

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

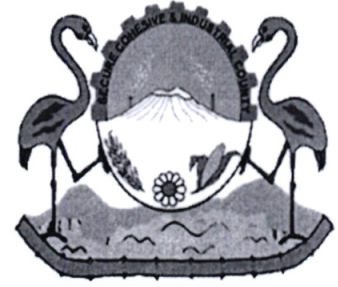
**ON**

**ANNEX LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**COUNTY GOVERNMENT OF NAKURU**

Revised 30<sup>th</sup> June 2024



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## **ANNEX HOSPITAL-NAKURU (Level 4) (County Government of Nakuru)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2024**

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

Table of Contents

<b>1. Acronyms &amp; Glossary of Terms</b> .....	ii
<b>2. Key Entity Information and Management</b> .....	iii
<b>3. The Board of Management</b> .....	vi
<b>4. Key Management Team</b> .....	viii
<b>5. Chairman’s Statement</b> .....	xi
<b>6. Report of The Medical Superintendent</b> .....	xiii
<b>7. Statement of Performance Against Predetermined Objectives</b> .....	xvi
<b>8. Corporate Governance Statement</b> .....	xvii
<b>9. Management Discussion and Analysis</b> .....	xxi
<b>10. Environmental And Sustainability Reporting</b> .....	xxiv
<b>11. Report of The Board of Management</b> .....	xxviii
<b>12. Statement of Board of Management’s Responsibilities</b> .....	xxix
<b>13. Report of the Independent Auditor Annex Hospital-Nakuru</b> .....	xxxii
<b>14. Statement of Financial Performance for The Year Ended 30 June 2024</b> .....	1
<b>15. Statement of Financial Position as At 30<sup>th</sup> June 2024</b> .....	3
<b>16. Statement of Changes in Net Asset for The Year Ended 30 June 2024</b> .....	5
<b>17. Statement of Cash Flows for The Year Ended 30 June 2024</b> .....	6
<b>18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024</b>	8
<b>19. Notes to the Financial Statements</b> .....	10
<b>20. Appendices</b> .....	58

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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**1. Acronyms & Glossary of Terms**

AIE	Authority to Incur Expense
MAKL	Medical Administrator Kenya Limited-insurance
CSR	Corporate Social Responsibility
C.I.D.P	County Integrated development plan
EEC	Executive Expenditure Committee
EFT	Electronic Funds Transfer
FIF	Facility Improvement fund F/Y
FY	Financial Year.
FIF	Facility Improvement Fund
HMC	Hospital Management Committee
HMT	Health Management Team
HIV	Human Immunodeficiency Virus
HDU	High Dependency Unit
I/C	In charge
ICU	Intensive Care Unit
N.P.S	National Police service
MED SUP	Medical Superintendent
NHIF	National Hospital Insurance Fund
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
RMNCH	Reproductive Maternal Neonatal and Child Health

## **2. Key Entity Information and Management**

### **(a) Background information**

Annex Hospital Nakuru is a level (4) hospital established under gazette notice number 51- vol. CXXIV-NO.2 and is domiciled in Nakuru County under the Department of Health. The hospital is governed by a Health Management Committee

### **(b) Principal Activities**

The principal mandate of the hospital is to offer quality integrated health services to all

**Vision:** A healthy County

**Mission:** To provide quality integrated health Services for all

**Mandate:** To provide health services, create an enabling environment, regulate, and set standards and policy for health service delivery.

#### **Core values:**

1. Customer Focused
2. Professionalism
3. Integrity
4. Equity and Equality
5. Transparency and Accountability
6. Teamwork
7. Creation and Innovation

### **(c) Key Management**

Annex Hospital management is under the following key organs:

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

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

SN	Designation	Name
1	Medical Superintendent	<b>Dr. Salome N. Gachathi</b>
2	Head of supply chain	<b>Mr David Rono</b>
3	Health Administrative Officer	<b>Mr Joseph K. Wairagu</b>
4	Chief nurse officer	<b>Ms Carren Ombewa</b>
5	Head of finance	<b>CPA Jane Kamotho</b>

**(e) Fiduciary Oversight Arrangements**

- Clinical Research and Standards Committee,
- Audit committee
- Risk Committee
- County Assembly
- Parliamentary committees (Senate)
- Other oversight committees

**(f) Entity Headquarter**

Annex Hospital - Nakuru,  
P.O. Box 675 -20100  
State House Road  
Nakuru, Kenya

**(g) Entity Contacts**

Telephone: (+254) 793832111  
E-mail: pghnakuruannex@gmail.com  
Website: www.nakuru.go.ke

**(h) Entity Bankers**

National Bank of Kenya Limited  
National Bank Building 2<sup>nd</sup> Floor  
Harambee Avenue  
Po Box 72866-00200

Nairobi

**Independent Auditors**

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

**(i) Principal Legal Adviser**



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

**(j) County Attorney**




Nakuru County  
New Town Hall Building  
Moi Road  
P.O. Box. 2870  
Nakuru, Kenya

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**3. The Board of Management**





Directors	Details
 <p>Director 1 Hon. John Kitilit</p>	<p><b>Age:</b> 62 YEARS.</p> <p><b>Academics:</b></p> <ul style="list-style-type: none"> <li>• Bachelor of Business Administration, Kenyatta University</li> <li>• Diploma in Telecommunication Engineering, Kenya Training School of Kenya Posts and Telecommunications</li> </ul> <p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• <b>Chairman:</b> Nakuru City Status Ad hoc Committee</li> <li>• <b>Chairman:</b> Water Resource Authority</li> <li>• <b>Chairman:</b> Rift Valley Water Services, state Department of Water</li> <li>• <b>Mayor:</b> Nakuru Municipality, 2008-2012</li> <li>• <b>Hotelier/</b> Businessman</li> </ul>
 <p>Director 2 Rev. Fr. James Gachigi Mukuha</p>	<p><b>Age:</b>38 years</p> <p><b>Academics</b></p> <ul style="list-style-type: none"> <li>• Certificate in international Relations-</li> <li>• Diploma in public Relations and Diplomacy</li> <li>• Bachelor of Arts- philosophy and religious study.</li> </ul> <p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Priest for 7 years</li> <li>• Catholic Diocese of Nakuru Procurator</li> <li>• Administrator:</li> <li>• 1.Mater Dei Nakuru hospitality college</li> <li>• 2. St. Mary's pastoral center.</li> </ul>

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**






		<p><b>Age:</b> 40 Years</p> <p><b>Academics:</b></p> <ul style="list-style-type: none"> <li>• Certificate in Office management and administration.</li> <li>• Certificate in Secretarial Studies -Jogoo College Nakuru</li> <li>• Certificate in Computer Application</li> <li>• <b>Work Experience</b></li> <li>• Worked as a secretary/clerk in Jogoo college Nakuru for eleven years. (2003-2014)</li> <li>• Currently a business lady</li> </ul>
 <p>Director 4 Keziah Ngina</p>		<p><b>Academics;</b></p> <ul style="list-style-type: none"> <li>• College certificate</li> <li>• WORK EXPERIENCE</li> <li>• Business lady</li> </ul>
 <p>Director 5 Saidi Musa Karogia</p>		<p><b>Age:</b> 30yrs</p> <p><b>Academics</b></p> <p>Form 4 certificate.</p> <ul style="list-style-type: none"> <li>• Currently pursuing a diploma in community Development at Umma University</li> <li>• Also, a businessman in Nakuru City</li> </ul>
 <p>Secretary Dr Salome Gachathi MBChB</p>		<p>MBChB</p> <ul style="list-style-type: none"> <li>• Master of Medicine in Family Medicine</li> <li>• Currently the medical superintendent of Annex hospital Nakuru</li> </ul>

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**4. Key Management Team**




Management	Details
 <p>Dr Salome Gachathi MBChB Master of Medicine in Family Medicine</p>	<p>MEDICAL SUPERINTENDENT</p>
 <p>Joseph Kairu Wairagu Bachelor of Arts (Economics)</p>	<p>HOSPITAL ADMINISTRATOR</p>
 <p>Carren Akinyi Ombewa Masters' public health (Monitoring and Evaluation)</p>	<p>CHIEF NURSING OFFICER</p>
 <p>CPA Jane Wanjiru Kamotho Degree in Commerce – finance option</p>	<p>ACCOUNTANT</p>

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

		<p>PROCUREMENT I/C</p>
<p>David Kiplangat Rono Diploma in Purchasing and Supplies management.</p>		
		<p>DENTAL I/C</p>
<p>Dr. Serah W. Ndaiga Doctor of Dental Surgery</p>		
		<p>PHARMACIST</p>
<p>Dr. Irene Mokeira Nyambane Master Of Pharmacy In Clinical Pharmacy</p>		
		<p>PHYSIOTHERAPY I/C</p>
<p>Vitalis Okoth Nyasio Diploma In Physiotherapy</p>		
		<p>HEALTH RECORDS I/C</p>
<p>Juddy Koima Bachelor's Degree in Health Records and Information Management</p>		

**Annex Hospital Nakuru (County Government of Nakuru)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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 <p>Josiah Ngetich Chesang Degree in Medical Lab Science</p>	LABORATORY I/C
 <p>Serah Wahu Tutua Diploma in clinical medicine and surgery</p>	CASUALTY/OPD R.C.O I/C
 <p>Carren Diploma in diagnostic radiography</p>	RADIOLOGY I/C

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

I Hon. John Kitilit having been appointed as the chairperson of Annex Hospital Management Committee vide Kenya Gazette Vol.CXXV-No249: Gazette Notice No 16123 dated 24 November 2023, can report the following:

### **(a) Renovation**

The hospital has done extensive renovations to make the stay of patients as comfortable as possible. This renovation includes creation of 8 ensuite inpatient rooms with television sets, facelift of both inpatient and outpatient, oxygen piping in the wards, routine maintenance of equipment and general routine maintenance of buildings. Some of these renovations have led to improvement in our patient base.

