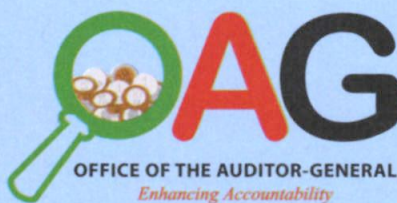




REPUBLIC OF KENYA



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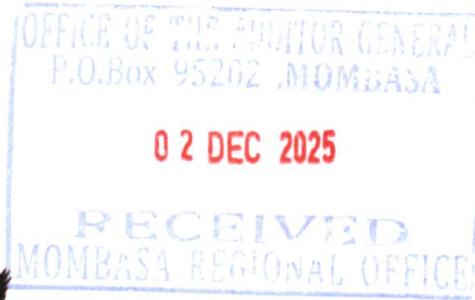
ON

KWALE SUB COUNTY HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2025**

COUNTY GOVERNMENT OF KWALE

24



Revised 30th June 2025



KWALE SUB COUNTY LEVEL 4 HOSPITAL (KWALE County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
KSCH	Kwale Sub- County Hospital
SHIF	Social Health Insurance Fund
SHA	Social Health Authority
FIF	Facility improvement fund
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

2. Key Entity Information and Management

(a) Background information

Kwale Sub County Hospital is a level 4 hospital established under gazette notice number 786 and is domiciled in Kwale County under the Health Services Department. The hospital is governed by a Board of Management.

Kwale sub county Hospital is in Kwale county, Matuga Sub county, Tsimba Golini Ward, It was built in 1949 during colonial era with maternity ward and it was referred as Kwale King George IV Cottage Hospital, It was upgraded from sub county district hospital via Kenya Gazette Notice No 7270 of 8th August 2008. Following the creation of three districts from the former larger Kwale District to Msambweni, Kinango, and Kwale Districts in July 2008. With the new constitution all district changed to sub counties, This necessitated The change of districts to sub county Hospitals, Thus the name Kwale sub county Hospital, The hospital Occupies 14.5 acres of land, It serves a catchment population of 10,809 and Has a bed capacity of 72 beds and the bed occupancy is 50%, The average length stay is 4 days

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to ...

- MCH/FP services
- Nursing services
- Laboratory services
- Theatre Services
- Physiotherapy Services
- Occupational Therapy Services
- Orthopaedic services
- mortuary services
- ophthalmic services
- oncology services
- Dental services
- Nutrition services
- Mortuary services
- Referral services

VISSION

To provide High quality health care services which are responsive to the needs of the residents of Kwale

MISSION

To provide quality, Acceptable, Affordable, health care services that are responsive to the needs of the people of Kwale County.

CORE OBJECTIVE

To provide efficient, equitable, accessible, customer focus, professionalism & integrity, teamwork and team spirit and quality healthcare services for all socioeconomic groups by strengthening the primary health system within Kwale County.

(c) Key Management

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

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

- County assembly health committee
- Board of Management
- Hospital Management Team
 - Medical Superintendent
 - Nursing Officer Services
 - Office administrator
 - Hospital Accountant
 - Laboratory in charge
 - Physiotherapy in charge
 - Nutrition in charge
 - Clinical in charge
 - Public Health Officer
 - Records in charge
 - MCH/FP in charge
 - Orthopaedic in charge
 - Dental in charge
 - Occupational therapy in charge
 - Procurement in charge
 - Radiology in charge
 - Pharmacy in charge
 - Ophthalmology in charge
 - Maintenance in charge
 - Oncology in charge

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr Paul Muriithi Gathuma -
2.	Head of finance	CPA Miraji Bakari Chimbombo-
3.	Head of supply chain	Mr Juma Rashid Ndeka --
4.	Hospital Administrator	Mr -Ali Ibrahim Mwangare -
5.	Nurse Manager	Ann Nyambura Gathuthi

(e) Fiduciary Oversight Arrangements

County assembly health Committee

Oversight of the health department general activities guided by the audit reports and hospital visits.

Audit committee

The role of the audit committee is to support council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

Finance committee

The Finance Committee is a vital part of any not-for-profit organization but serving on a Finance Committee often comes with some uncertainty of its members.

Determining responsibilities as a Finance Committee member is necessary for securing the financial health of the organization.

Members have a fiduciary duty to ensure the financial matters of the organization are in line with the mission of that organization.

Health and Environment Committee

Over sighting of health status of the Hospital, the committee is ensuring the facility's environment is conducive to both health worker, patient and community surrounding the facility. It also ensures that patients have their right to be well treated and well professionally handled by health workers.

Executive Management Committee

The team consists of the MEDSUP, HAO, Hospital Nurse Manager, Head Of clinical Officer, Hospital Accountant and procurement officer holds meetings on a weekly basis and is

Responsible for:

- Support to Board of Management for effective oversight
- Evaluate the hospital long term healthcare service effectiveness
- Review and recommend appropriate actions for strategic operational plans and policies
- Review performance improvement activities and patients' safety efforts
- Identify, evaluate and implement the scope of services, practice and governance of the hospital
- Prudent management of resources

Key Entity Information and Management

(f) Hospital Headquarters

P.O. Box 6-80403
Kwale

(g) Entity Contacts

Telephone: (+254) 789268028
E-mail: medsup@gmail.com
Website: www.go.ke

(h) Entity Bankers

1. Kenya commercial Banks
Account Name; Kwale Hospital
Account number 1146697198

2. Kenya commercial Banks
Account Name; Kwale Hospital
Account number 1332147925

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(a) County Attorney

County Attorney officer
Office of the governor
P.O. Box. 4-80405
Kwale, Kenya

3. The Board of Management

Ref	Directors	Details
1.		Yussuf Athman Shughuli. Chairman of the board of directors. Mr Yusuf Shughuli is an independent and non-executive Director and also a member of Audit committee Born in 1961 with 64yrs of age, Retired staff at Bamburi Cement as a stores management officer He has been a aboard member to several primary schools including Vuga primary school and care for the earth primary school.
2.		Hamisi Juma Mwagamuno Mr Hamisi Juma mwagamuno is an independent and non-executive member of the hospital board. He is also a member of Quality healthcare service committee Hamisi Juma was Born in 1954 with 76 years of age A retail shop keeper 13 years, from 1980 to 1993, He is a now a farmer on sweet potatoes, maize and cassava selling the products at maize millers company and Diani Market

Kwale Sub County Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

3.		Sheikh Juma ali lombba, Mr Juma Ali Lomba is an independent and non-executive member of the hospital board, He is also a member of finance and general purpose sub committee Born in 1977 with 48 years of Age. Has a Degree in Islamic education at Malindi Islamic Center in Kilifi County. Has 30 year of experience in Islamic teaching. He is a director for Union Of Madrasas In Kwale County.
4.		Hashim Hussein Adan Mr Hashim Hussein Adan is an independent and non-executive member of the hospital board, He is also a chairman of Audit sub committee Born in 1972 with 53 years of age, He once worked at KWS in the intelligent department for more than 5 years, Hashim is now a business person at kwale town centre owning Mini supermarket (the only supermarket in kwale town) He owns a Wholesale Shop within the town selling dry food in large scale. Hashim is a large-scale farmer.

