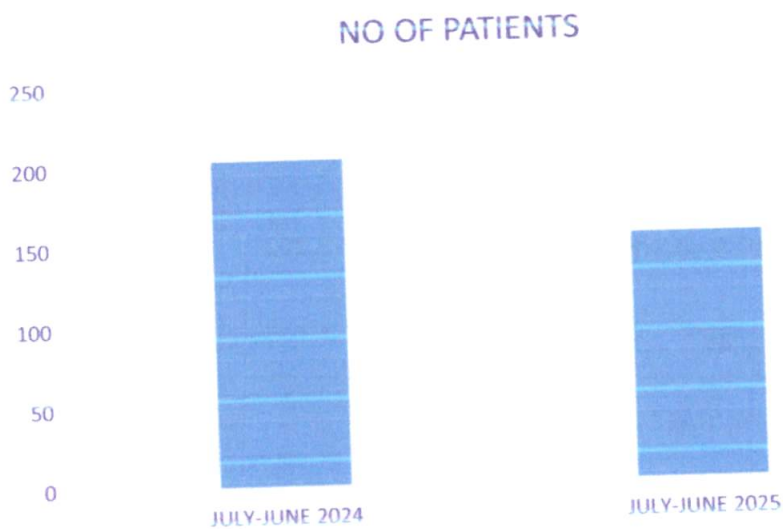


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**Inpatient attendance**

In the period ending 30<sup>TH</sup> JUNE 2024, the inpatient recorded 204 patients. The number decreased to 154 patients in the period ending 30<sup>TH</sup> JUNE 2025. The decrease was attributed to poor uptake of social health authority services. The wards opened for operation are maternity wards. Patients are admitted in the ward for roughly three days. The good services provided in the facility led to the increase in patients' attendance and admissions.

<b>INPATIENT ATTENDANCE</b>	<b>JULY-JUNE 2024</b>	<b>JULY-JUNE 2025</b>
<b>NO OF PATIENTS</b>	204	154



***Nthongoni Hospital (Makueni County Government)***  
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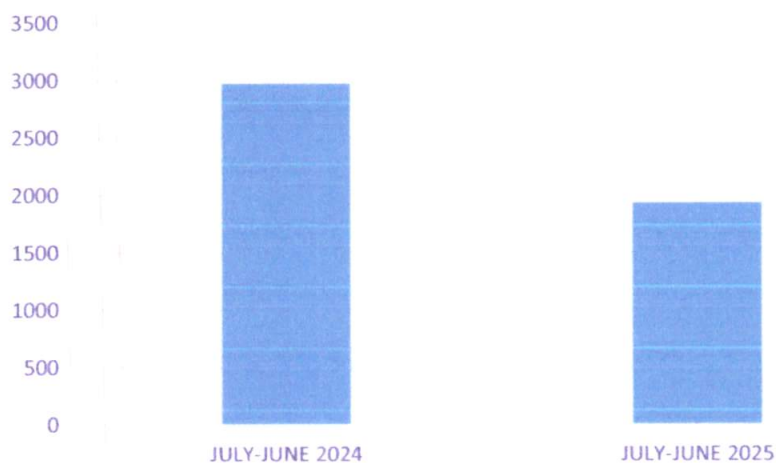
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**Special Clinics**

The special clinics attained 2,978 patients in the period ending 30<sup>TH</sup> JUNE 2024. In the period ending 30<sup>TH</sup> JUNE 2025, the number decreased to 1,935 patients. This was attributed by the experience and competencies of the facilities staff, reduction in patient length of stay, good services offered to our patients and adequate drug supplies during the period. This was attributed to low uptake of social health insurance fund and increased preventing services within the community.

<b>SPECIAL CLINICS ATTENDANCE</b>	<b>JULY-JUNE 2024</b>	<b>JULY-JUNE 2025</b>
<b>NO OF PATIENTS</b>	2978	1935

**SPECIAL CLINIC ATTENDANCE**

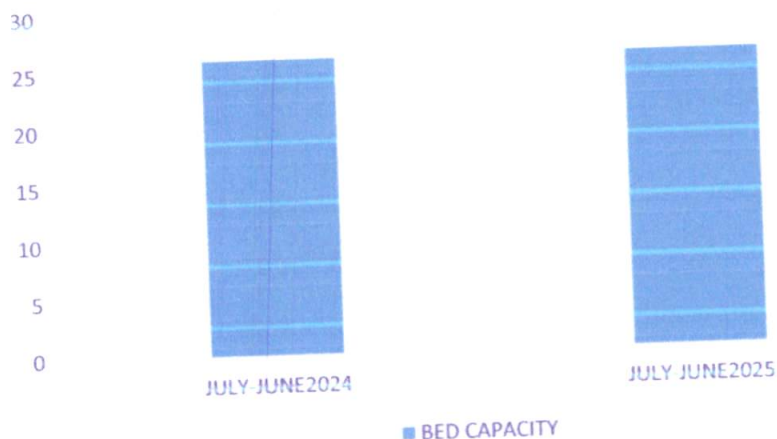


**BED CAPACITY**

Nthongoni sub- county hospital has maintained a bed capacity of 6 beds licenced and 20 beds for inpatients which are yet to be licenced. Plans are underway to open the male and female wards and get licence from KMPDC for increased bed capacity to accommodate the other patients apart from maternity. Patients for admission especially male patients are referred to Kibwezi and Makindu Level 4 Hospitals.