### **(b) Development**

On development the hospital has been able to equip and operationalize new departments which includes Isolation unit, HDU, ICU, Orthopaedic and Trauma departments.

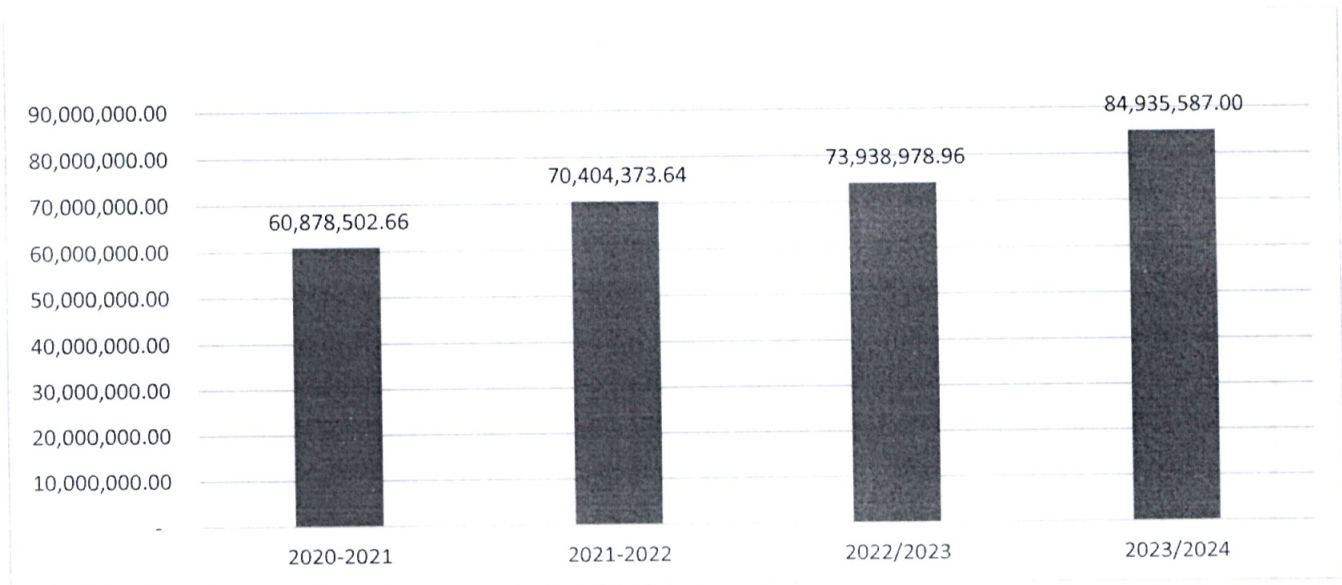
To enhance efficiency in service delivery the hospital has been able to install a patient management system information system (HMIS software) and networked all the major hospital departments.

The Hospital Management Committee has been able to successfully lobby for an anaesthesia machine, patient monitors, among other major equipment. The H.M.C has also bought a dental chair by using the hospital improvement fund (FIF).

### **(c) Health care financing.**

The hospital has increased the range of services offered, a move that has led to an increase in hospital revenue collection as compared to the last financial year 2022/2023. Kindly see the bar graphs below which shows the trend of revenue increase and comparison of the AIEs for F/Y 2022/2023 and F/Y 2023/2024.

**Annex Hospital Nakuru (County Government of Nakuru)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**



**Challenges**

- There is an ongoing court case on ownership of the hospital land. The hospital lacks land ownership documents which is hindering capital development.
- The hospital buildings are very old with limited space which hinders introduction of additional services.
- There is a huge shortage of staff across all cadres in the hospital.
- Due to the limited range of services offered by the hospital finances are still inadequate.
- There is notably a huge delay in reimbursement by NHIF.

**Way forward**

- The hospital management committee should continue ensuring that resources are prudently used and the right decisions are made in procuring the equipment needed
- There is need to lobby for more institutions to support the hospital acquire equipment through Corporate Social Responsibility (CSR)
- Pursue the County Government of Nakuru to let the hospital acquire land ownership documents.
- Continue advocating for an increase in range of services offered
- Bring on board other insurance service providers e.g. Jubilee

.....  
**Name** *HON. JOHN KITILIT*  
**Chairman to the Board**

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

Annex Hospital Nakuru is a level 4 Public health facility opened to Kenyans in the 1970s when the first president of the Republic of Kenya, the late Mzee Jomo Kenyatta, decreed that the larger underutilized War Memorial Hospital be split into two; Annex Hospital Nakuru to serve the general public, and War Memorial Hospital to proceed serving the largely Asian and European clientele. It is located adjacent to the Nakuru State House Lodge along the Nakuru- Nairobi highway.

From inception, the hospital served as an amenity unit of the Provincial General Hospital Level 5, until in the last couple of years when it became autonomous with its own Governance structure consisting of County Department of Health, the Hospital Management Committee and the Hospital Management Team that oversees the daily running of the facility.

The hospital serves mainly civil servants, politicians, NHIF members, teachers and members of the national police service (NPS). MAKL (AON-MINET) clients. Cash paying members of the public also do access services at Annex at an affordable fee compared to other major private providers in Nakuru town. The catchment population is majorly urban, with a number referred in from other public or private health facilities as well as from specialists' clinics.

### **Leadership and governance**

The department of health gives policy direction on health matters. The management of the hospital is guided by decisions made by the following committees:

- **Hospital Management Committee**

In exercise of power conferred upon the County Government under schedule IV of the constitution and section IV of the County Government Act, 2012, the County Executive Committee member (CECM) in charge of Health services appoints the HMC members. The members were appointed for a period of three (3) years through the Kenya Gazette notice No.16123 dated 24<sup>th</sup> November 2023. Notable, the hospital has an appointed Chairperson and the Medical Superintendent is the secretary by virtue of holding the office. The duties of the H.M.C were well elaborated during the induction that was done for by the Department of Health Services (DOHS) with their major role being oversight. The HMC meetings were held once in every quarter.

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

- Healthcare Financing**

The main source of revenue for the facility was the facility improvement fund (FIF) from cash payment done by patients directly into the hospital bank account through an Mpesa till number. NHIF and AON MINET reimbursements were remitted directly through EFTs into the hospital’s bank account. There were no cash payments received at the hospital.

The hospital maintains an FIF account with the National Bank of Kenya Nakuru Branch.

Below is a diagrammatical trend that shows revenue increase per quarter for a period of five financial years.



- Clinical And Surgical Report**

In the year under review the hospital managed to attend to 26,563 clients in the outpatient department. The total inpatient admissions for medical, paediatrics, gynaecology and surgical wards were 2,411. In the maternity department, 313 normal deliveries were conducted and 390 caesarean sections were done. At the surgical department the hospital managed to achieve 729 major surgeries and 356 minor surgeries. Overall, the performance of the hospital improved compared to the previous financial year.

- **Medical Equipment**

The facility managed to acquire a new dental chair which is expected to increase the dental work load in the subsequent years and therefore increase revenue. The hospital foresees on improving more infrastructure to improve on patient care and increase revenue sources



.....  
Name *Dr. Gachethi*

**Secretary to the Board**

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

Annex Hospital has 3 strategic pillars/ themes/issues and objectives within the current County Integrated Development Plan (C.I.D.P) 2023-2027. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: Curative and Rehabilitative Health Services
- Pillar/theme/issue 2: Preventive and Promotive Health services
- Pillar/theme/issue 3: General Administration, Planning, Management support and Coordination

Annex hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The achieved performance targets set for the FY 2023/2024 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1: Curative and rehabilitative health services	To provide effective and efficient curative and rehabilitative health services	<b>No. of physiotherapy treatments given to clients.</b>	-Eliminate communicable conditions Halt and reverse increasing burden on non-communicable conditions- Hypertensive conditions -Reduce burden of violence and Injuries— -provide essential medical services -Minimize exposure to health risk factors.	<b>18658 treatments given to 4941 clients</b>  <b>The year under review -988 clients were seen</b> <b>The number of clients seen with injuries in the year under review were 148</b>
1Pillar/ theme/ issue Preventive and Promotive Health services	To provide effective and efficient preventive and Promotive health interventions	<b>- No. of deliveries by skilled birth attendant.</b>  <b>- No. Fully immunized children</b>	-Reproductive maternal neonatal child health (RMNCH) services (conduct health talks on the importance of skilled deliveries). -Immunization services (avail all the vaccines required for immunization)	<b>The number of clients seen against the target was at 79%</b>  <b>The number of full immunized children against the target in the year under review was at 99%</b>

			<p><b>-No. of pregnant women receiving Tetanus Toxoid 2 plus</b></p> <p><b>- No. of women of reproductive age screened for cervical cancer</b></p> <p><b>- No. of clients screened for TB.</b></p>	<p>-Nutrition services -Disease surveillance and control -HIV control interventions</p> <p>-Non-Communicable disease control</p> <p>- TB control interventions (Screen all patients seen in the facility).</p>	<p><b>The number of pregnant women receiving tetanus against its target in the year under review was at 65%</b></p> <p><b>The number of women of reproductive age screened for cervical cancer in the year under review was at 47%</b></p> <p><b>2647patients were screened for TB out of 9201 general outpatients' attendances. (29%)</b></p>
Pillar/ theme/ issue General Administration, planning, Management support and coordination.	To provide effective and efficient preventive and Promotive health interventions			<p>-Health workers and human resource management -construction and maintenance of building -procurement of medical and other supplies Procurement and maintenance of medical and other equipment's -Management and coordination health services</p>	

**8. Corporate Governance Statement**

**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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Annex hospital (Nakuru) was gazetted vide The Kenya Gazette Notice Vol. CXX111-157 dated 30, July 2023. - NO 7619 as a level – 4 hospital.