5.		MEDSUPP Dr. Paul Muriithi Gathuma Dr Paul Muriithi Gathuma is the medical superitendant of kwale sub county hospital Born in 1990 with 35 years of Age, He has worked at Msambweni county referral Hospital for 3 years as a medical officer He is also a secretary to the board
6.		Athman Mwaruwa Zahoro Mr Athman Zahoro is an independent and non-executive committee member of kwale sub county hospital board Born in 1976 with 49 years of Age worked as casual worker at Matuga Girls between 2004 to 2009. Worked as a Golf guard at leisure lodge at Ukunda in Kwale County Between 2010 to 2020, He is a Business Man for about 15 year in poultry firming. He is a contractor in structural construction

7.		Mary Wamboi Mureithi Mary Wamboi Mureithi is an independent and non-executive committee member of kwale sub county hospital board, She is also a member of Quality of health care services Born in 1981 with 44 years of age, She is business woman in boutique materials, She also dealing with selling of used clothes (bulky supply of bells of Mitumba) She is in partnership with her husband owning garage for (Motor vehicle) at kwale town.
8.		Bint Mabopo Binti Mabopo is an independent and non-executive committee member of kwale sub county hospital ,She is also a member of Audit sub committee Born in 1975 with 50yrs of age , she is business woman, selling women clothes at Diani town Centre within kwale County

Kwale Sub County Hospital (Kwale County Government)

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9.		Rose Kande Ngeti Rose Kande Ngeti is an independent and non-executive committee member of kwale sub county hospital, She is also a member of Finance and general purpose sub committee Born in 1976 with 45 years of Age, Worked with K.W.S (Kenya wildlife Services) for two years She has been a board member at Kilifi High Vision between 2005 to 2009 Has been a board member at Mama Ngina secondary school for 5years She is now a business woman on supply of boutique materials.
10.		Salimin Omar Kadingo Salmini Omar Kadingo is an independent and non-executive committee member of kwale sub county hospital, He is also a chairman of finance and general purpose sub committee Born in 1968 with 57 years of Age, He has been a driver for long travel vehicles for 30 years, He is a poultry farming and maize farming with 9 year of experience in the business.

4. Key Management Team

Ref	Management	Details
1.		DR PAUL MURIITHI GATHUMA An MO (medical doctor) licenced by the Kenya Medical Practitioners and Dentists Council and holder of a degree in Bachelor of Medicine and Bachelor of Surgery (MBCbB). Takes overall responsibility in the day to day running of the hospital on behalf of the Board of Management by; • Providing visionary and transformation leadership • Overseeing the implementation of the Boards resolutions • Prudent management of resources • Formulating long term strategies and business plans • Monitoring and evaluating performance • Ensuring effective communication within the Hospital

2.		MR. ALI IBRAHIM MWANGARE Dealing with all administration activities
3.		CPA. MIRAJI BAKARI CHIMBOMBO Management of funds within the hospital and ensure there is value for money for all transactions

4.		SISTER ANN NYAMBURA Management of all nursing activities within the facility
5.		MR JUMA RASHID NDEKA Procurement officer dealing with: procuring of goods and services within the hospital

5. Chairman's Statement



I am pleased to report that KSCH has continued to perform well and remain one of the leading level IV Hospitals not only in Kwale County but also in the coast province region

. I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, health sector changes, and clinical performance, financial Performance and operations and risk associated with hospital and our future outlook.

Economic Focus

In order to ensure efficient and effectiveness in the hospital healthcare services, we have developed necessary policies and institutional framework to direct the running of the Hospital in line with the county manifesto and Sustainable Development Goals. During the year, the hospital witnessed a reduction in patients' numbers following an industrial action by healthcare workers i.e. **Medicals officer and clinical officer**, However, Kwale county Hospitals including KSCH was the only public hospitals that was operating **"We treat our health care worker very special"**

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In 2021, KSCH embarked on a transformative journey to establish healthcare center of excellence, the oncology center flagship project with 18 bed capacity,

We thank the County Kwale Government for providing state-of-the art Oncology equipment that have helped

increase diagnostic services and efficiency in services delivery

we have expert medical care where cancer cases are being taken care of. Our focus is to deliver high quality

safe services to our patients' satisfaction within and without the county.

Cancer in Kenya is near endemic with high morbidity and mortality.

However, at KSCH we firmly believe that cancer is curable, Manageable and lives can be prolonged if diagnosed and managed early. We have deliberately endeavored to create opportunities for the public to encourage early diagnosis of cancer. In this endeavor, we have offered free screenings to Kwale Citizens and its out scat for cervical and breast cancer and we continue to encourage the public to come for screening for early diagnosis of cancer. We recognize that the availability of the right staff, in the right place, delivering the right care has a direct impact on the quality of care for our patients.

Financial performance.

The environment KSCH is operating has changed significantly over the past years due to increase in competition. The operation cost has increased tremendously compared to revenue

The traditional Sources of income for KSCH have reduced over the years

due to Poverty level within the county. As a result, the hospital has been left with patients

With inability to acquire any healthcare financing

Placing huge financial burden on the hospital. The menace had also led to the hospital losing a lot of revenue due to waiving of patients with no capacity to pay their dues, however due to implementation of FIF the hospital has managed to hit its annual budget of Ksh 40,000,000 in the financial year 2024-2025

With good initiative from our able president Dr Samuel Ruto under UDA manifesto for initiating the new system of SHIF (Social Health Insurance Fund) where even Citizens with low level of life will be able to access health services by being supported by national and county government through the same initiative,

For this we have high expectations that the hospital revenue will rise positively the acceptable standard

Our future outlook

I am indebted to the Board of Management for providing supportive and complementary role while Making progressive decisions towards directing this great hospital. I am impressed with their wealth of Knowledge and experience in many different business and operational settings. I strongly assure Kwale Citizen that KSCH shall remain committed and will deliver exceptional services consistent to needs of the patients and Kenyans without compromising the principles of corporate governance, ethics and sustainability.

Going forward, KSCH is committed to working closely in collaboration with our mother Hospital "Msambweni County Referral Hospital and other level four hospital and level 2 and 3 hospitals to ensure that the patients we serve continue to receive high quality of specialized care.

