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NDANAI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF BOMET

150



Ndanai Level 4 HOSPITAL (Bomet County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

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

2. Key Entity Information and Management

(a) Background information

Ndanai Hospital is a level 4 hospital established under gazette notice number VOL CXXII No 24 of 4th February, 2020 and is domiciled in Bomet County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide health services to all residents.

(c) Key Management

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

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

(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|-------------------------------------|--------------------|
| 1. | Medical Superintendent | Dr. Titus Mutai |
| 2. | Head of finance | CPA Gilbert Langat |
| 3. | Head of supply chain | Hillary Koech |
| 4. | Health Administrative officer (HAO) | Joseph Koech |

(e) Fiduciary Oversight Arrangements

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

(f) Entity Headquarters

Ndanai Sub-county Hospital
P.O. Box 117-20400
Bomet Kenya.

(g) Entity Contacts

Telephone: (+254) 720024225
E-mail: ndanaishosp@gmail.com

(h) Entity Bankers

-Kenya Commercial Banks -1145098118
-Cooperative Bank- 01141357690900
-Equity Bank - 1840280730770

(i) Independent Auditors

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








(j) Principal Legal Adviser




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

(k) County Attorney







P.O. Box. 19
Bomet, Kenya






3. The Board of Management

| Ref | Directors | Details |
|-----|--|--|
| 1. |  Chairman Of the Board -Moses Cheruiyot | Master of art, project planning and management (U.O.N) |
| 2. |  Dr Wilson Kipruto Rono | Board Member |
| 3. |  Alfred Bett-Board Member | Bachelor of education (arts) |
| 4. | Sigilai Kirui-Board Member | Msc Human Resource (U.O.N) |
| 5. |  Wesley Korir-Board Member. | Primary Teacher I |
| 6. |  Dr. Mutai.K. Titus-Medical Superintendent | Msc in Public and management |
| 7. |  Zephaniah Bii-Board Member | Bsc in Microbiology |
| 8. |  Samwel Kibii Chirchir-Board Member | Msc in aviation meteorology (UON) |

| | | |
|-----|---|---------------------------|
| 9. |  Weldon Ngeno-Board Member | KCSE |
| 10. |  Richard Rugut-Board Member | KCSE |
| 11. |  Richard k. Soi | Msc in religious studies. |

4. Key Management Team

| Ref | Management | Details |
|-----|--|---|
| 1. |  Dr. Mutai.K. Titus | Team Leader, Chair Health management team, Head of clinical services and secretary to Hospital Management Board, Member of KMPDB Qualifications MSc. Public management, MBCChB |
| 2. |  Joseph. Ngeno | Hospital administrative Officer, Member of HMT. |
| 3. |  Dr. Kaptich Dickson Siele | Pharmacist-In- Charge, Member of HMT |
| 4. |  Joyce Chebet | Nurse officer-In-Charge, Member of HMT |
| 5. |  Hillary Yegon | Biomedical Engineer |
| 6. |  Hillary Koech | Procurement Officer, Member of HMT |

| | | |
|-----|--|--|
| 7. |  CPA Gilbert Langat | Head of Financial services and HMT Member, Holder of BCom (Accounting), CPAK |
| 8. |  Prudence Chepkirui | Radiology-In-Charge |
| 9. |  Amos Bii | Laboratory-In-Charge |
| 10. |  Doris Cherotich | Clinical Officer-In-Charge |
| 11. |  Cheruiyot Kipngeno | Health Records In Charge |
| 12. |  Dr. Cheruiyot James | Rehabilitative/Surgery Department |
| 13. |  Dr. Irene Chepsiror | Dental department |
| 14. | Bii Philliph | Nutrition department |

5. Chairman's Statement

Ndanai Subcounty Hospital, established in 1973 and now a level IV facility, is the main referral hospital in Sotik Sub-County, Bomet County. It serves the largest population in the region, with a catchment extending to Nyamira and Kericho counties, and functions as the primary hub in the Sotik healthcare network.

Key Priorities (FY 2024/2025)

Service Delivery: Expand specialized services (ENT, dermatology, eye care, surgery), reduce waiting times, and strengthen emergency response.

Human Resources: Improve staffing levels, staff motivation, training, supervision, and policy awareness.

Health Products & Technologies: Ensure reliable supply of medicines, vaccines, lab reagents, and equipment.

Infrastructure: Construct new wards, kitchens, laundry, rehab centers; renovate existing facilities.

Data & Digitization: Transition to digital health records (HMIS), enhance IT infrastructure, and train staff.

Governance & Accountability: Strengthen hospital board, conduct regular meetings, involve stakeholders, and improve monitoring and evaluation. **Financial Management:** Enhance revenue collection, implement FIF Act 2023, and ensure transparent planning, budgeting, and reporting.

Challenges

Funding shortfalls, infrastructural gaps, staffing shortages, faulty medical equipment, and an incomplete HMIS system.

Way Forward

Adopt a Strategic Plan (2025–2034), strengthen healthcare pillars, improve risk management, and enforce strategic leadership and financial accountability.

Achievements to Date

Consistent supply of health products, digitization of health records, introduction of new specialties, construction of wards, implementation of FIF/SHA, and general facility maintenance.