The hospital has a hospital management committee that ensure effective and efficient management of the hospital.

During the period under review the hospital had two different Hospital Management Committees.

The first H.M.C was appointed vide The Kenya Gazette Vol. CXXIV- No2, Gazette Notice 51 dated 7<sup>th</sup> January 2022 which served up to 21/12/2023. The members of the H.M.C included

- |                            |                   |
|----------------------------|-------------------|
| 1. Francis Mbugua Kariu    | Chairman          |
| 2. Monica Wagaki           | Member            |
| 3. Eng. Michael Chepkowell | Member            |
| 4. Catherine Njeri Waweru  | Member            |
| 5. Patrick Mwangi          | Member            |
| 6. Sabina Owiti            | Member            |
| 7. Johnson Njatha          | Member            |
| 8. Caroline Muigai         | Member            |
| 9. Medical Superintendent  | Member/ Secretary |

The current Members of hospital management committee were gazetted vide THE KENYA GAZETTE Vol. CXXV-249 dated 24, November 2023. – Gazette Notice No 16123 as follows

- |                                  |                   |
|----------------------------------|-------------------|
| 1. Hon. John Kitilit             | Chairman          |
| 2. Keziah Ngina                  | Member            |
| 3. Rev. Fr. James Gachigi Mukuha | Member            |
| 4. Martha Nyakundi               | Member            |
| 5. Saidi Musa Karogia            | Member            |
| 6. Medical Superintendent        | Member/ Secretary |
| 7. Area Sub County Admin         | Member            |
| 8. Sub County MOH                | Member            |
| 9. Area MCA                      | Member            |

The hospital management committee member was done induction by the department of health.

During the induction the member's functions were given as follow

- i. Ensure effective and efficient management
- ii. Serve as a bridge between the hospital and the community
- iii. Address any issues or concern that may arise within the hospital
- iv. Monitoring the quality of care and managing resources through the Various sub-committees in the hospital

After the induction the H.M.C members formed the following sub- committees:

#### **Finance sub-committee**

The finance sub-committee oversees the collection of hospital revenue, the budgeting process and the prudent implementation of the budget presented by the hospital.

#### **Members**

- Rev. Fr. James Gachigi Mukuha                      Chairman
- Keziah Ngina    Member
- Hon. John Kitilit                                        Member
- Medical Superintendent                              Member

The hospital team comprising of the following officer's attend meetings:

- 1. Hospital accountant                      **Secretary**
- Hospital administrato
- The chief nurse

#### **Quality of health care services sub- committee**

The sub-committee oversees that the hospital is offering quality health services.

#### **Members**

- Martha Nyakundi                                      **Chairperson**
- Keziah Ngina    Member
- Hon. John Kitilit                                        Member
- Medical Superintendent                              Member

The hospital team comprising of the following officer's attend meetings:

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**Annex Hospital Nakuru (County Government of Nakuru)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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- Hospital accountant
- Hospital administrator
- The chief nurse                      **Secretary**

**Infrastructure sub- committee**

The sub- committee oversees the status of the hospital infrastructure including land.

**Members**

- Saidi Musa Karogia                      Chairperson
- Rev. Fr. James Gachigi Mukuha              Member
- Hon. John Kitilit                      Member
- Medical Superintendent                      Member

The hospital team comprising of the following officer's attend:

- Hospital Accountant
- Hospital Administrator      Secretary
- The Chief Nurse
- PHO in charge of hospital sanitation
- Bio-med in charge

**Meetings**

The sub-committees held meetings once a quarter (3 months) and reported to the full H.M.C which also met once in a quarter (3 months). An extraordinary committee meeting may be convened wherever an Urgent need arises.

**9. Management Discussion and Analysis**

**Clinical/operational performance**

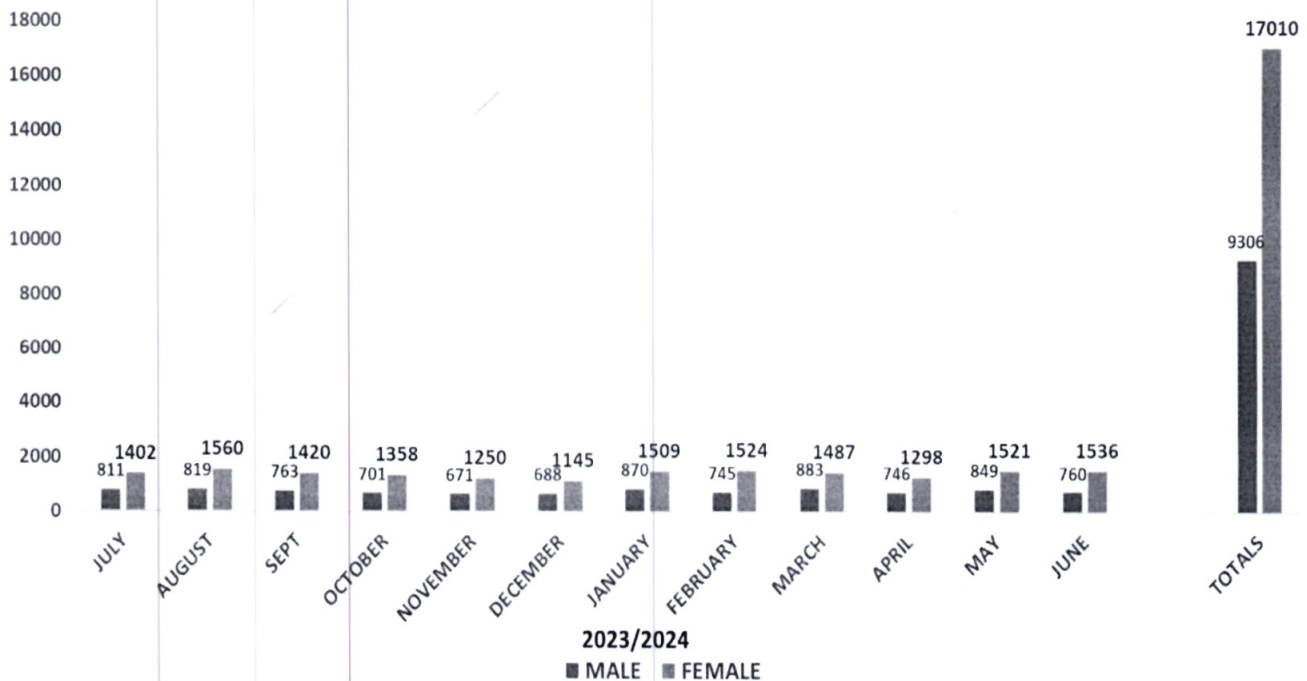
**Bed capacity of the hospital.**

The hospital has a total bed capacity of 60 allocated to the different areas as indicated in the table below.

Bed capacity	No. of Beds
Male Med/ Surg ward	13
Female Med/surg ward	10
Gynae ward	5
Pediatric Ward	4
Maternity	15
HDU/ICU	8
NBU	5
<b>TOTAL</b>	<b>60</b>

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

The hospital was able to attend to 26,316 clients for the year under review as illustrated by the graph below which shows monthly attendance for both males and females. The last bar shows the cumulative attendance for the year under review.



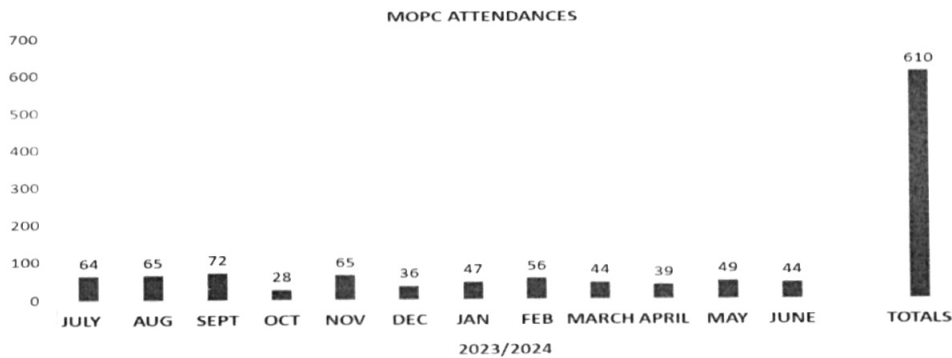
**Annex Hospital Nakuru (County Government of Nakuru)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Accident and Emergency attendance**

In the year the under review the hospital did not have a designated Accident and Emergency department. Accident victims were treated in the general out patient.

**Specialised clinic attendance**

The hospital attended to patients in medical outpatient clinic once in a week. The graph below shows the attendance per month and cumulative for the year under review totalling to 610 patients.



**Average length of stay for in patient.**

Is commonly referred in medical records terms as ALOS. In the year under review the ALOS for the hospital was 5 days.

**Bed occupancy rate**

percentage occupancy is the ratio between beds used and beds provided.