	<b>JULY-JUNE2024</b>	<b>JULY-JUNE2025</b>
<b>BED CAPACITY</b>	26	26

**BED CAPACITY**



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**Financial performance**

**a) Revenue Sources**

The hospital has three main sources of revenue namely, Facility Improvement Fund (FIF), Universal Health Care and NHIF/SHA/SHIF.

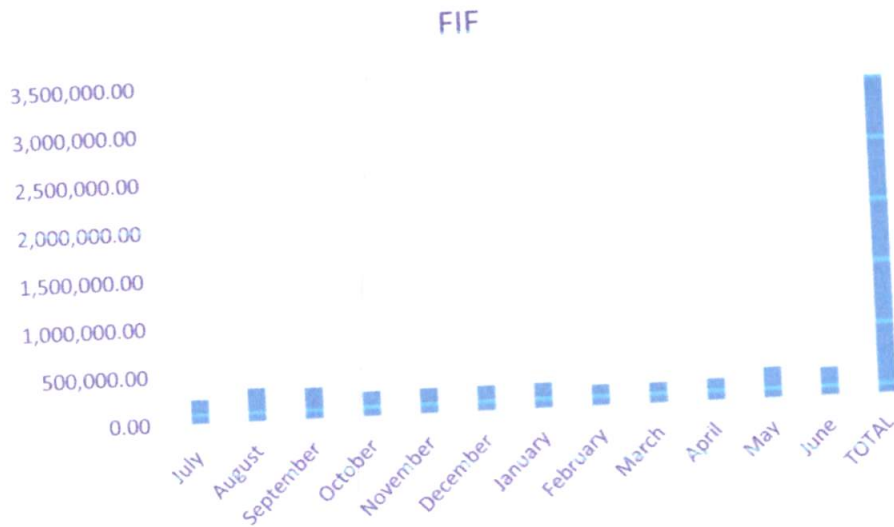
**Facility Improvement Fund (FIF)**

F.I.F is money paid by patients through only Mpesa till business number: 4120891 account number is the patients name after getting services at the facility.

For the period ending 30TH JUNE 2025, the facility collected KES **3,294,466**. The money appears to decrease due to increased uptake of Social Health Authority.

<b>MONTH</b>	<b>FIF</b>
<b>July</b>	243,610.00
<b>August</b>	353,895.00
<b>September</b>	333,759.00
<b>October</b>	267,351.00
<b>November</b>	260,785.00
<b>December</b>	269,481.00
<b>January</b>	270,650.00
<b>February</b>	221,485.00
<b>March</b>	213,015.00
<b>April</b>	212,975.00
<b>May</b>	349,110.00
<b>June</b>	298,350.00
<b>TOTAL</b>	<b>3,294,466.00</b>

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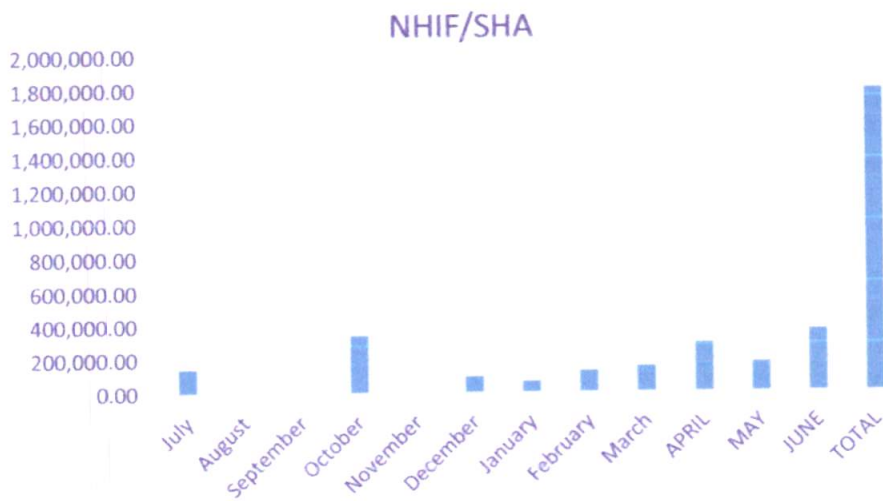


**NHIF/SHA**

NHIF/SHA/SHIF funds are monies paid by NHIF/SHIF for services provided to NHIF/SHIF patients by the facility both outpatient and inpatient. For the period ending 30<sup>TH</sup> JUNE 2025, the facility was paid KES 1,798,159.25 by SHA. In the period ending 30<sup>TH</sup> JUNE 2025, the amount paid by NHIF/SHIF appear to increase due to fully enrolling patients to Social Health Authority. This can still be explained by increased work load and proper NHIF/SHA reimbursements. This can also be explained by better claim and reimbursements rates from Social Health Authority found in the Contract between the facility and SHA. The claims are fully done leading to the increase in the reimbursements. Enrolling all clients with identification card to Social Health Authority led to the increase in claiming and reimbursements.