.....
Name **Moses Othman**
Chairman to the Board

6. Report of The Medical Superintendent

Ndanai Sub County Hospital, a Level IV, is located in Sotik, Bomet County and was Established in 1973 as a dispensary but has been upgraded over time.

It Serves as the main referral facility in the sub-county with a large catchment area (Sotik, Transmara East, Nyamira).

Key Activities (FY 2024/25)

1. Service Provision

24/7 access to essential and specialized services.

Reduced waiting times and streamlined specialist clinics.

Introduction of new services: Eye care, ENT, General Surgery, Dermatology.

Improved emergency response and elective surgeries.

2. Human Resource Development

Address staffing gaps.

Staff motivation, supervision, training, CMEs, and benchmarking.

Grievance redress mechanisms and policy sensitization.

3. Health Products & Technologies

Steady supply of pharmaceuticals, vaccines, reagents, equipment, and consumables.

4. Infrastructure Development

Construction of inpatient wards.

Planned facilities: Kitchen, laundry, outpatient expansion, rehab center

Renovations: partitioning, plumbing, painting, environmental care, fencing, sewerage.

Partnerships with county/national government & partners.

5. Data Management

Transition from manual to digital records.

HMIS system adoption, laptops/tablets procurement, training.

6. Leadership & Accountability

Functional Hospital Management Board & Team with subcommittees.

Clear roles, stakeholder engagement, regular evaluations, strategic planning.

7. Financial Management

Efficient revenue collection (cashless, SHA claims).

Compliance with FIF Act 2023.

Annual & quarterly work plans, budgets, and procurement plans.

Proper financial reporting.

Successes

- Consistent supply of health products.
- Digitization of health records.
- Introduction of new specialty services (ENT, Dermatology, Surgery, Eye care).
- Implementation of FIF & SHA.
- Construction of wards and maintenance of infrastructure/vehicles.
- Improved service utilization across departments.
- Staff motivation, training, and improved management.
- Prudent financial management.

Challenges

- Funding shortfalls vs. growing needs.
- Infrastructural gaps.
- Staffing shortages.
- Limited medical equipment.
- HMIS system still under development.

Way Forward (2025/26)

- Strengthen the 2 pillars of health system.
- Strategic planning for FY 2025/26.
- Policy development and risk management.
- Stronger strategic leadership.
- Enhanced financial resource management.



Name DR MUTAI K. TITUS

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

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

Pillar /theme/issue 1: Prevention of communicable diseases

Pillar/theme/issue 2: Treatment and Curative services

Ndanai Subcounty Hospital develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The team achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

| Strategic Pillar/Theme/Issues | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------------|--|---|----------------------------------|---|
| Pillar/ theme/ issue 1: | Ensuring prevention of communicable diseases | The number of patients immunized | Community outreach services | Reduced communicable diseases in the locality |
| Pillar/ theme/ issue 1: | Facilitating treatment and Curative services | Number of patients treated And discharged | Establishment of special clinics | Improved service delivery |

8. Corporate Governance Statement

According to Bomet County Health Facility Management Policy of 2018:

- The total membership of the sub-county board -thirteen (13)
- Nominated and appointed by the CECM.

The board shall consist of-

- A chairperson from among the ten persons from the wards who shall be appointed by the CEC Medical Services and Public Health
- The officer-in-charge of Sub-County hospital who shall be the secretary and ex-officio member
- The Sub-County Hospital Administrator who shall be an ex- officio member
- Representative from the Sub-County medical services

office Two persons per ward consisting of the following –

- One person who has knowledge and experience in management or administration.
- One person who shall have knowledge and experience in finance and procurement.
- One person with medical back ground and must not be a public servant
- One person to represent people with disability.
- One person to represent recognized None State Actors
- One person representing Women
- One person representing Youths

Other three person who shall meet the eligibility of being a board member

- All the elected members of the County Board should possess a post KCSE certificate or equivalent from recognized institution and at least a Degree for the chairperson.
- The board members apart from ex-officio shall hold office for a period of three(3) years and shall be eligible for re-appointment/re-election for one further and final term.
- All the board members must be persons of integrity.
- No more than two-thirds of the County Referral Board members shall be of the same gender.

CONDUCT OF BUSINESS FOR HFMCs/BOARDS

- The Board shall meet four time say year and shall maintain records for its deliberations
- The quorum for the meeting of the committee shall be five of all the members including the secretary
- Each Board shall cause minutes to be kept of all its meetings

- A meeting of a committee shall be held at the centre or dispensary in respect of which the committee is established
- The County Executive Member may attend any meeting of a committee

REMOVAL FROM OFFICE

A person appointed may–

- At any time resign by issuing notice in writing to the Executive Member
- Be removed from office by the Executive Member–
- Serious violation of the Constitution or any other written law: Gross misconduct, whether in the performance of the functions of the office or otherwise;
- Physical or mental incapacity to perform the functions of office;
- Has been absent from three consecutive meetings of the Board without written permission to the chairperson
- In the case of a member of the public benefits from the County Government through employment, tender etc, the member ceases to hold office by virtue of which his or her nomination was made
- A member ceases to reside in the area of hospital jurisdiction
- A member is found to be unfit to hold the position on medical grounds
- A member dies
- A member is involved in an act resulting to conflict of interest with the position held by the member
- A member is adjudged bankrupt or enters into a composition of arrangements with his or her creditors
- A genuine petition from the public lodged against the member

DISSOLUTION OF COMMITTEE AND BOARDS

- The CECM for Health Services shall have powers to dissolve the Boards and Committees when:
- The term of office expires
- There is serious violation of the prevailing laws and regulations

9. Management Discussion and Analysis

During the financial year 2024/2025, Ndanai Sub-County Hospital had an approved budget, approved work plan and procurement plan

Financial performance of the Hospital during the year,

There has been inadequate budgetary allocation and delays in disbursement from the county.