We will continue to invest in our facilities and our technology in order to attract the best Specialists and meet the growing needs of the people we serve. I would like to take this opportunity to thank

the Board Members, the Medsup, the Health Chief executive Officer, our specialists, nurses and staff for their support and Commitment during the year

.....
Name

YUSUF A. SHUGISHI

6. Report of The Medical Superintendent



KSCH is an organization of action; a
community of
engaged professionals who create, pursue,
perform
and achieve in support of the KSCH's Mission
and
Vision"

It takes a great team with dedication and focus to build a great organization. As I present the details of this report, it is clear the accomplishments recounted within it are the result of extraordinary collaboration by the Hospital's most important asset—its people. The distinctive disciplines of our hospital do not matter but rather each individual plays a valued part in making

Kwale Sub-County Hospital (KSCH) a Center of other hospitals to benchmark.

During the past year, we collectively embarked on a journey to align our activities to the strategic plan, advance our vision, and deliver our services using balanced score card to ensure patients and kwale Citizens

get value for their money. Even with constant exposure to challenges, we remained enthusiastic about each one's Contribution to our vision. We remember this financial year for many reasons. Top on the list is the successful operating Ectopic pregnancy, The surgery not only gave joy to the family members and the expectant public but also helped to place KSCH on the County map among the

leading specialized care hospital. At the center of this success story, dedicated employees from KSCH and their colleagues from Msambweni County Referral Hospital and other level 4 specialist worked and engaged each other for long in an effort to guarantee safety of the mother and the baby

. I personally revere the team for standing with Kwale Citizens over the years to save lives.

KSCH is an organization of action; a community of engaged professionals who create, pursue, perform, and achieve in support of the KSCH's mission and vision.

Clinical performance

In addition, the hospital has increased total bed capacity from 66 beds to 72 beds by establishing and Renovating and expending wards and coming up with known equipped structure "the Oncology Center" We have work in progress for renovation and expanding of old male ward to have a private wing for better offering of quality services. Specific wards to accommodate the increasing demand and as a way of meeting international standards.

The completion of renovation and equipping of

Oncology gives KSCH's room to take care offers better and quality health services to the Citizens of kwale and its outskirt.

With quality of our services, we offered at KSCH our workload for outpatient increases from last year to 67623 this was as a result of team work of KSCH'S stake holders, our able specialist with their effort we managed to make it by having attended to 67623 patients.

Efficiency in service delivery

Accident and Emergency adopted Lean Sigma to increase efficiency in patient management and process flow.

Lean is basically about getting the right things to the right place, at the right time, in the right quantities, while minimizing waste and being flexible and open to change. With a focus on delivering our vision, we identified weakness in our processes and non-value adding activities in our systems.

We reorganized the processes with the support of the Old Mutual foundation.

This improved patient turnaround time, and gave the accident and emergency a facelift.

Other initiatives include administration through the leadership of the Health Chief executive Officer curative with help of finance chief Executive Officer that has provided continuous improvement and facilitation of a number of projects across the hospital.

Connecting donors with needs

Providing high quality care and good clinical outcomes is at the heart of everything we do. To ensure this happens, we will continue to establish and maintain beneficial partnership and collaboration as priorities that would support our business goal for the benefit of the patients. There is no doubt that the Government contributes the bulk of funding for KSCH.

Our future outlook

I am indebted to the Hospital Management Team (HMT) for providing supportive and complementary role while Making progressive decisions towards directing this great hospital. I am impressed with their wealth of Knowledge and experience in many different business and operational settings. I strongly assure Kwale Citizen that KSCH shall remain committed and will deliver exceptional services consistent to needs of the patients and Kenyans without compromising the principles of corporate governance, ethics and sustainability.

Going forward, KSCH is committed to working closely in collaboration with our mother Hospital "Msambweni County Referral Hospital and other level four hospital and level 2 and 3 hospitals to ensure that the patients we serve continue to receive high quality of specialized care. for quality delivering of services, we are glad to inform our esteemed client that, the hospital has a plan to improve and construct a walk way which will well coordinate all departments for swiftly movement in-between the facility, well beatification of our facility at large. We will continue to invest in our facilities and our technology in order to attract the best Specialists and meet the growing needs of the people we serve. I would like to take this opportunity to thank the HMT, the Board Members, the Medsup, the Health Chief executive Officer, our specialists, nurses and staff for their support and Commitment during the year



Name **DR. PAUL GATHUMA**
Secretary to the Board

7. Statement of Performance Against Predetermined Objective

Kwale Sub-County Hospital has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Health infrastructure development

Pillar/theme/issue 2: General administration planning and support services

Kwale sub-county Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *Kwale Sub- County Hospital* achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Health infrastructure development	Provision of private inpatient services	A private wing – with 12 amenity beds and 36 general beds	Renovation of old male ward	70%
Pillar/ theme/ issue 2: General administration planning and support services	Improved availability of essential medicines and medical supplies.	Medical drug, laboratory reagents, Non pharmaceuticals	Procurement of medical commodities	96%
3; Pillar/ theme/ issue Immunization coverage	Enhance child health and immunization coverage	Percentage increased in complete immunization coverage for	Immunization of children	90%

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		children under under one year- Reduction in the incidence of vaccine preventable disease		
4; Pillar/ theme/ issue 2: Learning and development of human resource	Strengthen human resources capacity through training and development	Number of healthcare workers trained in specialized areas e.g. (emergency care, surgery) percentage of staff who received regular performance appraisals	Trainings of workers	50%

8. Corporate Governance Statement

Introduction

At Kwale Sub-County Hospital (KSCH), the practice of good corporate governance ensures the delivery of Sustainable value as well as meeting the needs of our stakeholders. KSCH is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Kwale County Government through the adoption of ethically driven business policies, procedures and processes.

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

This report highlights the main corporate governance structures and practices that guide the Board

Governance Principles and Guidelines

The KSCH Board of Management is responsible for the overall governance of the hospital and is accountable to the County Government of Kwale for ensuring that the hospital complies with the law

And the highest standards of best practices corporate governance and business ethics.

The chairman of the Board is committed to fostering a culture that values ethical behavior, integrity and respect and the need to conduct business and operations of the hospital in accordance with generally accepted

corporate practices. The Board believes that adopting and operating in accordance with high standards of

corporate governance is essential for sustainable long-term performance and value creation.

The Board is vested with powers and authority as provided in Legal Notice No.108 of 2022 and other relevant

laws of Kenya. In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and

Ethics, and Board Manual to effectively fulfill its corporate governance responsibility towards stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance

The Board Charter defines the roles, responsibilities, scope and functions of the chairman in the governance of the hospital and provides for free exercise of independent judgment.

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance

Kwale Sub County Hospital is committed to maintaining the highest standards of Good Corporate Governance in its systems, processes and operations in order to safeguard the interests of all stakeholders. This ensures Board and Management accountability and helps build public trust in the Hospital.