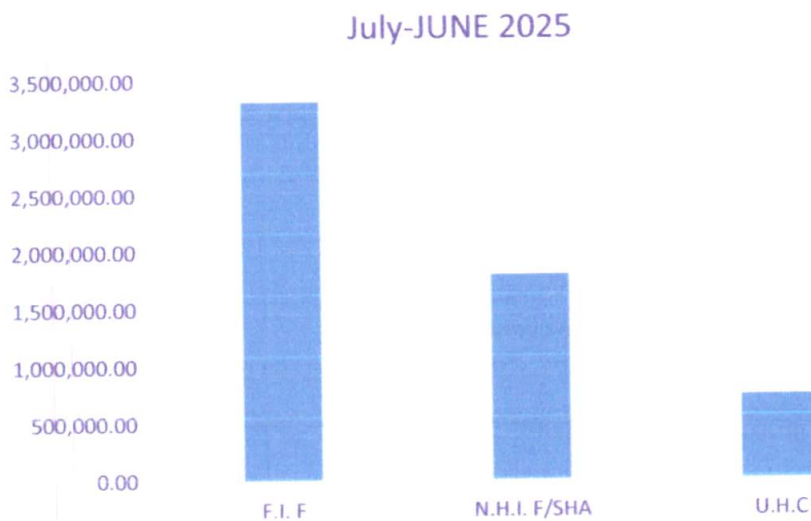
MONTH	NHIF/SHA
July	147,580.00
August	4,880.00
September	
October	345,110.00
November	
December	100,000.00
January	69,942.50
February	130,000.00
March	155,898.45
APRIL	295,323.20
MAY	178,657.20
JUNE	370,768.00
<b>TOTAL</b>	<b>1,798,159.25</b>

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UHC funds are money paid by the County Government of Makueni for services provided to UHC patients. The County Government of Makueni provided KES **735,000.00** in the period ending 30TH JUNE 2025.

<b>REVENUE ANALYSIS</b>	<b>July-JUNE 2025</b>
F.I. F	3,294,466
N.H.I. F/SHA	1,798,159.25
U.H.C	735,000



## **Section B**

### **Entity's compliance with statutory requirements**

The hospital has complied with all its statutory obligations which include payment of dues, PAYE, HSE LEVY, NSSF, and NHIF/SHA for its employees and suppliers.

## **Section C**

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

- Construction of new outpatient block
- Rehabilitation of old building which has been incomplete for many years
- Renovation of facility via painting
- Construction and equipping of x-ray block

## **Section D**

### **Major risks facing the entity.**

The hospital could be facing a serious liquidity risk if SHA does not reimburse the total of KES 115,890 owed to them. This is money emanating from services offered to SHA and Linda Mama Patients by the hospital.

## **Section E**

### **Material arrears in statutory/financial obligations**

The hospital does not have arrears on its statutory obligations

## **Section F**

### **The entity's financial probity and serious governance issues**

The facility ensures compliance to all financial regulations as stipulated in the relevant Acts. This includes adherence to the procurement and disposal Act 2012 and the public finance and management Act

In this financial year, the facility was able to generate 12.6% of its revenue from the County government with while 56.5% of it came for FIF collections. 30.8% of the revenue came for NHIF/SHA reimbursements while 23.2% was unrealised services because of SHA registration plus waivers and exemptions.

*Nthongoni Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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○ **Utilisation of funds**

<b>TOTAL BUDGETS -ALL REVENUE</b>			
<b>YEAR</b>	<b>BUDGET</b>	<b>UTILIZATION</b>	<b>ABSORPTION RATE</b>
2024-2025	9,024,280	5,287,359	58.59%

## **10. Environmental and Sustainability Reporting**

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

### ***i) Sustainability strategy and profile***

In order to deliver on its priorities, Nthongoni sub-county hospital takes a sustainable, long-term approach to business, putting patients at the heart of its operations and delivering consistently high-quality healthcare services. The Hospital upholds the highest standards of clinical governance and ethical behaviour across its platforms, invests significant time and resources in recruiting and retaining skilled staff, makes considerable investment into its facilities and equipment and respects the communities and environment in the areas in which it operates.

### ***ii) Environmental performance***

There is need for proper management of waste and construction of incinerator.