Operational Performance.

The Hospital operations were adversely affected by underfunding and delayed disbursements

Compliance with the statutory requirement

The statutory requirements were complied with.

10. Environmental And Sustainability Reporting

The Board of management shall ensure implementation of Bomet county Health policies in line with the national standards. The rollout of Social Health Authority Act, Facility improvement financing act will play a very important role in streamlining service delivery to the citizens

Sustainability strategy and profile

Proper stakeholder engagement shall be done while undertaking any project. Various policies and strategic plan developments shall be subjected to adequate public participation

Environmental performance

Environmental impact assessment shall be carried out before the commencement of any project to examine the extent to which the implementation of the project affects the environment

Employee welfare

The development of facility human resource manual shall comprehensively address all aspects related to employees. It is important to address employee welfare in order to respect rights as per the law and enhance productivity

Community Engagements

There shall be a wide range of community activities through the well-established community strategy. There are four community units attached to the facility whereby each unit has ten community health promoters supervised by Community health assistants linked to the facility.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide healthcare services.

Results

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

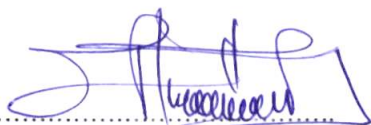
Board of Management

The members of the Board who served during the year are shown on page v. During the year, nil director(s) retired/ resigned, and nil director (s)was appointed with effect from ... date.

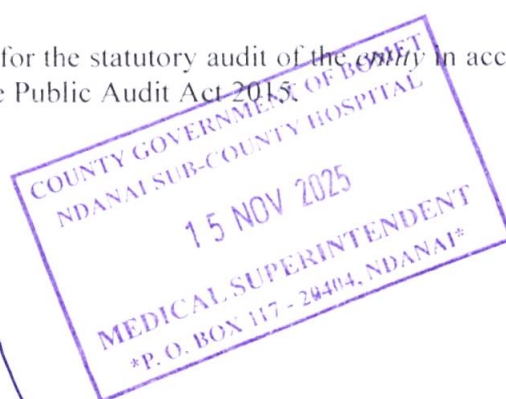
Auditors

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

By Order of the Board



Name DR MUZAI K. TITUS
Secretary to the Board



12. Statement of Board of Management’s Responsibilities

Section 164 of the Public Finance Management Act, 2012 (*entities should quote the applicable legislation under which they are regulated*) requires the Board of Management to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Board of Management is also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the *entity*.

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

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

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

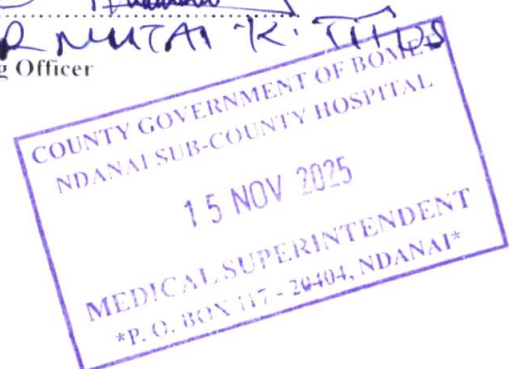
Nothing has come to the attention of the Board of management to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 15/11/2025 and signed on its behalf by:

Name: **MOSES OTERUOT**
Chairperson
Board of Management

Name: **DR MUTAI R. ITES**
Accounting Officer



REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NDANAI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF BOMET

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying transitional IPSAS financial statements of Ndanai Level 4 Hospital – County Government of Bomet set out on pages 1 to 47, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the transitional IPSAS financial statements do not present fairly, in all material respects, the financial position of Ndanai Level 4 Hospital-County Government of Bomet as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and do not comply with the Health Act, 2017 and the Public Finance Management Act, 2012 and the National Treasury and Economic Planning circular No.3 of 14 April, 2025.

Basis for Adverse Opinion

1. Inaccuracy of General Expenses

The statement of financial performance and as disclosed in Note 21 to the financial statements reflect general expenses amounting to Kshs.6,062,040. However, the amount differs with the recomputed general expenses totalling Kshs.6,090,684 as detailed in Note 21 resulting in unexplained variance of Kshs.28,644.

In the circumstance, the accuracy and completeness of general expenses amounting to Kshs.6,062,040 could not be confirmed.

2. Inaccuracy of Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 27 to the financial statements reflects cash and cash equivalents totalling Kshs.6,113,572. However, the amount includes bank balance totalling Kshs.383,469 whose cashbook and monthly bank reconciliation statements were not provided for audit review.