The Board of the Hospital is responsible for overseeing the effective management and control of the hospital resources. Transparency and Disclosure is a key focus area of Board oversight and this is well demonstrated in our audited Financial Statements over the years. Management has implemented an enterprise risk assessment framework where risks are identified, monitored and controlled. In implementing the Corporate Governance tenets, the Board seeks to add value through constructive dialogue and engagement with stakeholders as well as management with a strong focus on the Hospital's strategic agenda.

The Board embraces and recognizes the benefits of diversity in skills and experience in its compositions and this engenders the effective discharge of the Boards strategic oversight function. As at June 30, 2025, the Board was made of nine (9) members comprising of non-executive Chairman, and eight members. The non-executive directors are independent of management. The Board has established four standing Committees with specific terms of reference to exercise delegated responsibilities.

The Committees are Full board, Finance/Audit, Health and Environment. Board meetings are held in accordance with the annual calendar and the Board Charter for the respective Committee, except in exceptional instances where special meetings are held when critical business matters arise.

9. Management Discussion and Analysis

Clinical/operational performance

KSCH provides a wide range of highly specialized services to Kwale Citizens and patients from within the region, some of these specialized services include accident and emergency, outpatient specialist clinics, inpatient care and day care procedures for surgery, ophthalmology, dental amongst other services.

In addition, the hospital provides clinical support services that include pharmacy, laboratory, radiology services

KSCH strives to ensure that the clinical services provided throughout the facility are efficient, effective, appropriate, innovative, evidence-based and in line with modern technological advances. Clinical governance has been strengthened to ensure patient safety and quality healthcare. Further, the hospital plays a vital role on the County platform in the management of county emergencies and disasters.

The Hospital's workload analysis over the last five years is as depicted in the chart below

○ Bed capacity of the hospital.

The hospital has continuously operated

below capacity, this is because of the budget constrain (to have structures) to make it having the standard of 166 beds capacity

The bed capacity in the year 2024/2025 was maintain at 72

Overall patient attendance during the year for both inpatient and outpatient.

OUTPATIENT ATTENDANCE	NUMBERS
Over 5years Male	15429
Over 5years Female	17387
Under 5years Male	6332
Under 5years Female	6595
Over 60 years	3474
TOTALS	49,217
INPATIENT ATTENDANCE	
Admissions Under 5years	305
Admissions Over 5years	2474
TOTALS	2779

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○ **Accident and Emergency attendance**

During the year the emergency cases totalling to 339 where by 128 cases were booked and 211 cases were operated successfully

○ **Specialised clinic attendance**

The KSCH is very well organised to receive people with special cases as per the table below

CLINIC TYPE	NUMBERS
Eye clinic Attendance	24611
TB and leprosy	229
Comprehensive care clinic	1673
Orthopaedic clinic	1745
Occupation therapy	1470
physiotherapy	1839
medical	3405
Surgical clinic	793
paediatrics	301
Obstetrics/Gynaecology	1027
All other special clinic	1513
TOTAL	38606

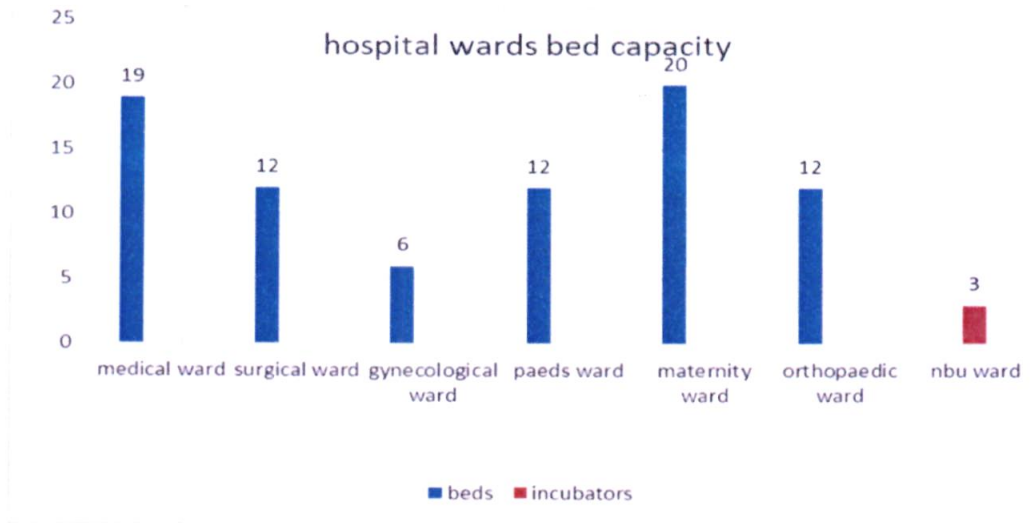
○ **Average length of stay for in patient (ALOS)**

The hospital has continuously improved the average length of stay of the patients due to improved service delivery, clinical governance and enhanced performance monitoring. We improved from 6 days to 4 days and this has been achieved due to team work.

○ **Bed occupancy rate**

The facility bed occupancy rate (50%) this has been presented by the below charts and the management is working well with the county focal persons to ensure the hospital increases its capacity through more structures.

Kwale Sub County Hospital (Kwale County Government)
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○ **Mortality rate**

DATA ELEMENT	NUMBERS
Normal Delivery	1117
Caesarean Section	312
Breach Delivery	33
Assisted virginal delivery	47
BBA (Born before delivery)	0
Maternal deaths	0
Maternal death Audited within 7 days	0
Live births	1496
TOTAL	3,005

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○ **Surgical theatre utilisation (number of operations over a period of time)**

DATA ELEMENT	JUL Y	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JU N	TOT AL
C-SECTION SURGERY	30	35	30	30	26	27	19	27	38	32	28	21	343
MAJOR GENERAL SURGERIES	21	55	36	29	16	4	12	20	4	7	2	17	223
MINOR SURGERIES	7	8	4	4	3	6	4	11	4	7	2	17	77
GYNAECOLOGY	12	9	9	4	15	0	5	8	4	2	1	4	73
ORTHOPEDIC	1	10	1	4	3	1	4	8	15	1	2	3	53
CIRCUMCISIONS	0	0	0	0	5	3	0	0	1	0	0	1	10
BILATERAL TUBAL LIGATIONS	3	6	2	0	2	1	1	4	0	1	1	1	22
RE-WORKS	0	0	0	0	0	0	0	0	0	0	0	0	0
EYE SURGERIES	0	0	0	3	0	3	0	3	0	0	7	0	16
TOTAL	74	123	82	74	70	45	45	81	66	50	43	64	817

Kwale Sub County Hospital (Kwale County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2025

Financial performance that includes: -

Results for Year Ended June 30, 2025

The Hospital recorded a Ksh s 41,212,866 Revenue, the amount comprised of the hospital cash collection and claims from Nhif and Sha claims, The hospital has been performing well due to implementation of fif act, The act in Kenya commenced on November 2023

○ **Revenue sources,**

the hospital receives revenue from own revenue cash collection and claims through rendering of services to patient (SHA claims and cash collection from patient)

○ **Utilisation of funds**

Payment of recurrent expenditure:

Ambulance fuel

Food and ration

Health record stationaries

Payment of oxygen for patient

Payment of sanitary items for cleaning of hospital.