Percentage occupancy for FY 2023/2024 was 48%

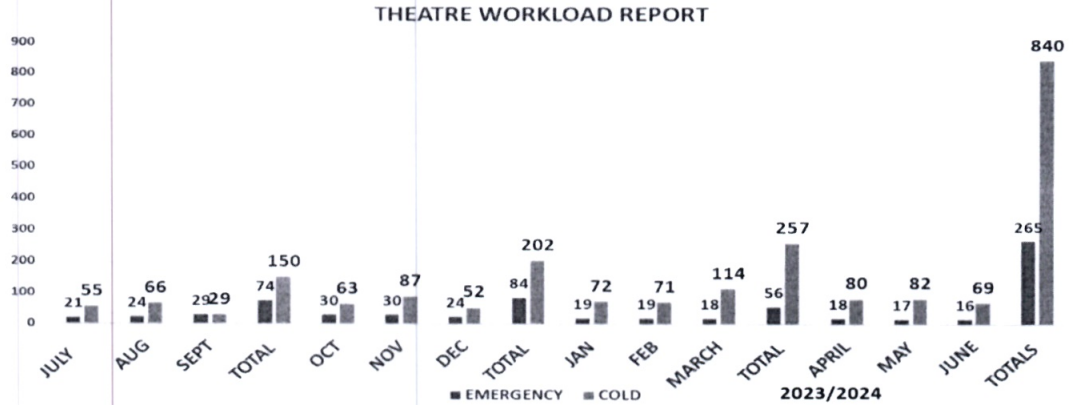
**Mortality rate**

Is the proportion of a population that dies in a specified geographic area in a given period.

2022/2023= 1849 deaths per 100,000 population

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

The bar graph below indicates the monthly number of cold and emergency cases done for the period under review. The last two bars show the total number of both cold and emergency cases which is 1,105 cases.



**u  
partnerships**

**Financial performance that includes: -**

**Revenue sources**

The hospital gets revenue from:

1. User fee which is credited electronically (Mpesa) directly to the hospital account.
2. Reimbursement from HHIF and AON-MINET credited directly to the hospital account through E.F.Ts.

**Utilisation of funds etc**

After every quarter the hospital presents the requirement requests to the D.O. Hs which then gives authority for the funds to be spent.

.....

Name *Dr. Gadoth*  
**Chief Executive Officer/Medical Superintendent)**

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

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

Annex Hospital Nakuru was opened in the 1970s when the first president of the Republic of Kenya, the late Mzee Jomo Kenyatta, decreed that the larger underutilized War Memorial Hospital be split into two; Annex Hospital Nakuru to serve the general public, and War Memorial Hospital to proceed serving the largely Asian and European clientele. From inception, the hospital served as an amenity unit of then Rift Valley Provincial General Hospital (Currently the Nakuru County Teaching and Referral Hospital) till the last fifteen (15) years when it became a stand-alone level 4 facility with its own Health Management Committee. To date, the facility has not secured the legal ownership documents of the land it sits on jointly with the War Memorial Hospital. This has continued to pose a great challenge to successive Hospital Management Committees as the facility cannot expand on the existing infrastructure.

The facility is geographically located in Menengai ward, Nakuru East Sub-County, but administratively it reports to the Nakuru West Sub-County in the London Ward.

The hospital has a bed capacity of 60, with 23 beds being in General wards, 4 in the Paediatric ward, 20 in the Obstetric/gynaecological department, and 8 in the HDU/ICU and 5 baby cots.

The facility offers General Outpatient Services that include Dispensing Pharmacy, Physiotherapy, Occupational therapy, Orthopaedic-trauma services, Nutritional services, Laboratory services, Imaging services (including Ultra Sound services), Maternal/Child Health/Family Planning services, CCC/HTS services, Operating Theatre services (major and minor operations) and Dental services.

There are four major inpatient departments that offer Medical/Surgical services, Paediatric services, Obstetric/Gynaecological services, and high Dependency and Intensive care services.

The last two are some of the major achievements of the facility in the last two financial years

Medical commodities are mainly from KEMSA, Partners and prequalified suppliers through FIF.

The main sources of revenue are NHIF reimbursements and user fee collections. The facility has witnessed an increase in workload across all departments as well as revenue collection from the 2019-2020 financial years.

The core mandate of the facility is service delivery to the public.

To ensure sustainability of the core mandate, the Facility Improvement Financing (FIF) Act was enacted to establish an efficient, secure and accountable mechanism for managing revenue

derived from the different departments in the facility. This Act has provided financial autonomy to the facility enabling the management to manage revenue generated through user fees, insurance payments, and other sources effectively.

After every quarter the hospital presents the requirement requests to the D.O. Hs which then gives authority for the funds to be spent. Priority was given to the key areas to ensure continuity in service delivery.

### **ii) Environmental performance**

The Government led by H.E President William Ruto initiated planting of 15 billion trees by 2032, a move aimed at reducing greenhouse emissions, stopping and reversing deforestation and restoring 5.1 million hectares of deforested and degraded landscapes.

The implementation of this policy required intersectional collaboration, with the department of health directing that all the Sub Counties and health facilities engage in tree planting.

The facility has increased the coverage of trees by planting tree and beautification of the compound by planting flowers especially during the rainy seasons.

The facility guided by the Public Health policies on waste management, segregates medical waste at source. Infectious waste is transported to the Nakuru County Teaching and Referral Hospital (NCTRH) for incineration while composite waste is buried for decomposition.

The facility also ensures that commodities with long expiry dates are procured in the right quantities to avoid expired commodities.

### **iii) Employee welfare**

The mandate of engaging employees at the hospital is bestowed with the Nakuru Public Service Board. The posting of the employees to and from the facility was done by the Department of Health Services (DOHS)

The current staff establishment is a blend of both genders, persons living with disabilities and promotes National Unity by ensuring representation by multiple tribes.

The facility arranged for in-house Continuous Medical Educations (CMEs) through which members of staff were sensitized on new guidelines/protocols. More trainings were organised and funded by through the DOHS.

Employees wishing to further their studies were advised to apply through the Facility Training Committee which recommended or declined the request for training. It was the duty of the DOHS to clear staff for training lasting beyond 6 months.

The Medical Superintendent appraised all the Heads of Departments, who in turn appraised all the staff working under them. It was the mandate of the DOHS to either reward or sanction an employee. The administration ensured that there was continuous improvement on the working environment, to ensure comfort and safety of the employees.

**iv) Market place practices-**

**a) Responsible competition practice.**

Advertisement for tenders to supply goods and services was done by the County Government. At facility level allocation and actual award of at least 30% of the total value of the procurement budget for goods and services was done to Youths, Women and Persons living with disabilities (PWDs)

For quotations floated among prequalified suppliers internally, the Tender Opening Committee and Evaluation Committees ensured fair competition even as they ensured that the facility gets value for money through supply of quality goods and services

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

Our suppliers enjoyed equal opportunities whenever there was need for goods or services. Unfortunately, due to delay in reimbursement by NHIF and other Insurance companies, the funds were not always enough, thus delaying payments owed to the suppliers.

Signed contracts are always binding and unless there was no breach by either party, implementation was usually as per the terms of engagement.

**c) Responsible marketing and advertisement**

The facility ensured its workforce did not exploit vulnerable populations such as those with serious health conditions in promoting the services offered, as it was unethical to induce fear or anxiety among members of the public as a marketing strategy.

Transparency was one of the core values in Nakuru County, and the facility ensured transparency on the services offered and their costs through the Service Delivery Charters. Inclusivity in the budgeting process also ensures financial transparency.

Respect to patients was ensured through privacy, confidentiality of information, consenting for treatment etc.

**d) *Product stewardship***

The facility took responsibility in minimizing every product's environmental impact throughout all stages of the product life cycle, by ensuring that waste generated was segregated at source, transported and managed appropriately, the infectious medical waste was managed at the NCTRH.

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

The facility meets its corporate social responsibility through in reaches and outreaches aimed at creating awareness on disease prevention through health education, screening and management of diseases.

Holding of these activities was dependent on availability of funds, the last in reach having been held on September, 2022 /2023 financial year.

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

The Board members submit their report together with the Unaudited Financial Statements for the year ended June 30, 2024, which show the state of the Annex hospital Nakuru affairs.

**Principal activities**

The principal activities of the entity are as listed below:

1. Policy Implementation.
2. Preventive and Promotive Health Services.
3. Curative and Rehabilitative Health Services.
4. Standards and Regulations.
5. Monitoring and Evaluation of provision of Health care services.

**Results**

The results of the entity for the year ended June 30 2024 are set out on pages 1 to 59 Jane to Give.

**Board of Management**

The members of the Board who served during the year are shown on page XXII. During the year, 8 directors (H.M.C members) were retired, and 5 directors (H.M.C members) were appointed with effect from 24 November 2024.

**Auditors**

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

By Order of the Board

  
.....

Name *Dr. Gachathu*

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

The Board of Management is responsible for the preparation and presentation of Annex Hospital-Nakuru financial statements, which give a true and fair view of the state of affairs of Annex Hospital-Nakuru for and as at the end of the financial year (period) ended on June 30, 2024. 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 Annex Hospital-Nakuru, (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 Annex Hospital-Nakuru; (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 Annex Hospital-Nakuru financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Board members are of the opinion that Annex Hospital-Nakuru financial statements give a true and fair view of the state of Annex Hospital-Nakuru's transactions during the financial year ended June 30, 2024, and of the Annex Hospital-Nakuru financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for Annex Hospital-Nakuru, which have been relied upon in the preparation of Annex Hospital-Nakuru financial statements as well as the adequacy of the systems of internal financial control.