In addition, the statement reflects cash and cash equivalent comparative figure of Kshs.166,495. The amount differs with the prior year audited balance of Kshs.166,506 resulting in unreconciled variance of Kshs.11.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.6,113,572 could not be confirmed.

3. Inaccuracy of Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflects receivables from exchange transactions totalling Kshs.31,574,501 and comparative figure of Kshs.7,684,050. However, the comparative figure differs with the prior year audited Nil balance resulting in unreconciled variance of Kshs.7,684,050.

In the circumstance, the accuracy and completeness of receivables from exchange transactions totalling Kshs.31,574,501 could not be confirmed.

4. Inaccuracy of Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 30 to the financial statements reflects receivables from non-exchange transactions totalling Kshs.10,000,000 and Nil comparative figure. However, the ageing analysis of the receivables was not provided for audit review.

In the circumstance, the accuracy and recoverability of receivables from non-exchange transactions totalling Kshs.10,000,000 could not be confirmed.

5. Inaccuracy of Inventories

The statement of financial position and as disclosed in Note 31 to the financial statements reflects inventories totalling Kshs.2,966,799 and comparative figure of Kshs.697,875. However, the comparative figure amount differs with the prior year audited Nil balance resulting in unreconciled variance of Kshs.697,875.

In addition, stock cards used to issue the drugs to various department in the Hospitals did not indicate batch numbers and expiry dates of drugs. It was, therefore, not possible to establish whether the issuance of drugs followed the principle of first in first out (FIFO) in stores management.

In the circumstance, the accuracy and completeness of inventories totalling Kshs.2,966,799 could not be confirmed.

6. Inaccuracy of Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.147,843,286 and Nil comparative figure. However, the Nil comparative figure differs with the comparative figure of Kshs.153,442,540 as disclosed in Note 31 to the financial statements resulting in unreconciled variance of Kshs.153,442,540. The amount was also not supported by prior year adjustment journal entries, valuation reports, assets register, and ownership documents for the land, Motor vehicles, and machinery.

In the circumstances, the accuracy and completeness of property, plant and equipment totalling Kshs.147,843,286 could not be confirmed.

7. Inaccuracy of Trade and Other Payables

The statement of financial position reflects trade and other payables totalling Kshs.2,660,500 and comparative figure of Kshs.4,414,301. However, the comparative figure differs with the prior year audited Nil balance resulting in unreconciled variance of Kshs.4,414,301. In addition, invoices, certificates of work done and inspection committees certificates in support of the payables were not provided for audit review.

In the circumstances, the accuracy, completeness and existence of trade and other payables totalling Kshs.2,660,500 could not be confirmed.

8. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.1,733,603 and comparative figure of Kshs.482,517. However, the comparative figure differs with the accumulated surplus opening balance of Kshs.248,892 reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.233,625.

In the circumstances, the accuracy and completeness of accumulated surplus totalling Kshs.1,733,603 could not be confirmed.

9. Inaccuracy of Capital Fund

The statement of financial position reflects capital fund totalling Kshs.195,810,658 and comparative figure of Kshs.3,651,613. However, the comparative figure differs with the Nil opening balance reflected in the statement of changes in net assets resulting in unexplained variance of Kshs.3,651,613.

Further, the amount includes capital grants amounting to Kshs.195,810,658 as reflected in the statement of changes in net assets. However, documentary evidence in support of the grants were not provided for audit verification.

In the circumstances, the accuracy and completeness of capital fund totalling Kshs.195,810,658 could not be confirmed.

10. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects rendering of services – medical services income amounting to Kshs.36,218,125. However, the amount differs with the rendering of services – medical services income totalling Kshs.36,179,549 reflected in the statement of comparison of budget and actual amounts resulting in unexplained variance of Kshs.38,576.

Further, the statement reflects grants and subsidies amounting to Kshs.8,849,544. However, the amount differs with the grants and subsidies totalling Kshs.10,323,944 reflected in the statement of comparison of budget and actual amounts resulting in unexplained variance of Kshs.1,474,400. Similarly, the statement reflects general expenses amounting to Kshs.6,090,684 which differs with the corresponding amount of Kshs.6,091,240 the statement of comparison of budget and actual amounts resulting in unexplained variance of Kshs.556.

In addition, the statement reflects net cash flows from operating activities amounting to Kshs.44,277,640. However, the amount differs with the recomputed cash flows amounting to Kshs.1,610,485 resulting in unexplained variance of Kshs.42,667,155. Similarly, the amount differs with the net cash flows from operating activities totalling Kshs.6,113,572 as disclosed in Note 43 to the financial statements resulting in unexplained variance of Kshs.38,164,068. Further recomputation in 43 to the financial

statements revealed negative cash flows from operating activities amounting to Kshs.30,802,211.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

11. Inaccuracies in Statement of Comparison of Budget and Actual Amounts

The statement of Comparison of Budget and actual amounts reflects total final budget of Kshs.85,000,000. However, the balance differs with the recomputed balance of Kshs.86,334,000 resulting in unexplained variance of Kshs.1,334,000.

Further, the statement reflects actual receipts amounting to Kshs.45,985,731 which differs with the recomputed receipts amounting to Kshs.47,319,731 resulting in unexplained variance of Kshs.1,334,000.