Maintenance of building and hospital equipment

The facility has an accumulated debt of kshs 21,835,831.75 Part of this debts were carried forward as pending bills from the year 2023/2024, as the Hospital management we are working tirelessly to clear all pending bills in this coming year.

We thank all the stake holders whom participate to the achievement of the intended Mission and Vision of the KSCH "Team Work" Together Every One Achieves More

MEDICAL SUPERINTENDENT

SIGNATURE

NAME.....

DR. PAUL GATHUUA



10 .Environmental And Sustainability Reporting

i) Sustainability strategy and profile

KSCH key stakeholders include: patients, doctors, employees and trade suppliers, healthcare funders, government and authorities, investors, the community and the media. KSCH recognizes its accountability to its stakeholders and is committed to effective and regular engagement with them, and to publicly report on its sustainability performance. KSCH key stakeholders are those groups who have a material impact on, or are materially impacted by, KSCH and its operations.

As a result of its operations, KSCH has many economic, social and environmental impacts, including creating employment opportunities, training and developing employees, investing in local communities and responsible use of natural resources. The guidance on determining materiality contained in the GRI Sustainability Reporting. The materiality assessment identified the following four material issues, which forms a baseline report and constitute the focus of the Hospital's sustainable development reporting:

Healthcare Services

This will enhance clinical governance framework to measure clinical outcome. This is important to the business ensure that it is consistently delivering the maximum value to its patients, KSCH has a strong focus on improving and maintaining excellent clinical performance across its specialties. Clinical performance is measured and benchmarked to guarantee a standardized quality of care for all its patients, ensure patient safety and satisfaction and identify opportunities to improve its healthcare services and facilities

Link to KSCH strategy

- Optimize customer experience
- Expand and improve services
- Enhance clinical governance

Key stakeholders

- Patients
- Doctors, nurses and other healthcare workers

Mitigation of risks

- Monitoring and management of clinical performance indicators
- A hospital-wide clinical risk register is implemented and monitored per department
- Accreditation and quality management processes
- Clinical governance processes

- Development of Patient safety policy
KSCH manages and mitigates the clinical risk by providing a comprehensive set of policies and procedures to guide frontline staff during the care process

ii) Environmental performance

The Hospital's main environmental impacts are the utilization of resources, predominantly energy, through electricity consumption and water, and the disposal of healthcare risk waste. The Hospital is fully aware of the need to use resources responsibly and is committed to minimizing its environmental impacts to the extent possible

The Hospital recognizes the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate. However, the Hospital also believes that using resources responsibly can be a source of strategic advantage for the Hospital, allowing it to manage and contain its operating costs and to ensure ongoing access to water and energy supplies.

KSCH patients are always its first priority, but without natural resources, especially water, KNH would not be able to provide a service to its patients. The Hospital takes its policies to reduce its impact on the environment

Very seriously and its facilities and services division is constantly investigating new opportunities to reduce its impact on the environment

Introduction of renewable energy sources, such as solar photovoltaic systems, in order to reduce energy

Consumption and costs.

Link to hospital strategy

- Improve equipment infrastructure

Key stakeholders

- Employees and doctors
- Suppliers
- Governments and authorities
- Community

Risk mitigation

Implementation of appropriate environmental management systems and Hospital OSHE Committee

Risks to the hospital

- Business interruptions due to water shortages
- Business interruption due to electricity supply
- Increased operational costs due to cost of electricity
- Healthcare risk waste disposal
- Reputational damage mostly due to unavailability of water supply and power supply.

iii) Employee welfare

The focus of attracting and utilizing talent in a challenging healthcare market continues to be in accident and emergency room doctors

Link to KSCH strategy

- Improve knowledge management and innovation
- Improve human capacity (training and scholarship for upgrading their level of profession)

The KSCH ensure staff are going to their annual leaves without failing

Key stakeholders

- Doctors
- Employee and trade unions

Mitigation of risks

- Extensive training and skills development programmed
- Governance of suitable selection processes with focus on skills assessments, employment references and verification of credentials
- Targeted sourcing and recruitment initiatives, with a strong focus on agile sourcing techniques ensuring that best fit candidate talent is channeled to appropriate vacancies, supported by a seamless hiring process
- Tailored retention strategies, supporting the retention of priority audiences within each business unit
- Succession planning and/or career management initiatives within scarce skills disciplines, ensuring proactive development of high-performing employees with potential to supervisory and leadership roles
- Deployment of integrated talent strategies in support of core business areas
- Monitoring of doctor satisfaction.

iv) Market place practices-

We ensure the market is free from irregularities, through that the hospital management is working hard to ensure our competitors are safe.

We are allowing our health worker staff for practising during off days and leaves

a) Responsible competition practice.

Among the core value of the facility is that, we should keep the environment free from corruption, and any person involved in corruption issues, legal actions should take against that person.

b) Responsible Supply chain and supplier relations

The facility ensures there are fair selection of bidders at the time of purchasing goods, and services and also ensures payment are paid promptly and accordingly to make suppliers see themselves as part of the organisation.

c) Responsible marketing and advertisement

We care about the competitors in the market and there is high level of positive ethical issues within the hospital, for that we appreciate the management

d) Product stewardship

We safeguard consumer's rights; our consumers are mostly patients and we ensure most of the time they are in a conducive environment,

KSCH is free from health hazard that may jeopardising consumer right of accessing health services.

v) Corporate Social Responsibility / Community Engagements

The commitment of KSCH to social responsibility and the pursuit of societal good through inclusive healthcare inspired us 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. KSCH aspires to be a socially responsible corporate citizen delivering superior and sustainable value to all

KSCH 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 main activities undertaken during the year herein outlined below

Free breast and cervical cancer screening

Free breast and cervical cancer screening is done free, this is to allow client knowing their status at early stage.

Breast and cervical cancer screening to create awareness on cancer and how the public can positively participate in the fight against cancer.

The public received free breast and cervical cancer screening, counselling and education on symptoms, treatment and management of cancer. Cancer is the third major killer after infectious and cardiovascular diseases. Cervical and breast cancer is the leading cause of death among women. Unlike other diseases that affect the patients with sudden and severe symptoms

Though Kwale sub-county hospital is a non-profit making institution, it has a number of CSR activities aligned to the National and Kwale county policy of caring for the underprivileged and vulnerable citizens.