### ***iii) Employee welfare***

Nthongoni sub county hospital ensures that all staff are facilitated to attend trainings made to enhance their skills. All employee emoluments are also paid on time. The county trains and supports both short term and long term courses

### ***iv) Market place practices-***

#### ***a) Responsible competition practice.***

All tenders are awarded competitively where every bidder is given a fair chance through a transparent process as prescribed in the procurement and disposal Act.

#### ***b) Responsible Supply chain and supplier relations***

The Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making. The Board values the importance of complete, timely, transparent and effective communication with its

stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations.

***c) Responsible marketing and advertisement***

The main avenues for communication are through stakeholder forums and local advertisements through the hospital notice board which is accessible to the public at all times.

***d) Product stewardship***

The Hospital's Service Charter has been cascaded to all staff and displayed at strategic locations, is monitored on a regular basis. The Charter stipulates the service delivery timelines, commitments and expectations of the hospitals clients.

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

Nthongoni Sub County has made a concerted effort to operate in ways that enhance society and environment through inclusive healthcare inspired towards fulfilling public healthcare needs. We focus on bringing quality healthcare within the reach of all people regardless of their geographic location or economic status. Our Corporate Social Responsibility initiatives express our commitment and concern to the welfare of our employees and the patients we serve. These initiatives focus on community development and health, human rights, empowering people through education and dissemination of information. The hospital through health promotional activities engages communities to create awareness on NCDs and other health educations etc. This ensures citizen visit health facilities for screening early enough before situations become worse.

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

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the hospital's affairs.

**Principal activities**

The principal activities of the entity are to promote and participate in the provision of integrated and efficacious promotive, preventive, curative and rehabilitative health care services to all citizens.

**Results**

The results of the entity for the year ended June 30<sup>th</sup> 2025 are set out on pages 1 to 59


**Board of Management**

The members of the Board who served during the year are shown on page (iv). During the year, no director(s) retired/ resigned, and 6 director (s) was appointed with effect from 26<sup>th</sup> March 2021.

**Auditors**

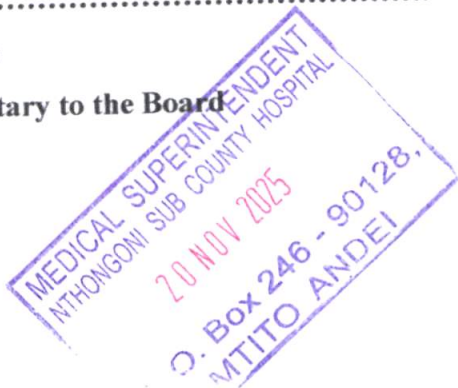
The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

URBANUS Mutisea 

Name

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 that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Board of Management is also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The council members are also responsible for safeguarding the assets of the entity.

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

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

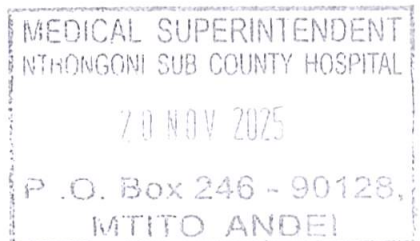
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Hospital's financial statements were approved by the Board on 20<sup>th</sup> July 2025 and signed on its behalf by:

.....  
Name: [Signature]  
Chairperson  
Board of Management

.....  
Name: URBAMUS MUTISE  
Accounting Officer



# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NTHONGONI SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MAKUENI**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Nthongoni Level 4 Hospital - County Government of Makueni set out on pages 1 to 54 which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

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*Report of the Auditor-General on Nthongoni Level 4 Hospital for the year ended 30 June, 2025 - County Government of Makueni*

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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nthongoni Level 4 Hospital-County Government of Makueni 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 Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Non-Disclosure of Property, Plant and Equipment**

The statement of financial position reflects a Nil balance of property, plant and equipment. However, review of the Hospital's records and physical verification revealed various assets including land, buildings, motorcycle, furniture, computers and equipment which were not disclosed in the financial statements. Further, ownership documents for land were not provided for audit review.

In the circumstances, the accuracy, completeness and ownership of a Nil balance of property, plant and equipment could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects total receipts budget and actual on comparable basis of Kshs.9,024,280 and Kshs.6,559,967 respectively resulting to under-funding of Kshs.2,464,313 or approximately 27% of the budget. Similarly, the Hospital expended Kshs.5,287,359 against actual receipts of Kshs.6,559,967 resulting in under absorption of Kshs.1,272,608 or approximately 19% of the actual income.