In addition, the statement reflects total expenditure of Kshs.44,306,840 which differs with the recomputed total expenditure of Kshs.44,278,196 resulting in unexplained variance of Kshs.28,644.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

12. Unsupported Grants and Subsidies

The statement of financial of performance and as disclosed in Note 20 the financial statements reflect grants and subsidies amounting to Kshs.10,323,944 in respect of transfers to Dispensaries, Sub County Hospital and Health Departments in the Headquarters. However, expenditure returns in support of the transfers were not provided for audit review.

In the circumstance, the accuracy, completeness and propriety of grants and subsidies amounting to Kshs.10,323,944 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ndanai Level 4 Hospital- County Government of Bomet 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 adverse opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total receipts budget amounting to Kshs.85,000,000 against actual receipts amounting to Kshs.45,985,731, resulting in underfunding of Kshs.39,014,269 or forty six percent (46%)

Report of the Auditor-General on Ndanai Level 4 Hospital for the Year ended 30 June, 2025- County Government of Bomet

of the budget. Similarly, the Hospital expended Kshs.44,306,840 against total receipts amounting to Kshs.45,985,731 resulting in under expenditure of Kshs.1,678,891 or four percent (4%) of the receipts.

The underfunding and underperformance 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 Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, twenty-one (21) issues were raised under the Report on Financial Statements, Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as shown in **Appendix I**. However, Management had not resolved the issues or given any explanations for failure to implement the recommendations.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Deficiencies in Implementation of Universal Health Coverage (UHC)

As previously reported, review of the 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 minimum staffing levels prescribed by the Kenya Quality Model for Health Policy Guidelines on personnel as shown below:

| Cadre/Equipment | Level 4 Standard | Current Number | Variance |
|---|--------------------|----------------|----------|
| Medical officers | 16 | 5 | 11 |
| Anesthesiologists | 2 | 5 | -3 |
| General Surgeons | 2 | 1 | 1 |
| Gynecologists | 2 | 1 | 1 |
| Pediatricians | 2 | 1 | 1 |
| Registered Community Health Nurses | 75 | 31 | 44 |
| Radiologists | 2 | 0 | 2 |
| Beds | 150 | 30 | 120 |
| Resuscitative (2 in Labour ward and one in theatre) | 3 | 1 | 2 |
| New Born Unit - Incubators and five (5) cots | 5 | 3 | 2 |
| New Born Unit cots | 5 | 0 | 5 |
| Functional intensive care unit - Beds | 6 | 0 | 6 |
| Renal dialysis | Should be in place | Not available | 0 |
| Mortuary and autopsy services. | Should be in place | Not available | 0 |

This was contrary to 25(1) of the Health Act, 2017 which states that the technical classification of levels of health care shall be as set out in the First Schedule of the Act.

Further, Paragraph (i) of the First Schedule requires Level 4 facilities to have in place proper case management of referral cases through the provision of four main clinical specialties including internal medicine, general surgery, gynae obstetrics and pediatrics by general practitioners backed by appropriate technical devices.

The audit was conducted in accordance with ISSAI 3000 and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, I confirm that internal controls, risk management and governance were not effective.

1. Lack of a Risk Management Policy

A review of documents revealed that the Hospital operated without a risk management policy or strategy and no risk assessment was performed during the year. As a result, there were no approved processes and guidelines in place for mitigating operational, legal, and financial risks.

Further, the Hospital did not maintain a risk register which implies the hospital might not be effectively tracking and addressing its risk profile. This implies that the Hospital might not be effectively tracking and addressing its risk profile.

2. Lack of a Strategic Plan and Institutional Policies

The Hospital operated without a strategic plan during the year under review. Further, the Hospital Management had not developed its own institutional policies and procedure manuals, including but not limited to an Asset Management Policy, Transport Management Policy, Disaster management and Business Continuity Plan, and Finance and Accounting Policies. Instead, the Hospital relied solely on policies and manuals developed by the County Government.

There is risk of ineffective resource utilization, lack of clear operational direction, and governance risks, as county-level policies may not adequately address its unique needs.

3. Lack of Internal Audit Review and Audit Committee

During the year under review, there was no internal audit review of the Hospital's activities. This was contrary to Regulation 153(1) of the Public Finance Management

(County Governments) Regulations, 2015 which requires internal auditors to review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in county government entities and review the effectiveness of the financial and non-financial performance management systems of the entities.

Further, the Hospital did not have an Audit Committee as required by Regulation 155(5) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the oversight on effectiveness of internal controls, risk management and overall governance could not be confirmed.