**Annex Hospital Nakuru (County Government of Nakuru)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

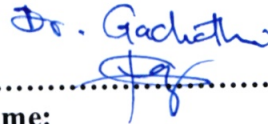
Nothing has come to the attention of the Board of management to indicate that Annex Hospital-Nakuru will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Hospital's financial statements were approved by the Board on 23<sup>rd</sup> September 2024 and signed on its behalf by:



.....  
**Name:** HON JOHN KILITI  
**Chairperson**  
**Board of Management**



.....  
**Name:**  
**Accounting Officer**

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON ANNEX LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2024 – COUNTY GOVERNMENT OF NAKURU

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Annex Hospital (Nakuru) Level 4 set out on pages 1 to 58, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of cash flows and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Annex Hospital (Nakuru) Level 4 as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with [International Financial Reporting Standards/International Public Sector Accounting Standards ( Accrual Basis) and comply with the Health Act ,2017, County Governments Act, 2012 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Revenue from Non-Exchange Transactions**

The statement of financial performance reflects revenue from non-exchange transaction of Kshs.99,921,852 which as disclosed in Note 7 to the financial statements in respect to in kind contributions from the County Government. However, the amounts were not supported by Authority to Incur Expenditure (AIEs), schedules of salaries payment per staff and copies of payment vouchers.

In the circumstances, the accuracy and completeness of revenue from no-exchange transaction totalling Kshs.99,921,852 could not be confirmed.

#### **2. Unsupported and Inaccurate Revenue from Rendering Services**

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects revenue from exchange transactions of Kshs.96,411,332,963. However, the revenue was not supported with a detailed schedule and ledger, with receipt numbers, payment dates and the period to which the claims are related. Further, the balance differed with the billing records amount of Kshs.95,112,093 resulting in an unreconciled variance of Kshs.1,299,018.

In addition, the NHIF Claims balance of Kshs.42,803,036 could not be verified in the billing system since the system has been rendered redundant.

In the circumstances, the accuracy and completeness of revenue from rendering services of Kshs.96,411,332,963 could not be confirmed.

#### **3. Unsupported Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 28 to the financial statement reflects receivable from exchange transactions balance of Kshs.29,561,592. However, detailed ledgers/supporting schedules to the balance and actions taken by Management to enforce settlement of the outstanding debts were not provided for audit review.

In the circumstances, the validity and accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.29,561,592 could not be ascertained.

#### **4. Unsupported and Unvalued Assets**

The statement of financial position reflects property, plant and equipment (PPE) balance of Kshs.3,675,648,095 as disclosed in Note 32 to the financial statement. However, the fixed asset register in support of the balance was not provided for audit review. In addition, included in the balance is Kshs.3,592,806,374 in respect to land whose valuation and ownership documents were not provided for audit review. Further, the PPE balance includes motor vehicles with a net book value of Kshs.4,560,000 which was not supported by logbooks.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment balance of Kshs.3,675,648,094.80 could not be confirmed.

#### **5. Long Outstanding Payables**

The statement of financial position and as disclosed in Note 35 not Note 34 as referenced to the financial statements reflects trade and other payables balance of Kshs.35,444,561. However, review of records revealed that payables amounting to Kshs.14,493,907 relates to financial year 2022/2023 and earlier years, hence have been outstanding for long without settlement.

Further, re-computation of the movement made up of an opening balance of Kshs.15,482,059 total amount for the period of kshs.193,902,552 and total actual payments for the period of Kshs.81,852,722 results to a balance of Kshs.127,531,889 leading to unreconciled and unexplained variance of Kshs.92,087,327.

In the circumstances, the accuracy and completeness of trade payable balance of Kshs.35,444,561 could not be confirmed.

#### **6. Unsupported Payment of Casual Wages**

The statement of financial performance reflects employee costs of Kshs.123,029,028 which as disclosed in Note 16 to the financial statements which includes expenditure on casual employees amount of Kshs.10,980,712 was expenditure. However, review of records revealed that the expenditure was not supported by way of muster rolls that includes the daily signing attendance sheets and rates at which they were paid. Further, it was noted that the casuals were engaged continuously for the entire period contrary to Section 37(1)(b) of the Employment Act, 2007 which stipulates that casual employment should be converted to term contract where a casual employee performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

In the circumstances, the accuracy and completeness of the expenditure on casuals of Kshs.10,980,712 could not be confirmed and Management was in breach of the law.

## **7. Unsupported Payments to Medical Staff**

The statement of financial performance reflects employee costs of Kshs.123,029,028. as disclosed in Note 16 to financial statements. Included in this amount is payment totalling Kshs.98,543,172 being payment to medical staff employed and paid by the county. This amount however, excluded the basic pay and respective allowances paid to the other nonmedical staff thus it was not possible to establish the completeness of the payments. In the circumstances, the accuracy and completeness of the employee costs of Kshs.98,543,172 could not be confirmed.

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

### **Emphasis of Matter**

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

The summary statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amount of Kshs.82,448,171 and Kshs.96,411,112, respectively, resulting to over-performance of Kshs.13,962,941 or 17% of the budget. However, the hospital spent Kshs.72,263,726 against actual receipts of Kshs.96,411,111 resulting to an under-utilization of Kshs.24,147,386 of 25% of the actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2024.

### **Other Information**

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

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

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

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

### **Conclusion**

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

#### **1.0 Non-Compliance with Kenya Quality Model for Health Policy Guidelines**

Review of hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines as detailed below.

<b>Staff Requirements</b>	<b>Level 4 Standard</b>	<b>Number in Hospital</b>	<b>Variance</b>	<b>Percentage%</b>
Medical Officers	16	4	12	75
Anesthesiologists	2	0	2	100
General Surgeons	2	0	2	100
Gynecologists	2	0	2	100
Pediatrics	2	0	2	100
Radiologists	2	0	2	100
Kenya Registered Community Health Nurses	75	52	23	31
<b>Total</b>	<b>101</b>	<b>53</b>	<b>48</b>	<b>48</b>

In addition, the Hospital lacked the necessary equipment and machines outlines in the Health Policy Guidelines as detailed below.

<b>Service</b>	<b>Level 4 Hospital Standard</b>	<b>Actuals in the Hospital</b>	<b>Variance</b>	<b>Percentage %</b>
Beds	150	60	90	60
Resuscitative (2 in Labor & 1 in Theatre)	2	2	0	0
New Born Unit Incubators	5	3	1	20
New Born Unit Cots	6	5	4	77
Functional ICU Beds	6	2	4	77
High Dependency Unit (HDU)	5	2	3	100
Renal Unit with at least 5 Dialysis Machines	2	0	0	0
Two Functional Operational Theatres - Maternity & General	150	60	90	60

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

In the circumstances, the understaffing and inadequate hospital equipment may negatively have impacted on service delivery to the public.

## **2.0 Failure to Deduct and Remit of Statutory Dues**

The statement of financial performance reflects employee costs of Kshs.123,029,028 which as disclosed in Note 16 to financial statements includes gross pay to county employees amounting to Kshs.98,543,172. However, review of the payroll records revealed that no statutory deductions were made on the gross pay. This is contrary to The Section 37(1) of the Income Tax Act: An employer paying emoluments to an employee shall deduct there from, and account for tax there on, to such extent and in such manner as may be prescribed.

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

## **3.0 Failure to prepare a budget**

The Management of Hospital failed to prepare a budget for the financial year under review. In the absence of a budget, the expenditure incurred by the facility was irregular and unlawful contrary to Regulations 31(1) of the Public Finance Management (National Government) Regulations, 2015 which require that the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Key Policy Documents**

Review of information, documents and discussions held with Management and staff of departments revealed that the facility did not have a risk management policy, staff establishment, stores management policy, ICT policy, assets management policy,

operational manuals, strategic plan, organogram and disaster recovery plan or business continuity plan .

In the circumstances, the effectiveness of operational processes and procedures geared towards provision of health services in the facility could not be confirmed.

## **2. Failure to Establish Audit Committee**

During the year under review, Annex Hospital did not establish an audit committee function for the year, responsible for monitoring the entity governance process, accountability process and control system of the entity, follow up on the implementation of the recommendations of internal and external audit. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires each county government entity to establish an audit committee. In addition, the head of internal audit reports directly to the accounting officer hence the operational independence of the internal audit unit could not be guaranteed.

In the circumstance, the effectiveness controls in respect to risk management, internal control, and governance and associated assurance could not be confirmed.