The underfunding and under absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Information**

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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**

#### **Deficiencies in Implementation of Universal Health Coverage (UHC)**

Review of the Hospital's records and interviews conducted on verification of services offered, equipment used and medical specialists in the Hospital as at the time of audit in October, 2025 revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by ninety-two (92) or approximately 91% of the authorized establishment as shown in Table 1 below:

**Table 1: Deficiencies in staff Requirements**

<b>Staff Requirements</b>	<b>Level 4 Hospital standard</b>	<b>Number in</b>	<b>Variance</b>	<b>Percentage Variance %</b>
Medical officers	16	0	16	100
Anesthesiologists	2	0	2	100
General surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	9	66	88
<b>Total</b>	<b>101</b>	<b>9</b>	<b>92</b>	<b>91%</b>

In addition, the Hospital lacked the necessary equipment and machines outlined in the Health Policy Guidelines as shown in Table 2 below:

**Table 2: Deficiencies in Equipment**

<b>Equipment and Machines</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Beds	150	26	124	83
Resuscitaire (2 in labor & 1 in theatre)	2	1	1	50
Newborn unit incubators	5	1	4	80
Newborn unit cots	5	3	2	40

Functional ICU beds	6	0	6	100
High Dependency Unit (HDU) Beds	6	0	6	100
Renal Unit with at least 5 dial sis machines	5	0	5	100
Two Functional operational theatres-Maternity & General	2	0	2	100

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

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

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

#### Incomplete Fixed Assets Register

Review of the fixed assets register for furniture and fittings, computers, tools and equipment revealed that details such as purchase price, date of purchase, tag numbers, and serial numbers were excluded. Further the register for buildings excluded details such as mode of acquisition, type of building, number of floors, designated use and cost of construction /valuation.

In the circumstances, the effectiveness of the measures put in place to manage the assets could not be confirmed.

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

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

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

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

**02 December, 2025**

*Nthongoni Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/25FY	2023/24FY
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	735,000	-
In-kind contributions from the County Government	7	13,931,017	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		<b>14,666,017</b>	
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	3,910,918	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	1,914,049	-
<b>Revenue from exchange transactions</b>		<b>5,824,967</b>	
<b>Total revenue</b>		<b>20,490,984</b>	
		-	-
<b>Expenses</b>			
Medical/Clinical costs	15	2,463,356	-
Employee costs	16	15,018,770	-
Board of Management Expenses	17	119,500	-
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	324,200	-
Grants and subsidies	20	-	-
General expenses	21	1,292,554	-
Finance costs	22	-	-
<b>Total expenses</b>		<b>19,218,380</b>	
<b>Other gains/(losses)</b>			

**Nthongoni Hospital (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/25FY	2023/24FY
		Kshs	Kshs
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(616,452)	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>656,156</b>	-

(The notes set out on pages 10 to 58 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 20<sup>th</sup>/11/25 and signed on its behalf by:



**Chairman**  
**Board of Management**



**Head of Finance**  
 ICPAK No: 2534



**Medical Superintendent**

MEDICAL SUPERINTENDENT  
 NTHONGONI SUB COUNTY HOSPITAL  
 20 NOV 2025  
 P.O. Box 246 - 90128,  
 MTITO ANDEI

MEDICAL SUPERINTENDENT  
 NTHONGONI SUB COUNTY HOSPITAL  
 20 NOV 2025  
 P.O. Box 246 - 90128,  
 MTITO ANDEI

*Nthongoni Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**


Description	Note	2024/25FY	2023/24FY
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	1,043,042	-
Receivables from exchange transactions	28	115,890	-
Receivables from non-exchange transactions	29	-	-
Inventories	30	656,386	-
<b>Total Current Assets</b>		<b>1,815,318</b>	-
		-	-
<b>Non-current assets</b>			
Property, plant, and equipment	31	-	-
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-current Assets</b>		-	-
		-	-
<b>Total assets (A)</b>		<b>1,815,318</b>	-
		-	-
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	-	-
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
<b>Total Current Liabilities</b>		-	-
		-	-
<b>Non-current liabilities</b>			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession Arrangements	40	-	-


**Nthongoni Hospital (Makueni County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024/25FY	2023/24FY
		Kshs	Kshs
Social Benefits	41	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		-	-
<b>Net assets (A-B)</b>		<b>1,815,318</b>	-
<b>Represented by:</b>		-	-
Revaluation reserve		-	-
Accumulated surplus/Deficit		656,156	-
Capital Fund		1,159,162	-
<b>Net Assets</b>		<b>1,815,318</b>	-

(The notes set out on pages 10 to 58 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 20th Nov 2025 and signed on its behalf by:

  
 .....  
**Chairman**  
**Board of Management**

  
 .....  
**Head of Finance**  
**ICPAK No. 2025/34**

  
 .....  
**Medical Superintendent**

**MEDICAL SUPERINTENDENT**  
**NTHONGONI SUB COUNTY HOSPITAL**  
**20 NOV 2025**  
**P.O. Box 248 - 60128,**  
**MITO ANDEI**

*Nthongoni Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2024 (previous year)	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
		-	-	-
<b>At 1 July, 2025 (current Year)</b>	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	656,156		656,156
Capital/Development grants	-	-	1,159,162	1,159,162
<b>At June30, 2025 (current year)</b>	-	<b>656,386</b>	<b>1,159,162</b>	<b>1,815,318</b>