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

Responsibilities of Management and Those Charged with Governance

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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

Appendix I

| Number | Financial Year | Issue |
|--------|----------------|---|
| | | Qualified Opinion |
| 1 | 2023/2024 | Unsupported Rendering Services-Medical Service Income |
| 2 | 2023/2024 | Inaccuracy of Employee Costs |
| 3 | 2023/2024 | Inaccuracy of Receivables from Exchange Transactions |
| 4 | 2023/2024 | Inaccuracy of Inventories |
| 5 | 2023/2024 | Inaccuracy of Plant, Plant and Equipment |
| 6 | 2023/2024 | Inaccuracy of Trade and Other Payables |
| 7 | 2023/2024 | Inaccuracy of Accumulated Surplus |
| 8 | 2023/2024 | Inaccuracy of Total Net Assets and Liabilities |
| 9 | 2023/2024 | Inaccuracies in the Statement of Cash Flows |
| 10 | 2023/2024 | Statement of Comparison of Budget and Actual Amounts |
| | | Other Matter |
| | 2023/2024 | Unresolved prior year matters |
| | | Report on Lawfulness and Effectiveness in the Use of Public Resources |
| 1 | 2023/2024 | Lack of Approved Annual Budget |
| 2 | 2023/2024 | Irregular Engagement and payment of Casual wages |
| 3 | 2023/2024 | Irregular transfer to Bomet County Revenue Fund |
| 4 | 2023/2024 | Deficiencies in Implementation of Universal Health Coverage |
| 5 | 2023/2024 | Lack of Hospital Management Committee |
| 6 | 2023/2024 | Non- Functional and Unutilized Medical equipment |
| | | Report on Effectiveness of Internal Controls, Risk Management and Governance |
| 1 | 2023/2024 | Lack of Internal Audit Review and Audit Committee |
| 2 | 2023/2024 | Weak Internal Controls in Stores and Inventory Management |

Report of the Auditor-General on Ndanai Level 4 Hospital for the Year ended 30 June, 2025- County Government of Bomet

| | | |
|---|-----------|--|
| 3 | 2023/2024 | Lack of standard Operating Procedures and Policies |
| 4 | 2023/2024 | Lack of Risk Management |

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

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

| Description | Note | FY 2024/25 | FY 2023/24 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the County Government | 6 | 9,670,000 | 13,634,000 |
| In- kind contributions from the County Government | 7 | 3,974,654 | - |
| Grants from donors and development partners | 8 | - | - |
| Transfers from other Government entities | 9 | - | - |
| Public contributions and donations | 10 | 1,470,182 | - |
| | | 15,114,836 | 13,634,000 |
| Revenue from exchange transactions | | | |
| Rendering of services- Medical Service Income | 11 | 36,218,125 | 9,088,498 |
| Revenue from rent of facilities | 12 | - | - |
| Finance /Interest Income | 13 | - | - |
| Miscellaneous Income | 14 | - | - |
| Revenue from exchange transactions | | 36,218,125 | 9,088,498 |
| Total revenue | | 51,332,961 | 22,722,498 |
| | | | |
| Expenses | | | |
| Medical/Clinical costs | 15 | 19,786,202 | 3,355,542 |
| Employee costs | 16 | 6,445,537 | 3,703,000 |
| Transfer to Bomet CRF | | 0 | 9,088,498 |
| Board of Management Expenses | 17 | 396,000 | 270,000 |
| Depreciation and amortization expense | 18 | 5,599,254 | 0 |
| Repairs and maintenance | 19 | 1,235,273 | 138,170 |
| Grants and subsidies | 20 | 10,323,944 | 3,192,000 |
| General expenses | 21 | 6,062,040 | 2,712,759 |
| Finance costs | 22 | 0 | 13,637 |
| Total expenses | | 49,848,250 | 22,473,606 |
| Other gains/(losses) | | | |

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

| Description | Note | FY 2024/25 | FY 2023/24 |
|--|------|------------------|----------------|
| | | Kshs | Kshs |
| Gain/Loss on disposal of non-Current assets | 23 | - | - |
| Unrealized gain on fair value of investments | 24 | - | - |
| Medical services contracts Gains/Losses | 25 | - | - |
| Impairment loss | 26 | (-) | - |
| Gain on foreign exchange transactions | | - | - |
| Total other gains/(losses) | | - | - |
| Net Surplus for the year | | 1,484,711 | 248,892 |


The Hospital's financial statements were approved by the Board on 15/11/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 21599



Medical Superintendent
COUNTY GOVERNMENT OF BOMET
NDANAI SUB-COUNTY HOSPITAL
15 NOV 2025
MEDICAL SUPERINTENDENT
P. O. BOX 117 - 20404, NDANAI

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

| Description | Note | FY 2024/25 | FY 2023/24 |
|---|------|--------------------|------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 27 | 6,113,572 | 166,495 |
| Prepayments | 28 | - | - |
| Receivables from exchange transactions | 29 | 31,547,501 | 7,684,050 |
| Receivables from non-exchange transactions | 30 | 10,000,000 | 0 |
| Inventories | 31 | 2,966,799 | 697,875 |
| Total Current Assets | | 50,627,872 | 8,381,925 |
| Non-current assets | | | |
| Property, plant, and equipment | 32 | 147,843,286 | - |
| Intangible assets | 33 | - | - |
| Investment property | 34 | - | - |
| Biological Assets | 35 | - | - |
| Total Non-current Assets | | 147,843,286 | - |
| Total assets (A) | | 198,471,158 | 8,548,431 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 36 | 2,660,500 | 4,414,301 |
| Refundable deposits from Patients/Prepayments | 37 | - | - |
| Provisions | 38 | - | - |
| Finance lease obligation | 39 | - | - |
| Current portion of deferred income | 40 | - | - |
| Current portion of borrowings | 41 | - | - |
| Total Current Liabilities | | 2,660,500 | 4,414,301 |
| Non-current liabilities | | | |
| Provisions | 38 | - | - |
| Non-Current Finance lease obligation | 39 | - | - |
| Non-Current portion of deferred income | 40 | - | - |
| Non - Current portion of borrowings | 41 | - | - |