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

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

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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**

**31 December, 2024**

**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**


**14. Statement of Financial Performance for The Year Ended 30 June 2024**

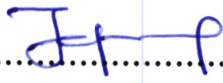
Description	Note	2023/24	2022/2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	99,921,852.00	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		99,921,852.00	-
<b>Revenue from exchange transactions</b>			
Rendering of services- Medical Service Income	11	96,384,611.50	80,815,677.70
Revenue from rent of facilities	12	26,500.00	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
		<b>96,411,111.50</b>	-
<b>Revenue from exchange transactions</b>		<b>196,332,963.50</b>	<b>80,815,677.70</b>
<b>Total revenue</b>			
<b>Expenses</b>			
Medical/Clinical costs	15	51,021,916.66	35,542,276.00
Employee costs	16	123,029,028.31	22,737,085.43
Board of Management Expenses	17	633,000.00	1,392,500.00
Depreciation and amortization expense	18	2,145,000.71	-
Repairs and maintenance	19	4,070,672.00	2,679,416.00
Grants and subsidies	20	-	-
General expenses	21	13,002,934.75	11,900,372.54
Finance costs	22	-	-
		<b>193,902,552.43</b>	<b>74,251,649.97</b>
<b>Total expenses</b>			
<b>Other gains/(losses)</b>			
Gain/Loss on disposal of non-Current assets	23		-


**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	2022/2023
		Kshs	Kshs
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	(-)	-
Gain on foreign exchange transactions		-	-
<b>Total other gains/(losses)</b>		-	-
<b>Net Surplus / (Deficit) for the year</b>		<b>2,430,411.07</b>	<b>6,564,027.53</b>

The Hospital's financial statements were approved by the Board on 23<sup>rd</sup> September 2024 and signed on its behalf by:

  
 .....  
**Chairman**  
 Board of Management  
*HON JOHN KILILI*

  
 .....  
**Head of Finance**  
 ICPAK No: *22825*

*Dr. Gachathi*  
  
 .....  
**Medical Superintendent**

**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

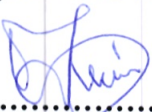
**15. Statement of Financial Position as At 30<sup>th</sup> June 2024**

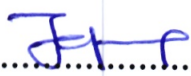
Description	Note	2023/24	2023/22
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	28,395,619.69	26,670,161.37
Receivables from exchange transactions	28	29,561,592.00	18,439,120.00
Receivables from non-exchange transactions	29	-	-
Inventories	30	5,903,305.13	4,998,540.75
<b>Total Current Assets</b>		<b>63,860,516.82</b>	<b>50,107,822.12</b>
<b>Non-current assets</b>			
Property, plant, and equipment	31	3,675,648,094.80	1,189,065.51
Intangible assets	32	-	-
Investment property	33	-	-
<b>Total Non-current Assets</b>		<b>3,675,648,094.80</b>	<b>1,189,065.51</b>
<b>Total assets (A)</b>		<b>3,739,508,611.62</b>	<b>51,296,887.63</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	34	35,444,561.49	15,482,059.20
Refundable deposits from customers/Patients	35	-	-
Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of deferred income	38	-	-
Current portion of borrowings	39	-	-
Social Benefits	41	-	-
<b>Total Current Liabilities</b>		<b>35,444,561.49</b>	<b>15,482,059.20</b>
<b>Non-current liabilities</b>			
Provisions	36	-	-
Non-Current Finance lease obligation	37	-	-
Non-Current portion of deferred income	38	-	-
Non - Current portion of borrowings	39	-	-
Service concession Arrangements	40	-	-

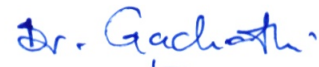
**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/24	2023/22
		Kshs	Kshs
Social Benefits	41	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>35,444,561.49</b>	<b>15,482,059.20</b>
<b>Net assets (A-B)</b>		<b>3,704,064,050.13</b>	<b>35,814,828.43</b>
<b>Represented by:</b>			
Revaluation reserve		-	-
Accumulated surplus/Deficit		8,994,438.60	6,564,027.53
Capital Fund		3,695,069,611.53	29,250,800.90
		<b>3,704,064,050.13</b>	<b>35,814,828.43</b>
<b>Net Assets</b>		<b>3,704,064,050.13</b>	<b>35,814,828.43</b>

The Hospital's financial statements were approved by the Board on 23<sup>rd</sup> September 2024 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
 ICPAK No: 22825

  
 .....  
**Medical Superintendent**

**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**16. Statement of Changes in Net Asset for The Year Ended 30 June 2024**

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
<b>As at July 1, 2022 (previous year)</b>	-			
Revaluation gain	-			
Surplus/(deficit) for the year	-	<b>6,564,027.53</b>		<b>6,564,027.53</b>
Capital/Development grants	-		29,250,800.90	29,250,800.90
<b>As at June 30, 2023 (previous year)</b>	-	<b>6,564,027.53</b>	<b>29,250,800.90</b>	35,814,828.43
<b>At July 1, 2023(current year)</b>	-	<b>6,564,027.53</b>	29,250,800.90	35,814,828.43
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	<b>2,430,411.07</b>		<b>2,430,411.07</b>
Capital/Development grants	-	-	3,665,818,810.63	3,665,818,810.63
<b>At June 30, 2024 (current year)</b>	-	<b>8,994,438.60</b>	<b>3,695,069,611.53</b>	<b>3,704,064,050.13</b>


17. Statement of Cash Flows for The Year Ended 30 June 2024


Description	Note	2023/2024	2022/2023
		2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
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		83,551,680.00	80,815,677.70
Revenue from rent of facilities		26,500.00	-
Finance / interest income		-	-
Miscellaneous receipts( <i>specify</i> )		-	-
<b>Total Receipts</b>		<b>83,578,180.00</b>	<b>80,815,677.70</b>
<b>Payments</b>			
Medical/Clinical costs		34,627,552.62	35,542,276.00
Employee costs		24,485,856.31	22,737,085.43
Board of Management Expenses		558,000.00	1,392,500.00
Repairs and maintenance		3,777,152.00	2,679,416.00
Grants and subsidies		-	-
General expenses		8,815,164.75	11,900,372.54
Finance costs		-	-
Refunds paid out		-	-
<b>Total Payments</b>		<b>72,263,725.68</b>	<b>74,251,649.97</b>
<b>Net cash flows from operating activities</b>	42	<b>11,314,454.32</b>	<b>6,563,026.53</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		9,588,996.00	1,189,065.51
Purchase of intangible assets		(-)	(-)
Proceeds from the sale of PPE		-	-
Acquisition of investments		(-)	(-)
<b>Net cash flows used in investing activities</b>		<b>9,588,996.00</b>	<b>1,189,065.51</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(-)	(-)
Capital grants received		-	-


**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Note	2023/2024	2022/2023
		2023-2024	2022-2023
		Kshs	Kshs
<b>Net cash flows used in financing activities</b>		(-)	(-)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,725,458.32</b>	<b>6,405,326.02</b>
Cash and cash equivalents as at 1 July	27	26,670,161.37	20,264,835.35
<b>Cash and cash equivalents as at 30 June</b>	<b>27</b>	<b>28,395,619.69</b>	<b>26,670,161.37</b>

The Hospital's financial statements were approved by the Board on 23<sup>rd</sup> September 2024 and signed on its behalf by:

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

  
 .....  
**Head of Finance**  
**ICPAK No: 22825**

  
 .....  
**Medical Superintendent**



**18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 Jun 2024**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	<b>a</b>	<b>b</b>	<b>c=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c%</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
<b>Revenue</b>						
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	82,448,170.96	-	82,448,170.96	96,384,611.50	-	%
Revenue from rent of facilities	-	-	-	26,500.00	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts ( <i>specify</i> )	-	-	-	-	-	%
<b>Total income</b>	<b>82,448,170.96</b>	<b>-</b>	<b>82,448,170.96</b>	<b>96,411,111.50</b>	<b>-</b>	<b>85.52%</b>
<b>Expenses</b>						
Medical/Clinical costs	35,043,982.96	-	35,043,982.96	34,627,552.62	416,430.38	98.81%
Employee costs	24,576,608.00	-	24,576,608.00	24,485,856.31	90,751.69	99.63%
Remuneration of directors	562,000.00	-	562,000.00	558,000.00	4,000.00	99.29%
Repairs and maintenance	3,777,960.00	-	3,777,960.00	3,777,152.00	808.00	99.98%
Grants and subsidies	-	-	-	-	-	-
General expenses	8,843,380.00	-	8,843,380.00	8,815,164.75	28,215.25	99.68%
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,499.28</b>	<b>-</b>
<b>Capital expenditure</b>	<b>9,644,240.00</b>	<b>-</b>	<b>9,644,240.00</b>	<b>9,588,996.00</b>	<b>55,244.00</b>	<b>99.43%</b>

**Annex Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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***Budget notes***

- 1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14*
- 2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*
- 3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)*

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

### **1. General Information**

Annex Hospital-Nakuru entity is established by and derives its authority and accountability from PFM Act 2012. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is to provide health services, create an enabling environment, regulate and set standards and policies for health service delivery.

### **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 Annex Hospital-Nakuru accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Annex Hospital-Nakuru. 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.

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024**

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

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

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

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

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Standard	Effective date and impact:
Expenses	<p>provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

***iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**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.

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**b. Budget information**

The original budget for FY 2023/2024 was approved by Board on 14<sup>TH</sup> July 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 8 under section 18 of these financial statements.

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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



*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

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

**e. Property, plant and equipment**

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

*Notes to the Financial Statements (Continued)*

**f. Leases**

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

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

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

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

**g. Intangible assets**

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

*Notes to the Financial Statements (Continued)*

**h. Research and development costs**

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

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

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

**i. Financial instruments**

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

*Notes to the Financial Statements (Continued)*

**Financial assets**

**Classification of financial assets**

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

**Subsequent measurement**

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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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*Notes to the Financial Statements (Continued)*

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Financial liabilities**

**Classification**

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

*Notes to the Financial Statements (Continued)*

**j. Inventories**

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

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

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

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

**k. Provisions**

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

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

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

*Notes to the Financial Statements (Continued)*

**l. Social Benefits**

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

**m. Contingent liabilities**

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

**n. Contingent assets**

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

**o. Nature and purpose of reserves**

The entity creates and maintains reserves in terms of specific requirements. *(Entity to state the reserves maintained and appropriate policies adopted.)*

**p. Changes in accounting policies and estimates**

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

*Notes to the Financial Statements (Continued)*

**q. Employee benefits**

**Retirement benefit plans**

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

**r. Foreign currency transactions**

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

**s. Borrowing costs**

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

**t. Related parties**

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

*Notes to the Financial Statements (Continued)*

**u. Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, Annex 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, Annex Hospital also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v. Cash and cash equivalents**

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

**w. Comparative figures**

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

**x. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

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

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

### **Estimates and assumptions.**

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

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

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

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

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx. Provisions are measured at the management's best estimate of the expenditure required to

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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settle the obligation at the reporting date and are discounted to present value where the effect is material.