*Nthongoni Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Note	2024/25FY	2023/24FY
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government		-	-
Grants from donors and development partners		735,000	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		5,092,625	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>5,827,625</b>	-
		-	-
<b>Payments</b>			
Medical/Clinical costs		456,392	-
Employee costs		3,094,713	-
Board of Management Expenses		119,500	-
Repairs and maintenance		324,200	-
Grants and subsidies		-	-
General expenses		1,292,554	-
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>5,287,359</b>	-
<b>Net cash flows from operating activities</b>	42	<b>540,226</b>	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

*Nthongoni Level 4 Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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<b>Net cash flows used in financing activities</b>		-	
<b>Net increase/(decrease) in cash and cash equivalents</b>		540,266	-
Cash and cash equivalents as at 1 July 2024	27	502,776	-
<b>Cash and cash equivalents as at 30 June</b>	27	<b>1,043,042</b>	-

*Nthongoni Level 4 Hospital (Makueni County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	A	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Revenue</b>	-	-	-	-	-	-
Transfers from the County Government	2,800,000	-	2,800,000	735,000	2,065,000	26.25%
Grants from donors and development partners	-	-	-	-	-	-
Transfers from other Government entities	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-
Rendering of services- Medical Service Income	6,224,280*	-	6,224,280	5,824,967	399,313	93.58%
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	-
<b>Total income</b>	<b>9,024,280</b>	-	<b>9,024,280</b>	<b>6,559,967</b>	<b>2,464,313</b>	<b>64.58%</b>
<b>Expenses</b>	-	-	-	-	-	-
Medical/Clinical costs	1,035,000	-	1,035,000	456,396	578,608	44.1%
Employee costs	4,967,280	-	4,967,280	3,094,713	1,872,567	62.3%
Remuneration of directors	84,000	-	84,000	119,500	-35,500	142%
Repairs and maintenance	705,000	-	705,000	324,200	380,800	45.99%
Grants and subsidies	-	-	-	-	-	-
General expenses	2,233,000	-	2,233,000	1,292,550	940,446	57.88%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
<b>Total Operational Expenditure paid</b>	<b>9,024,280</b>		<b>9,024,280</b>	<b>5,287,359</b>	<b>3,736,921</b>	<b>58.59%</b>

*Nihongoni Hospital (Makueni County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

Capital expenditure	-	-	-	-	-	-
Surplus						

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

### **1. General Information**

Nthongoni Sub County Hospital entity is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Makueni County Government and is domiciled in Makueni County in Kenya. The entity's principal activity is provision of Health Care services.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 31. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

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

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

*ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously</p>

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and</p>

Standard	Effective date and impact:
	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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> 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.

*iii) Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year.

#### **4. Summary of Significant Accounting Policies**

##### **a. Revenue recognition**

##### **i) Revenue from non-exchange transactions**

##### **Transfers from other Government entities**

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

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

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

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

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

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

##### **Interest income**

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

##### **Rental income**

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

*Notes to the Financial Statements (Continued)*

**b. Budget information**

The original budget for FY 2024-2025 was approved by Board on 30 June 2023. 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 .. 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 financial performance has been presented on page 8 under section 18 of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of **10** years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. 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.

**i. Financial instruments**

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

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

*Notes to the Financial Statements (Continued)*

**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.

*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

*Notes to the Financial Statements (Continued)*

**j. 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.

**k. 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)*

**l. 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.

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

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

**p. 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)*

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s. Borrowing costs**

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

**t. 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.

*Notes to the Financial Statements (Continued)*

**u. 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.

**v. 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.

**w. Comparative figures**

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

**x. Subsequent events**

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

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

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

### **Estimates and assumptions.**

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

### **Useful lives and residual values**

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**y. Subsequent events**

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

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

**Notes to Financial Statements Continued**

**6 Transfers from the County Government**

Description	2024/25FY	2023/24FY
	KShs	KShs
<b>Unconditional grants</b>	735,000	
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Conditional grants</b>	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	<b>735,000</b>	-

**6 b Transfers from The County Government**

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred of under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Makueni County Government	735,000	-	-	735,000	-
<b>Total</b>	<b>735,000</b>	-	-	<b>735,000</b>	-

**Notes to Financial Statements Continued**

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

Description	2024/25F	2023/24F
	Y	Y
	KShs	KShs
Salaries and wages	11,924,057	-
Medical supplies-Drawings Rights (KEMSA)		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	2,006,960	
Utility bills		-
<b>Total grants in kind</b>	<b>13,931,017</b>	<b>-</b>

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

Description	2024/25FY	2023/24FY
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	2024/25FY	2023/24FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

10. Public Contributions and Donations

Description	2024/25FY	2023/24FY
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

10 (a) Reconciliations of amortised grants

Description	2024/25FY	2023/24FY
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