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

| Description | Note | FY 2024/25 | FY 2023/24 |
|--------------------------------------|------|--------------------|------------------|
| | | Kshs | Kshs |
| Service concession Arrangements | 42 | - | - |
| Total non-current liabilities | | - | - |
| Total Liabilities (B) | | 2,660,500 | 4,414,301 |
| Net assets (A-B) | | 195,810,658 | 4,414,301 |
| Represented by: | | | |
| Revaluation reserve | | - | - |
| Accumulated surplus/Deficit | | 1,733,603 | 482,517 |
| Capital Fund | | 195,810,658 | 3,651,613 |
| Net Assets | | 195,810,658 | 4,134,130 |

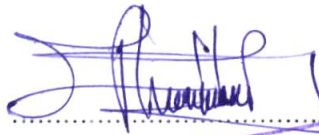
The Hospital's financial statements were approved by the Board on 15/11/2025 and signed on its behalf by:



 Chairman
 Board of Management



 Head of Finance
 ICPAK No: 21599



 Medical Superintendent
 COUNTY GOVERNMENT OF BOMET
 NDANAI SUB-COUNTY HOSPITAL
 15 NOV 2025
 MEDICAL SUPERINTENDENT
 P. O. BOX 117 - 20404, NDANAI

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

| Description | Revaluation reserve | Accumulated surplus/Deficit | Capital Fund | Total |
|--------------------------------|---------------------|-----------------------------|--------------------|--------------------|
| As at July 1, 2023 | - | - | - | - |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 248,892.00 | - | 248,892.00 |
| Capital/Development grants | - | - | - | - |
| As at June 30, 2024 | - | 248,892.00 | - | 248,892.00 |
| | | | | - |
| At July 1, 2025 | - | 248,892.00 | - | 248,892.00 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 1,484,711.41 | - | 1,484,711.41 |
| Capital/Development grants | - | - | 195,810,658.06 | 195,810,658.06 |
| At June 30, 2025 | - | 1,733,603 | 195,810,658 | 197,544,261 |

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

| Description | Note | FY 2024/25 | FY 2023/24 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the County Government | | 9,670,000 | 13,634,000 |
| Grants from donors and development partners | | - | - |
| Transfers from other Government entities | | - | - |
| Public contributions and donations | | - | - |
| Rendering of services- Medical Service Income | | 36,218,125 | 9,088,498 |
| Revenue from rent of facilities | | - | - |
| Finance / interest income | | - | - |
| Miscellaneous receipts | | - | - |
| Total Receipts | | 45,888,125 | 22,722,498 |
| Payments | | | |
| Medical/Clinical costs | | 19,786,202 | 3,555,542 |
| Employee costs | | 6,445,537 | 3,703,000 |
| Board of Management Expenses | | 396,000 | 270,000 |
| Repairs and maintenance | | 1,235,273 | 138,170 |
| Transfers to dispensaries | | 1,474,400 | 3,192,000 |
| Grants and subsidies | | 8,849,544 | 9,088,498 |
| General expenses | | 6,090,684 | 2,726,126 |
| Refunds paid out | | - | - |
| Total Payments | | 44,277,640 | 22,673,336 |
| Net cash flows from operating activities | 43 | 44,277,640 | 22,673,336 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (-) | (-) |
| Purchase of intangible assets | | (-) | (-) |
| Proceeds from the sale of PPE | | - | - |
| Acquisition of investments | | (-) | (-) |
| Net cash flows used in investing activities | | (-) | (-) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | (-) | (-) |
| Capital grants received | | - | - |

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

| Description | Note | FY 2024/25 | FY 2023/24 |
|--|------|------------|------------|
| | | Kshs | Kshs |
| Net cash flows used in financing activities | | (-) | (-) |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Cash and cash equivalents as at 1 July | 27 | 166,506.00 | 187,236 |
| Cash and cash equivalents as at 30 June | 27 | 6,113,572 | 166,506 |

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

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

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilisation |
|---|-------------------|-------------|-------------------|----------------------------|------------------------|------------------|
| | a | b | c=(a+b) | d | e=(c-d) | f=d/c% |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Budget carryovers from the previous year | - | - | - | - | - | % |
| Receipts | | | | | | |
| Transfers from the County Government | 9,670,000 | - | 9,670,000 | 9,670,000 | - | 100% |
| Grants from donors and development partners | - | - | - | - | - | - |
| Transfers from other Government entities | - | - | - | - | - | - |
| Public contributions and donations | - | - | - | 1,470,182 | -1,470,182 | - |
| Rendering of services- Medical Service Income | 76,664,000 | - | 76,664,000 | 36,179,549 | 40,484,451 | 47 |
| Revenue from rent of facilities | - | - | - | - | - | - |
| Finance / interest income | - | - | - | - | - | - |
| Miscellaneous receipts | - | - | - | - | - | - |
| Total receipts | 85,000,000 | - | 85,000,000 | 45,985,731 | 39,014,269 | 54% |
| Payments | | | | | | |
| Medical/Clinical costs | 38,762,715 | - | 38,762,715 | 19,786,202 | 18,976,513 | 51% |
| Employee costs | 6,383,745 | - | 6,383,745 | 6,445,537 | -61,792 | 100% |
| Remuneration of directors | 1,111,846 | - | 1,111,846 | 396,000 | - | 35% |
| Repairs and maintenance | 6,740,000 | - | 6,740,000 | 1,235,273 | 5,464,727 | 18% |
| Grants and subsidies | 10,323,944 | - | 10,323,944 | 10,323,944 | - | 100% |
| General expenses | 21,677,750 | - | 21,677,750 | 6,091,240 | 13,576,510 | 28% |
| Total Operational Expenditure paid | 85,000,000 | - | 85,000,000 | 44,306,840 | - | 52% |
| Capital Expenditure paid | - | - | - | - | - | % |
| Surplus | - | - | - | 1,678,846 | 1,036,955 | % |