Waiver

We have the hospital we are discouraging waivers and encourage all our people to register with SHS so that they can get comprehensive, affordable medical coverage across various health facilities, such as primary care, preventive services, emergency care and treatment for chronic conditions like certain cancers

Free services

- We offer free services to prisoners
- People with disability
- Under five years

Conducting outreach;

Hospital usually conduct outreach; nurses are moving outside the facility to ensure treatments are done to the citizen whom are not able to attend health centres

UNDER FIVE YEARS

The hospital has come to an idea to those who are under five for free service this is so to curb the problem of sending a kid every time to the hospital for payment.

11. Report of the Board of Management

Kwale Sub County Hospital (Kwale County Government)

Annual Report and Financial Statements for The Year Ended 30th June 2025

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 Hospital are

- MCH/FP services
- Nursing e services
- Laboratory services
- Theatre Services
- Physiotherapy Services
- Occupational Therapy Services
- Orthopaedic services
- mortuary services
- ophthalmic services
- oncology services
- Dental services
- Nutrition services
- Mortuary services
- Referral services

Results

The results of the Hospital for the year ended June 30 2025 are set out on pages1 to Page 9.....

Board of Management

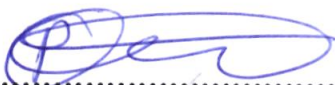
The members of the Board who served during the year are shown on page VII to XIII.

During the year, 2024/2025 director(s) retired/ resigned, and director (s) was appointed with effect from 7th July 2023.

Auditors

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

By Order of the Board



.....
Name **Dr. Paul GATHUMI**

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

The Board of Management is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital 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 Hospital, (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 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Management accepts responsibility for the Hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Health Act 2022, chapter 241 of the laws of Kenya. The Board members are of the opinion that the Hospital's financial statements give a true and fair view of the state of Hospital's transactions during the financial year ended June 30, 2025, and of the Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Hospital, which have been relied upon in the preparation of the Hospital's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern

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

Approval of the financial statements

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

.....
Name: YUSUF A. SHUGULI
Chairperson

.....
Name: DR. PAUL GATHUMA
Accounting Officer

REPUBLIC OF KENYA



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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON KWALE SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KWALE

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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

Opinion

I have audited the accompanying financial statements of Kwale Sub County Level 4 Hospital – County Government of Kwale set out on pages 1 to 65, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kwale Sub County Level 4 Hospital - County Government of Kwale 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 Primary Health Care Act, 2023 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kwale Sub County Level 4 Hospital Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Hospital in 2024/2025 revealed that the following five (5) issues remained unresolved.

No.	Financial Year	Audit Issue
1	2023/2024	Understatement of transfer from the county government
2	2023/2024	Inaccurate property, plant and equipment
3	2023/2024	Inaccurate statement of comparison of budget and actual amounts
4	2023/2024	Deficiencies in implementation of level 4 hospital requirements
5	2023/2024	Failure to retain and report revenue collected after enactment of the facility improvement act, 2023

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

Review of the Hospital's records and interview with Management on services offered, equipment used and medical specialists in the Hospital revealed that the facility did not meet the requirements of Kenya Quality Model for Health policy guidelines due to staff deficits by 38 staff requirements or 37% of the authorized establishments as detailed below. This is contrary to Section 25 of the Health Act, 2017 states (1) The technical classification of levels health care shall be as set out in the First Schedule.

Staff Requirements	Level 4 Standard	Number in Hospital	Variance	Variance in Percentage %
Medical Officers	16	5	11	69%
Anesthesiologists	2	4	(2)	(1)
General Surgeons	2	1	1	50%
Gynecologist	2	2	0	0%
Pediatrics	2	1	1	50
Radiologists	2	0	2	100%
Kenya Registered Community Health Nurses	75	50	25	33%

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

2. Lack of Essential Equipment and Machines

Review of Hospital Health Policy Guidelines revealed that the Hospital did not have the necessary equipment and machines as required under Section 44(1) of the Primary Health Care Act, 2023. This is contrary to The Primary Health Care Act, 2023 Section 44(1) requires that the Primary Health Care Services shall be accessed at the community or at a health facility in accordance with this Act and any other written law. (2) The services referred to in subsection (1) shall include health promotion, prevention, curative, rehabilitation and palliative services.

Service	Level 4 Hospital Standard Requirements	Actuals in the Hospital	Variance	Variance in Percentage- (%)
Beds	150	72	78	52
Newborn Unit Incubators	5	1	4	80
Newborn Unit Cots	5	1	4	80
Functional ICU Beds	6	0	6	100
High Dependency Unit (HDU)	6	0	6	100
Renal unit at least 5 Dialysis Machines	5	0	5	100

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

3. Non-Compliance with the Law of Ethnic Composition

Review of payroll records revealed that the dominant ethnic community employed at the Hospital constitute 119 or 65% of permanent and pensionable staff. This is contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment to have more than one third of its staff from the same ethnic community.

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

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

Review of records revealed that the facility collected Kshs. 41,212,861 and transferred an amount of Kshs. 10,811,107 to the County Revenue Fund which was later reimbursed to the hospital. However, the Facility Improvement Financing (FIF) revenues were deposited into the general county revenue accounts instead of the designated Facility bank accounts. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Management

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

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

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

15 December, 2025

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	46,194,847
In- kind contributions from the County Government	7	231,142,607	261,438,442
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		231,142,607	307,633,289
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	43,687,381	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		43,687,381	-
Total revenue		274,829,988	307,633,289
Expenses			
Medical/Clinical costs	15	52,476,714	77,250,784
Employee costs	16	208,011,541	204,393,684
Board of Management Expenses	17	782,000	194,500
Depreciation and amortization expense	18	260,043	123,083
Repairs and maintenance	19	13,264,810	7,824,989

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Grants and subsidies	20	1,000,000	-
General expenses	21	15,693,375	11,810,236
Finance costs	22	-	-
Total expenses		291,488,482	301,597,277
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		(16,658,494)	6,036,012

(The notes set out on pages 27 to 60 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 32616



Medical Superintendent

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	97,937	295
Prepayments	28	-	-
Receivables from exchange transactions	29	2,474,520	-
Receivables from non-exchange transactions	30	1,079,268	17,047,977
Inventories	31	6,150,308	6,160,253
Total Current Assets		9,802,033	23,208,525
Non-current assets			
Property, plant, and equipment	32	1,901,989	366,237
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		1,901,989	366,237
Total assets (A)		11,704,022	23,574,762
Liabilities			
Current liabilities			
Trade and other payables	36	21,835,731	17,047,977.40
Refundable deposits from Patients/Prepayments	37	-	-

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		21,835,731	17,047,977.4
Non-current liabilities			
Provisions	38	-	
Non-Current Finance lease obligation	39	-	
Non-Current portion of deferred income	40	-	
Non - Current portion of borrowings	41	-	
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		21,835,731	17,047,977
Net assets (A-B)		-10,131,709	6,526,785
Represented by:			
Revaluation reserve		-	
Accumulated surplus/Deficit		(10,131,709)	6,526,785
Capital Fund		-	
Net Assets		(10,131,709)	6,526,785

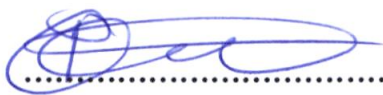
(The notes on pages 27 to 60 form an integral part of the Annual Financial Statements.)