**Notes to Financial Statements Continued**

**11. Rendering of Services-Medical Service Income**

<b>Description</b>	<b>2024/25FY</b>	<b>2023/24FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Pharmaceuticals	1,569,785	-
Non-Pharmaceuticals	-	-
Laboratory	529,400	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Physiotherapy	-	-
Nutrition service	5,500	-
Outpatient	-	-
Cancer centre service	-	-
Dental services	-	-
Health records and files	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	828,000	-
Ambulance services	276,000	-
Other medical services income ( <i>Records</i> )	702,233	-
<b>Total revenue from the rendering of services</b>	<b>3,910,918</b>	-

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

**12. Revenue From Rent of Facilities**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Residential property	-	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	-	-

**13. Finance /Interest Income**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	-	-

**14. Miscellaneous Income**

Description	2024/25FY	2023/24FY
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
UHC Registration Cards	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (SHA)</i>	1,914,049	-
<b>Total Miscellaneous income</b>	1,914,049	-

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

**15. Medical/ Clinical Costs**

<b>Description</b>	<b>2024/25FY</b>	<b>2023/24FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Dental costs/ materials	65,000	-
Laboratory chemicals and reagents	60,366	-
Public health activities	-	-
Food and Ration	82,930	-
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	75,200	-
Pharmaceutical supplies	2,006,960	-
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	77,900	-
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs ( <i>specify</i> )	-	-
<b>Total medical/ clinical costs</b>	<b>2,463,356</b>	<b>-</b>

**16. Employee Costs**

<b>Description</b>	<b>2024/25FY</b>	<b>2023/24FY</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries, wages, and allowances	14,926,770	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs ( <i>Locums</i> )	92,000	-
<b>Employee costs</b>	<b>15,018,770</b>	<b>-</b>

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

**17. Board of Management Expenses**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	119,500	-
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>119,500</b>	<b>-</b>

**18. Depreciation and Amortization Expense**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>-</b>	<b>-</b>

**19. Repairs And Maintenance**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Property- Buildings	170,400	-
Medical equipment	-	-
Office equipment	-	-
Furniture and fittings	44,000	-
Computers and accessories	84,800	-
Motor vehicle expenses	5,000	-
Maintenance of plant and machinery	20,000	-
<b>Total repairs and maintenance</b>	<b>324,200</b>	<b>-</b>

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

**20. Grants And Subsidies**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

**21. General Expenses**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	369,330	-
Publishing & Printing	-	-
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Other Fuels	40,000	-
Audit fees	-	-
Bank charges	10,237	-
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	15,000	-
Fuel and Lubricants	250,000	-
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	250,600	-
General office expenses	177,383	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	3,000	-
Hire charges	-	-
Rent expenses	-	-

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Description	2024/25FY	2023/24FY
	Kshs	Kshs
Water and sewerage costs	55,000	-
Skills development levies	-	-
Telephone and mobile phone services	80,000	-
Internet expenses	42,000	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Refined Fuels	-	-
<b>Total General Expenses</b>	<b>1,292,550</b>	<b>-</b>

**22. Finance Costs**

Description	2024/25FY	2023/24FY
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

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

Description	2024/25FY	2023/24FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

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

Description	2024/25FY	2023/24FY
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

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

**25. Medical Services Contracts Gains /Losses**

Description	2024/25FY	2023/24FY
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	(616,452)	-
<b>Total Gain/Loss</b>	<b>(616,452)</b>	-

**26. Impairment Loss**

Description	2024/25FY	2023/24FY
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	-	-

**27. Cash And Cash Equivalents**

Description	2024/25FY	2023/24FY
	KShs	KShs
Current accounts	1,043,042	-
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>1,043,042</b>	-

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

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

<b>Description</b>		<b>2024/25FY</b>	<b>2023/24FY</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank FIF	1157908373	<b>1,043,042</b>	-
Kenya Commercial Bank – R11		-	-
<b>Sub- total</b>		<b>1,043,042</b>	-
<b>b) On - call deposits</b>		-	-
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>1,043,042</b>	-

**28. Receivables From Exchange Transactions**

<b>Description</b>	<b>2024/25FY</b>	<b>2023/24FY</b>
	<b>KShs</b>	<b>KShs</b>
Medical services receivables	115,890	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	<b>115,890</b>	-

**Analysis of Receivables from Exchange Transactions**

Description	2024/25FY		2023/24FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	115,890	100%	-	100%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	115,890	-	-	100%

**29. Receivables From Non-Exchange Transactions**

Description	2024/25FY	2023/24FY
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	-	-

**Analysis of Receivables from Non-Exchange Transactions**

Description	2024/25FY		2023/24FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
<b>Total (a+b)</b>		%		%

**30. Inventories**

<b>Description</b>	<b>2024/25FY</b>	<b>2023/24FY</b>
	<b>KShs</b>	<b>KShs</b>
Pharmaceutical supplies	656,386	-
Maintenance supplies	-	-
Food supplies	-	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
<b>Total</b>	<b>656,386</b>	<b>-</b>