*(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2023/2024	2022/2023
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants ( <i>specify</i> )	-	-
	-	-
<b>Conditional grants</b>	-	-
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
<b>Total government grants and subsidies</b>	-	-

6 b Transfers from The County Government

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

(Ensure that the amount recorded above as having been received from the County fully reconciles to the amount recorded by the amount recorded as transferred by the County. An acknowledgement note/receipt should be raised in favour of the sending County Government. The details of the reconciliation have been included under appendix xxx).

\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Notes to Financial Statements Continued**

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

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	98,543,172.00	-
Medical supplies-Drawings Rights (KEMSA)	1,378,680.00	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
<b>Total grants in kind</b>	<b>99,921,852.00</b>	<b>-</b>

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

Description	2023/2024	2022/2023
	KShs	KShs
Cancer Centre grant- DANIDA	-	-
World Bank grants	-	-
Paediatric ward grant- JICA	-	-
Research grants	-	-
Other grants ( <i>specify</i> )	-	-
<b>Total grants from development partners</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

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

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

**Notes to Financial Statements Continued**

**9. Transfers From Other Government Entities**

Description	2023/2024	2022/2023
	KShs	KShs
Transfer from National Government (Ministry of Health)	-	-
Transfer from xxx National Hospital	-	-
Transfer from xxx Institute	-	-
<b>Total Transfers</b>	-	-

**10. Public Contributions and Donations**

Description	2023/2024	2022/2023
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations( <i>specify</i> )	-	-
Donations in kind-amortised	-	-
<b>Total donations and sponsorships</b>	-	-

**10 (a)Reconciliations of amortised grants**

Description	2023/2024	2022/2023
	Kshs	Kshs
<b>Balance unspent at beginning of year</b>	-	-
Current year receipts	-	-
Amortised and transferred to revenue	-	-
<b>Conditions to be met – remain liabilities</b>	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Notes to Financial Statements Continued**

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

Description	2023/24	2022/23
	Kshs	Kshs
Pharmaceuticals	7,443,489.00	7,898,930.00
Non-Pharmaceuticals	6,143,925.00	6,474,085.00
Laboratory	8,029,310.00	8,076,790.00
Radiology	1,234,700.00	842,600.00
Orthopedic and Trauma Technology	93,800.00	79,500.00
Theatre	6,528,500.00	4,352,000.00
Accident and Emergency Service	1,064,300.00	1,129,200.00
HDU	4,926,900.00	5,754,390.00
ICU	1,631,450.00	1,410,950.00
Nutrition service	676,850.00	530,750.00
Physiotherapy	2,347,900.00	2,169,100.00
Maternity	2,888,500.00	2,204,190.00
Dental services	151,350.00	297,200.00
Health Records	1,873,130.00	1,680,850.00
NHIF Claims	42,803,036.50	29,264,473.00
AON	1,626,051.00	1,799,809.00
Reproductive health	884,400.00	959,000.00
Paediatrics services	635,510.00	634,280.00
Farewell home services	4,282,000.00	4,177,100.00
Ambulance services	75,800.00	170,000.00
Other medical services income ( <i>specify</i> )	1,043,710.00	910,480.00
<b>Total revenue from the rendering of services</b>	<b>96,384,611.50</b>	<b>80,815,677.00</b>

*(Other medical services fee relates to other charges not listed above and should be specified)*

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

**12. Revenue From Rent of Facilities**

Description	2023/24	2022/23
	Kshs	Kshs
Residential property	26,500.00	-
Commercial property	-	-
<b>Total Revenue from rent of facilities</b>	<b>26,500.00</b>	<b>-</b>

**13. Finance /Interest Income**

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

*(Provide brief explanation for this revenue)*

**14. Miscellaneous Income**

Description	2023/2024	2022/2023
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	-	-
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
<b>Total Miscellaneous income</b>	<b>-</b>	<b>-</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**15. Medical/ Clinical Costs**

Description	2023/24	2022/23
	Kshs	Kshs
Dental costs/ materials	49,980.00	140,627.00
Laboratory chemicals and reagents	4,881,167.99	4,961,922.00
Public health activities	-	-
Food and Ration	8,570,960.50	5,774,317.00
Uniform, clothing, and linen	848,795.00	539,615.00
Dressing and Non-Pharmaceuticals	11,000,031.00	9,004,396.00
Pharmaceutical supplies	16,061,688.62	8,623,789.00
Health information stationery	933,523.00	736,457.00
Reproductive health materials	-	-
Sanitary and cleansing Materials	4,082,896.00	2,896,019.00
Purchase of Medical gases	4,352,874.55	2,647,470.00
X-Ray/Radiology supplies	240,000.00	217,664.00
Other medical related clinical costs ( <i>specify</i> )	-	-
<b>Total medical/ clinical costs</b>	<b>51,021,916.66</b>	<b>35,542,276.00</b>

**16. Employee Costs**

17.

Description	2023/24	2022/23
	Kshs	Kshs
Salaries, wages, and allowances	24,485,856.31	22,737,085.43
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 ( <b>In Kind Contributions from The County Government</b> )	98,543,172.00	-
<b>Employee costs</b>	<b>123,029,028.31</b>	<b>22,737,085.43</b>

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

**18. Board of Management Expenses**

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	633,000.00	1,392,500.00
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
<b>Total</b>	<b>633,000.00</b>	<b>1,392,500.00</b>

**19. Depreciation and Amortization Expense**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property, plant and equipment	2,145,000.71	-
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total depreciation and amortization</b>	<b>2,145,000.71</b>	<b>-</b>

**20. Repairs And Maintenance**

Description	2023/2024	2022/2023
	Kshs	Kshs
Property- Buildings	1,428,812.00	1,061,376.00
Medical equipment	1,639,370.00	708,990.00
Office equipment	-	-
Furniture and fittings	259,980.00	116,150.00
Computers and accessories	80,310.00	123,500.00
Motor vehicle expenses	79,950.00	196,500.00
Maintenance of plant and machinery	582,250.00	472,900.00
<b>Total repairs and maintenance</b>	<b>4,070,672.00</b>	<b>2,679,416.00</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**21. Grants And Subsidies**

Description	2023/24	2022/23
	Kshs	Kshs
Community development and social work	-	-
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies( <i>specify</i> )	-	-
<b>Total grants and subsidies</b>	-	-

**22. General Expenses**

Description	2023/24	2022/23
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	128,738.00	132,131.80
Supplies of comp accessories	1,019,500.00	861,720.00
Daily subsistence allowance	-	350,000.00
Waste management expenses	-	-
Insecticides and rodenticides	29,700.00	76,664.00
Audit fees	-	-
Bank charges	106,288.75	124,280.00
Other fuels	-	508,250.00
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	1,728,000.00	1,728,095.00
Electricity expenses	4,210,066.00	3,099,318.00
Fuel and Lubricants	1,304,370.00	790,299.74
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	788,700.00	408,200.00
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	19,180.00
Printing and stationery	392,002.00	220,450.00
Hire charges	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	2023/24	2022/23
	Kshs	Kshs
Rent expenses	-	-
Water and sewerage costs	2,511,170.00	2,508,584.00
Skills development levies	-	-
Telephone and mobile phone services	481,400.00	808,200.00
Internet expenses	90,000.00	-
Staff training and development	213,000.00	265,000.00
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
<b>Total General Expenses</b>	<b>13,002,934.75</b>	<b>11,900,372.54</b>

**23. Finance Costs**

Description	2023/24	2022/23
	KShs	KShs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Interest on Bank overdrafts/Guarantees	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

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

Description	2023/24	2022/23
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalised ( <i>specify</i> )	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

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

Description	2023/24	2022/23
	KShs	KShs
Investments at fair value	-	-
<b>Total gain</b>	<b>-</b>	<b>-</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

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

Description	2023/2024	2022/2023
	KShs	KShs
Comprehensive care contracts with NHIF	-	-
Non- Comprehensive contracts care with NHIF	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
<b>Total Gain/Loss</b>	-	-

**27. Impairment Loss**

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investments	-	-
<b>Total impairment loss</b>	-	-

**28. Cash And Cash Equivalents**

Description	2023/24	2022/23
	KShs	KShs
Current accounts	28,395,619.69	26,670,161.37
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others( <i>specify</i> )- Mobile money	-	-
<b>Total cash and cash equivalents</b>	<b>28,395,619.69</b>	<b>26,670,161.37</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

Notes to the Financial Statements (Continued)

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

Description		2023/24	2022/23
Financial institution	Account number	KShs	KShs
<b>a) Current account</b>			
National Bank Of Kenya	0100108979 690	28,395,619.69	26,670,161.37
Equity Bank, etc		-	-
<b>Sub- total</b>		28,395,619.69	26,670,161.37
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
<b>Sub- total</b>		-	-
<b>c) Fixed deposits account</b>			
Bank Name		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>28,395,619.69</b>	<b>26,670,161.37</b>