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No: 32616


.....
Medical Superintendent

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (Previous year)		480,057	-	480,057
Revaluation gain		-	-	-
Surplus/(deficit) for the year	-	6,036,012	-	6,036,012
Prior year adjustment	-	10,716	-	10,716
Capital/Development grants	-	-	-	-
As at June 30, 2024 (Previous year)		6,526,785	-	6,526,785
		-		
At July 1, 2024 (current year)		6,526,785	-	6,526,785
Revaluation gain		-	-	-
Surplus/(deficit) for the year	-	(16,658,494)	-	(16,658,494)
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)		(10,131,709)	-	(10,131,709)

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	10,080,760
Grants from donors and development partners		-	-
Transfers from other Government entities (In kind contribution)		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		41,212,861	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(specify)		-	-
Total Receipts		41,212,861	10,080,760
Payments			
Medical/Clinical costs		18,924,819	7,594,386
Employee costs		-	-
Board of Management Expenses		782,000	194,500
Repairs and maintenance		6,934,795	2,272,547
Grants and subsidies		1,000,000	-
General expenses		13,097,700	8780
Finance costs			9804
Refunds paid out			2203
Total Payments		40,739,314	10,082,220

Kwale sub Hospital (Kwale County Government)**Annual Report and Financial Statements for The Year Ended 30th June 2025**

Net cash flows from operating activities	43	473,547	{-1166}
Cash flows from investing activities			-
Purchase of property, plant, equipment		(375,904)	-
Purchase of intangible assets			-
Proceeds from the sale of PPE			-
Acquisition of investments			-
Net cash flows used in investing activities		(375,905)	-
Cash flows from financing activities			-
Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		97,642	{1166}
Cash and cash equivalents as at 1 July	27	295	1461
Cash and cash equivalents as at 30 June	27	97,937	295

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-		295		%
Receipts		-				
Transfers from the County Government		-				%
Grants from donors and development partners		-				%
Transfers from other Government entities		-				%
Public contributions and donations		-				%
Rendering of services- Medical Service Income	40,000,000	-	40,000,000	41,212,861	-1,212,861	103%
Revenue from rent of facilities		-	-	-	-	-
Finance / interest income		-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)		-	-	-	-	-
Total receipts	40,000,000.	-	40,000,000	41,213,156	{1,213,156}	103%
Payments			-			
Medical/Clinical costs	15,480,050	-	15,480,050	18,924,819	-3,444,769	122.3%
Employee costs	-	-	-	-	-	-
Remuneration of directors	1,000,000	-	1,000,000	782,000	218,000	78.20%
Repairs and maintenance	5,560,000	-	5,560,000	6 934,795	-1,374.795	125%

Kwale sub Hospital (Kwale County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Grants and subsidies(Transfer to health department		-		1,000,000	-1,000,000	
General expenses	17,959,950	-	17,959,950	13,097,700	4,862,249	72.9%
Finance costs		-				
Refunds		-				
Total Operational Expenditure paid	40,000,000	-	40,000,000	40,739,314	41,212,861	103%
Capital Expenditure paid	-	-	-	-	-	-
Surplus				473,547		

Kwale sub Hospital (Kwale County Government)
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	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	473,547
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	97,937

Explanation of over expenditure in medical cost was due to Hydrocele surgeries for adult males which the patients were higher than forecasted which increases cost of supplies

Over expenditure in repairs was due to unplanned emergency repair of anaesthetic machine which occurred during the end of financial year

19.. Notes to the Financials Statements

1. General Information

KSCH is established by and derives its authority and accountability from Health Act 2017. The entity is wholly owned by the Kwale County Government and is domiciled in Kwale County in Kenya. The entity's principal activity is 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 *Hospital'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 *Hospital*. 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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, 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: 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.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for

Standard	Effective date and impact:
	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.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> 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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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

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 1st 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Hospital did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early*

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.

b. Budget information

The original budget for FY 2024-2025 was approved by Board on 25 *June 2024 Subsequent* revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Hospital* recorded additional appropriations of on the FY 2024-2025 budget following the Board's approval. The *Hospital* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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 **27.5 or 30** 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 derecognition. 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.

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.

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

The Hospital 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 *Hospital*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

v. Service concession arrangements

The Hospital 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 *Hospital* 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 *Hospital* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Hospital 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 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.

6. Transfers from the County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	-	46,194,847
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
	-	46,194,847
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	46,194,847

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2023-2024
			KShs	KShs	KShs
Kwale County Government					19,067,561
Kwale county government -Hospital imprest					10,079,309
Kwale county government - Electronic payment Receivables	15,968,709				17,047,977
Total	15,968,709				46,194,847

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	208,011,541	204,393,684
Medical supplies-Drawings Rights (KEMSA)	10,053,151	42,642,558
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	4,817,703	14,402,200
Lab reagents	8,260,212	-
Utility bills	-	-
Total grants in kind	231,142,607	261,438,442

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-20
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants (<i>specify</i>)	-	-
Total grants from development partners	-	-

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

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

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a)Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Pharmaceuticals	5,300,000	-
Non-Pharmaceuticals	10,000,000	-
Laboratory	3,300,000	-
Radiology	2,250,000	-
Orthopedic and Trauma Technology	350,000	-
Theatre	10,000,000	-
Accident and Emergency Service	3,000,000	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	497,700	-
Cancer centre service	3,000,000	-
Dental services	250,000	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Hospice care Kenya	70,323	-
Amref Kenya	210,000	-
Ambulance services	-	-
Other medical services income (<i>specify</i>)	5,459,359	-
Total revenue from the rendering of services	43,687,381	-

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

14. Miscellaneous Income

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

15. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	25,984	
Laboratory chemicals and reagents	11,080,373	1,681,690
Public health activities	-	-
Food and Ration	9,663,800	11,564,119
Uniform, clothing, and linen	276,200	53,550
Dressing and Non-Pharmaceuticals	10,808,847	5,574,368
Dressing and Non pharmaceuticals in kind	10,053,151	11,595,111
Pharmaceuticals supplies	61,000	40,169,891
Pharmaceutical supplies in kind	4,817,703	-
Health information stationery		
Reproductive health materials		
Sanitary and cleansing Materials	4,290,066	5,125,056
Purchase of Medical gases	800,000	1,284,747
X-Ray/Radiology supplies	599,590	202,252
Other medical related clinical costs (<i>specify</i>)		-
Total medical/ clinical costs	52,476,714	77,250,784