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*Notes to the Financial Statements (Continued)*

**31. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 31 July 2025 ( Current year)								
Depreciation for year								
Disposals								
Impairment								
<b>Net book values</b>								
At 30 <sup>th</sup> Jun 2024 (previous)								
At 30 <sup>th</sup> June 2025 (current)								

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

**32. Intangible Assets-Software**

Description	2024/25FY	2023/24FY
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the Quarter</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the Quarter</b>	-	-
	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the Quarter</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the Quarter</b>	-	-
<b>NBV</b>	-	-

**33. Investment Property**

Description	2024/25FY	2023/24FY
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

**35. Biological Assets**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
<b>Total</b>	-	-

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

**36.Trade and other Payables**

Description	2024/25FY		2023/24FY	
	KShs		KShs	
Trade payables	-		-	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>				
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Under one year	-	%		%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%		%

**37.Refundable Deposits from Customers/Patients**

Description	2024/25FY		2023/24FY	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
<b>Total deposits</b>	-		-	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	-	%	-	%

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

**38.Provisions**

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

**39.Finance Lease Obligation**

Description	2024/25FY	2023/24FY
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**40.Deferred Income**

Description	2024/25FY	2023/24FY
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

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

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

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

**41. Borrowings**

Description	2024/25FY	2023/24FY
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	-
<b>Balance at end of the period</b>	-	-

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

Description	2024/25FY	2023/24FY
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

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

**42. Service Concession Arrangements**

Description	2024/25FY	2023/24FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**43. Cash Generated from Operations**

Description	2024/25FY	2023/24FY
	KShs	KShs
Surplus for the year before tax	<b>1,312,542</b>	-
<b>Adjusted for:</b>	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	(656,386)	-
Increase in receivables	(115,890)	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>540,266</b>	-

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024 (previous year)</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025 (current year)</b>	-	-	-	-
Receivables from exchange transactions	115,890	115,890	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	1,043,042	1,043,042	-	-
<b>Total</b>	<b>1,158,932</b>	<b>1,158,932</b>	-	-

**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 board of management sets the hospital’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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

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

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

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

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

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

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

**Foreign currency sensitivity analysis**

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

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

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

**Sensitivity analysis**

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.

**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	2024/25FY	2023/24FY
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	1,312,542	-
Capital reserve	502,776	-
<b>Total funds</b>	1,815,318	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	1,043,042	-
Net debt/ ( <i>excess cash and cash equivalents</i> )	(1,043,042)	-
<b>Gearing</b>	-174%	-

**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.

Makueni 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	2024/25FY	2023/24FY
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to	-	-
Sales of services to	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

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Description	2024/25FY	2023/24FY
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
<b>Total</b>	-	-

**46.Segment Information**

**47.Contingent Liabilities**

Contingent liabilities	2024/25FY	2023/24FY
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

**48.Capital Commitments**

Capital Commitments	2024/25FY	2023/24FY
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

**49.Events after the Reporting Period**

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

**50.Ultimate and Holding Entity**

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

**51. Currency**

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

**20. Appendices**

**Appendix 1: Progress on Follow up of Auditor Recommendations**

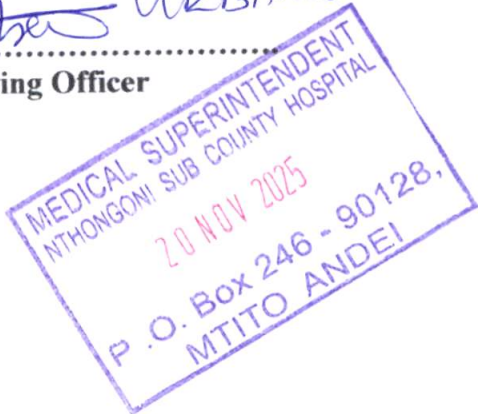
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below within the associated time frame within which we expect the issues to be resolved.

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

**Guidance Notes:**

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

..... *Urbanus Mutisya*  
**Accounting Officer**



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

**Projects**

Projects implemented by the Hospital Funded by development partners

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

**Status of Projects completion**

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: Makueni County Government – Department of Health Services

Name of Beneficiary entity Nthongoni Sub County Hospital

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 <sup>th</sup> June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
UHC/SUB/HOS/Vol.187	09/12/2024	600,000	-	600,000	-
R11/HOSP/C1/HVol.331	04/06/2025	135,000	-	135,000	-
-	-	-	-	-	-
-	-	-	-	-	-

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... *Kunra Kabwen* ..... Sign ..... *[Signature]* ..... Date ..... *20/11/2025* .....

**Head of Accounts Department - Beneficiary Entity:**  
 Name..... *DENNIS MUTA* ..... Sign ..... *[Signature]* ..... Date..... *20/11/25* .....

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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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