29. Receivables From Exchange Transactions

Description	2023/24	2022/23
	KShs	KShs
Medical services receivables	29,561,592.00	18,439,120.00
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	(-)	(-)
<b>Total receivables</b>	<b>29,561,592.00</b>	<b>18,439,120.00</b>

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**Analysis of Receivables From Exchange Transactions**

Description	2023/24		2022/23	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	22,876,679.00	77.39%	-	%
Between 1- 2 years	6,684,913.00	22.61%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	<b>29,561,592.00</b>	<b>100%</b>	-	%

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

Description	2023/2024	2022/2023
	KShs	KShs
Transfers from the County Government	-	-
Undisbursed donor funds	-	-
Other debtors ( <i>non-exchange transactions</i> )	-	-
Less: impairment allowance	-	-
<b>Total</b>	-	-

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

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

Description	2023/24		2022/23	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (a+b)</b>	-	%	-	%

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

**31. Inventories**

Description	2023/24	2022/23
	KShs	KShs
Pharmaceutical supplies	3,690,706.68	3,750,938.00
Maintenance supplies	-	-
Food supplies	115,132.45	81,719,.25
Linen and clothing supplies	1,275,320.00	499,535.00
Cleaning materials supplies	822,146.00	666,348.50
General supplies	-	-
Less: provision for impairment of stocks	(-)	(-)
<b>Total</b>	<b>5,903,305.13</b>	<b>4,998,540.75</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

*Notes to the Financial Statements (Continued)*

**32. Property, Plant and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
<b>Cost</b>								
At 1 July 2022 (previous year)	1.00	16,001.00	1.00	63,951.00	257,501.00	4,061,207.00	00.00	4,398,662.00
Additions	-	9,650.00	-	79,000.00	151,350.00	949,065.51	-	1,189,065.51
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023</b>	<b>1.00</b>	<b>25,651.00</b>	<b>1.00</b>	<b>142,951.00</b>	<b>408,851.00</b>	<b>5,010,272.51</b>	<b>00.00</b>	<b>5,587,727.51</b>
At 1 July 2023 (current year)	1.00	25,651.00	1.00	142,951.00	408,851.00	5,010,272.51	00.00	5,587,727.51
Additions	-	12,880.00	0.00	49,000.00	194,650.00	9,332,466.00	0.00	9,588,996.00
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	3,592,806,374.00	<b>65,250,000.00</b>	4,560,000.00	-	-	-	(-)	<b>3,662,616,374.00</b>
<b>At 30<sup>th</sup> June 2024</b>	<b>3,592,806,374.00</b>	<b>65,288,531.00</b>	<b>4,560,000.00</b>	<b>191,951.00</b>	<b>603,501.00</b>	<b>14,342,738.51</b>	<b>0.00</b>	<b>3,677,793,097.51</b>
<b>Depreciation and impairment</b>								
At 1 July 2022 (previous year)		-	-	-	-	-	-	-
Depreciation for the year		-	-	-	-	-	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
Disposals		(-)	(-)	(-)	(-)	(-)	(-)	(-)
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	(-)
<b>At 30 June 2023</b>		-	-	-	-	-	-	-
At July 2023(current year)		-	-	-	-	-	-	-
Depreciation	-	108,814.22	38,300.00	23,993.88	181,050.30	1,792,842.31	-	<b>2,145,000.71</b>
Disposals		-	-	-	-	-	-	-
Impairment		(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment		-	-	-	-	-	(-)	(-)
<b>At 30<sup>th</sup> June 2024</b>		-	-	-	-	-	-	-
<b>Net book values</b>								
At 30 <sup>th</sup> June 2023 (previous)	<b>1.00</b>	<b>25,651.00</b>	<b>1.00</b>	<b>142,951.00</b>	<b>408,851.00</b>	<b>5,010,272.51</b>	<b>00.00</b>	<b>5,587,727.51</b>
At 30 <sup>th</sup> June 2024 (current)	<b>3,592,806,374.00</b>	<b>65,179,716.78</b>	<b>4,462,500.00</b>	<b>167,957.12</b>	<b>422,450.70</b>	<b>12,549,896.20</b>	<b>0.00</b>	<b>3,675,648,094.80</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

	<b>LAND</b>	<b>BUILDING</b>	<b>MOTOR VEHICLE</b>
Annex Hospital land(12.01Ha)	3,519,187,463.00	60,000,000.00	Ambulance Nissan Van -32CG008A 4,500,000.00
Annex Mortuary land (0.23 Ha)	73,618,911.00	5,250,000.00	(GKA 124N) 60,000.00
<b>TOTAL Cost :</b>	<b>3,592,806,374.00</b>	<b>65,250,000.00</b>	<b>4,560,000.00</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**33. Intangible Assets-Software**

Description	2023/2024	2022/2023
	KShs	KShs
<b>Cost</b>		
<b>At beginning of the year</b>	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
<b>At beginning of the year</b>	-	-
Amortization for the period	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**34. Investment Property**

Description	2023/2024	2022/2023
	KShs	KShs
<b>At beginning of the year</b>	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation ( <i>where investment property is at cost</i> )	-	-
Impairment	-	-
<b>At end of the year</b>	-	-

*(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.*

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**35. Trade and other Payables**

Description	2023/24		2022/23	
	KShs		KShs	
Trade payables	35,444,561.49		15,482,179.20	
Employee dues	-		-	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
<b>Total trade and other payables</b>	<b>35,444,561.49</b>		<b>15,482,179.20</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Current FY</b>	<b>% of the Total</b>
Under one year	20,950,654.04	59.11%	15,482,179.20	100%
1-2 years	14,493,907.45	40.89%	-	-
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>35,444,561.49</b>	<b>100%</b>	<b>15,482,179.20</b>	<b>100%</b>

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

Description	2023/2024		2022/2023	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
<b>Total deposits</b>	<b>-</b>		<b>-</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total</b>	<b>-</b>	<b>%</b>	<b>-</b>	<b>%</b>

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**37. Provisions**

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

**38. Finance Lease Obligation**

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Lease obligation	-	-
Long term lease obligation	-	-
<b>Total</b>	-	-

**39. Deferred Income**

Description	2023/2024	2022/2023
	KShs	KShs
Current Portion	-	-
Non-Current Portion	-	-
<b>Total</b>	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**38 (a) The deferred income movement is as follows:**

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

**40. Borrowings**

Description	2023/2024	2022/2023
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(-)	(-)
Repayments of domestic borrowings during the year	(-)	(-)
<b>Balance at end of the period</b>	-	-

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

Description	2023/2024	2022/2023
	KShs	KShs
Current Obligation	-	-
Non-Current Obligation	-	-
<b>Total</b>	-	-

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

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

**41. Service Concession Arrangements**

Description	2023/2024	2022/2023
	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	-	-

**42. Social Benefits**

Description	2023/2024	Insert previous FY
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
People Living with Disabilities benefit Scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
<b>Total</b>	-	-
	-	-
Current social benefits	-	-
Non- current social benefits	-	-
<b>Total (tie to totals above)</b>	-	-

*Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.*

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**43. Cash Generated from Operations**

Description	2023/24	2022/23
	KShs	KShs
Surplus for the year before tax	-	-
<b>Adjusted for:</b>	-	-
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
<b>Working Capital adjustments</b>	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	-	-

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**44. Financial Risk Management**

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

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

**(i) Credit risk**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20XX (current year)</b>	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

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

**(ii) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 20xx</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 20xx</b>	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**(iii) Market risk**

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

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

**a) Foreign currency risk**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
<b>At 30 June 20xx</b>			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
<b>20XX (previous year)</b>			
Euro	10%	-	-
USD	10%	-	-
<b>20XX (current year)</b>			
Euro	10%	-	-
USD	10%	-	-

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**Sensitivity analysis**

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

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

**iv) Capital Risk Management**

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

Description	2023/24	2022/23
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
<b>Total funds</b>	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ <i>(excess cash and cash equivalents)</i>	-	-
<b>Gearing</b>	-	-

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

**45. Related Party Balances**

**Nature of related party relationships**

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

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	2023/2024	2022/2023
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Services offered to related parties</b>		
Services to xxx	-	-
Sales of services to xxx	-	-
<b>Total</b>	-	-
	-	-
<b>b) Grants from the Government</b>	-	-
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
<b>Total</b>	-	-
	-	-
<b>c) Expenses incurred on behalf of related party</b>	-	-
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>	-	-
<b>d) Key management compensation</b>		

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

Description	2023/2024	2022/2023
	Kshs	Kshs
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
	-	-
<b>Total</b>	-	-

**46. Segment Information**

*(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)*

**47. Contingent Liabilities**

Contingent liabilities	2023/2024	2022/2023
	Kshs	Kshs
Court case xxx against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

*(Give details)*

**48. Capital Commitments**

Capital Commitments	2023/2024	2022/2023
	Kshs	Kshs
Authorised For	-	-
Authorised And Contracted For	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**49. Events after the Reporting Period**

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

**Annex Hospital-Nakuru Hospital (Nakuru County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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**50. Ultimate and Holding Entity**

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

**51. Currency**

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

**20. Appendices**

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

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

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

**Guidance Notes:**

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

**At the time of preparation and submission of the 2023/2024 FS we had not received the external auditor's report.**

Thanks

*A. Gadhwa*

*[Signature]*

.....  
**Accounting Officer**

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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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							

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

**Head of Accounts Department - Disbursing Entity:**  
 Name ..... Sign ..... Date .....

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

**Annex Hospital-Nakuru Hospital (Nakuru County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2024**

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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		

**Appendix V: Disaster Expenditure Reporting Template**

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