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	208,011,541	204,393,684
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>specify</i>)	-	-
Employee costs	208,011,541	204,393,684

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria		-
Sitting allowance	782,000	194,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	782,000	194,500

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	260,043	123,083
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	260,043	123,083

19. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	8,307,811	5,306,143
Medical equipment	748,858	1,096,239
Office equipment	260,918	-
Furniture and fittings	32,700	-

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Computers and accessories	3,714,253	1,400,637
Motor vehicle expenses	200,270	21,970
Maintenance of civil works	-	-
Total repairs and maintenance	13,264,810	7,824,989

20. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies (Transfer to health department	1,000,000	-
Total grants and subsidies	-	-

21. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	827,198	513,997
Waste management expenses	-	-
Insecticides and rodenticides	90,950	-
Audit fees	-	-
Bank charges	43,858	9,804
Conferences and delegations	253,400	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	-	-
Fuel and Lubricants	4,718,007	3,193,654

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	34,000	134,600
Daily subsistence allowance	1,222,850	158,300
Legal expenses		-
Household items	234,561	-
Licenses and permits	-	-
Courier and postal services	48,880	5781
Printing and stationery	3,768,654	5,270,841
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	3,111,448	2,219,749
Skills development levies		-
Telephone and mobile phone services	103,900	121,350
Internet expenses	541,000	-
Staff training and development		-
Subscriptions to professional bodies		-
Subscriptions to newspapers periodical, magazines, and gazette notices		-
Library books/Materials		-
Parking charges		-
Other hospital expenses	694,669	182,160
Total General Expenses	15,693,375	11,810,235

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	97,937	295
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	97,937	295

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1146697198	97,900	295
Kenya Commercial bank	1332147925	37	-
Equity Bank, etc		-	-
Sub- total		97,937	295
b) On - call deposits		-	-
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account		-	-
Bank Name		-	-
Sub- total		-	-
d) Others(specify)		-	-
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
		-	-
Grand total		97,937	295

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	2,474,520	-
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	2,474,520	-

Analysis of Receivables From Exchange Transactions

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

30. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	1,079,268	17,047,977
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	1,079,268	17,047,977

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	2,393,575	2,472,667
Non pharmaceuticals supplies	2,998,738	2,807,089
Maintenance supplies	-	-
Laboratory supplies	478,196	
Food supplies	206,896	111,622
Linen and clothing supplies	-	-
Cleaning materials supplies	15,950	768,875
General supplies	56,954	-
Less: provision for impairment of stocks	-	-
Total	6,150,308	6,160,253.

Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	6,160,253	-
Additional Inventory in the year	30,851,839	-
Inventory expensed in the year	30,861,784	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	6,150,308	-

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32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost/Valuation									
<i>Opening carrying value as at 1st July 2023</i>	-	-	-	358,740	260,800	-	-	-	619,540
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
TOTALS (30th June 2024)	-	-	-	358,740	260,800	-	-	-	619,540
<i>Opening carrying value as at 1st July 2024</i>	-	-	-	358,740	260,800	-	-	-	619,540
Additions				147,070	898,724	750,000	-	-	1,795,794
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
At 30 th June 2025	-	-	-	505,810	1,159,524	750,000	-	-	2,415,334
Depreciation and impairment									
At as 1 July 2023	-	-	-			-	-	-	
Depreciation for the year	-	-	-	78,060	65,200	-	-	-	143,260
Disposals	-	-	-	-	-	-	-	-	
Charge for the year	-	-	-	44,842	65,200	-	-	-	110,043
TOTALS (30th June 2024)	-	-	-	122,902	130,400	-	-	-	253,302
As at 1st July 2024	-	-	-	122,902	130,400	-	-	-	253,302
Disposals	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	44,843	65,200	150,000	-	-	260,043
Reclassification to Low asset value	-	-	-	-	-	-	-	-	-

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
TOTALS (30th June 2025)	-	-	-	167,745	195,600	150,000	-	-	513,346
NBV As at 1st July 2024	-	-	-	235,838	130,400	-	-	-	366,238
NBV As at 1st July 2025	-	-	-	338,066	963,924	600,000			1,901,989

33. Intangible Assets-Software

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

34. Investment Property

Description	FY 2024-2025	FY 2022-2025
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation (<i>where investment property is at cost</i>)	-	-
Impairment	-	-
At end of the year	-	-

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35. Biological Assets

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

36. Trade and other Payables

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Trade payables	21,835,731	17,047,977
Employee dues	-	-
Third-party payments (e.g. unremitted payroll deductions)	-	-
Audit fee	-	-
Doctors' fee	-	-
Total trade and other payables	21,835,731	17,047,977
Ageing analysis:	Current FY	% of the Total
Under one year	14,369,077	%
1-2 years	7,073,066.4	%
2-3 years	393,588	%
Over 3 years	-	%
Total	21,835,731.4	%

37. Refundable Deposits from Customers/Patients

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs

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Medical fees paid in advance	-	-		
Credit facility deposit	-	-		
Rent deposits	-	-		
Others (<i>specify</i>)	-	-		
Total deposits	-	-		
Ageing analysis:	FY 2024-2025	% of the Total	FY 2023-2024	% of the Total
Under one year		%	-	%
1-2 years		%	-	%
2-3 years		%	-	%
Over 3 years	-	%	-	%
Total		%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

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40. Deferred Income

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

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

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

41. Borrowings

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

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

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

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42. Service Concession Arrangements

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

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43. Cash Generated from Operations

Description	FY2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	(16,658,494)	6,046,730
Adjusted for:		
Depreciation	260,043	112,368
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		6,159,097
Decrease in inventory	9,945	6,160,263
Decrease in receivables	13,494,189	-
Increase in deferred income	-	-
Increase in payables	4,787,754	-
Decrease in payables relating to assets	(1,419,890)	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	473,547	(1166)

44. Financial Risk Management

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

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

(i) Credit risk

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

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

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

(ii) Liquidity risk management

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

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

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

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(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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

Foreign currency sensitivity analysis

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

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

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.

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Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2025: KShs). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs (2025 – KShs).

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	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

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45. Related Party Balances

Nature of related party relationships

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

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

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

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

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
Total	-	-

46. Segment Information

47. Contingent Liabilities

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

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48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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8. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Deficiencies in implementation of level 4 hospital requirements	Bed capacity has increased from 66 to 72, and old male ward which is currently under construction will increase bed capacity to 108	Partially resolved	
2	Failure to retain and report revenue collected after enactment of FIF act, 2023	Management opened a revenue account, All revenues are retained in the facility	Resolved	

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Guidance Notes:

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



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Accounting Officer

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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

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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