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

Budget Reconciliation

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

19. Notes to the Financial Statements

1. General Information

Ndanai Sub-County Hospital is established by and derives its authority and accountability from FIF Act. The entity is wholly owned by the Bomet County Government and is domiciled in Bomet County in Kenya. The entity's principal activity is provision of health services.

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

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

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

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

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires:</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |
| IPSAS 45- Property Plant and Equipment | <p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE, shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> |
| IPSAS 46 Measurement | <p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> |

Ndanai Hospital (Bopmet County Government)
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| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS: iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> |
| IPSAS 47- Revenue | <p><i>Applicable 1st January 2026</i></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> |
| IPSAS 48- Transfer Expenses | <p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> |
| IPSAS 49- Retirement Benefit Plans | <p><i>Applicable 1st January 2026</i></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> |
| IPSAS 50: Exploration For & Evaluation of Mineral Resources | <p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. |

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| Standard | Effective date and impact: |
|----------|--|
| | <ul style="list-style-type: none"> <li data-bbox="667 331 2029 403">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. <li data-bbox="667 403 2029 531">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. |

iii) Early adoption of standards

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

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.

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Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 24/25 was approved by Board on **23/08/2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of xxx on the FY 24/25 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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- When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of useful 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.

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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.

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h. Biological Assets

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

i. Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected

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future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

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principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method.

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➤ Finished goods and work in progress: cost of direct materials and labour, and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

l. Provisions

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

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

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

m. Social Benefits

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

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n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements

q. Changes in accounting policies and estimates

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

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Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

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t. Borrowing costs

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

u. Related parties

The 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.

v. Service concession arrangements

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

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w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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.

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

Useful lives and residual values

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

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

Provisions

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

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Notes to Financial Statements Continued

6. Transfers from the County Government

| Description | FY 2024/25 | FY 2023/24 |
|---|------------------|-------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Operational grant | - | - |
| Level 4 grants | 9,670,000 | 13,634,000 |
| Unconditional development grants | - | - |
| TOTALS | 9,670,000 | 13,634,000 |
| Conditional grants | | |
| User fee forgone | - | - |
| Transforming health services for Universal care project (THUCP) | - | - |
| DANIDA | - | - |
| Wards Development grant | - | - |
| Paediatric block grant | - | - |
| Administration block grant | - | - |
| Laboratory grant | - | - |

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6 b Transfers from The County Government

| Name of the Entity sending the grant | Amount recognized to Statement of financial performance* KShs | Amount deferred under deferred income KShs | Amount recognised in capital fund. | Total grant income during the year | FY 23/24 |
|--------------------------------------|--|---|------------------------------------|------------------------------------|-------------------|
| | | | KShs | | |
| Bomet County Government | 9,670,000 | - | - | 9,670,000 | 13,634,000 |
| Total | 9,670,000 | - | - | 9,670,000 | 13,634,000 |

7. In Kind Contributions from The County Government

| Description | FY 2024/25 | FY 2023/24 |
|---|------------------|------------|
| | KShs | KShs |
| Salaries and wages | - | - |
| Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers) KEMSA | 3,974,654 | - |
| Total grants in kind | 3,974,654 | - |

8. Grants From Donors and Development Partners

| Description | FY 2024/25 | FY 2023/24 |
|-----------------------------|------------|------------|
| | KShs | KShs |
| Cancer Centre grant- DANIDA | - | - |
| World Bank grants | - | - |
| Paediatric ward grant- JICA | - | - |
| Research grants | - | - |
| Other grants | - | - |

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(we did not receive any revenue from any development partners or donors)

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 | FY23/24 |
|--------------------------------------|---|---------------------------------------|------------------------------------|------------------------------------|---------|
| | KShs | KShs | KShs | KShs | KShs |
| Donor e.g., DANIDA | - | - | - | - | - |
| JICA | - | - | - | - | - |
| World Bank | - | - | - | - | - |
| Total | - | - | - | - | - |

9. Transfers From Other Government Entities

| Description | FY 2024/25 | FY 2023/24 |
|--|------------|------------|
| | KShs | KShs |
| Transfer from National Government (Ministry of Health) | - | - |
| Total Transfers | - | - |

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10. Public Contributions and Donations

| Description | FY 2024/25 | FY 2023/24 |
|--|------------------|------------|
| | KShs | KShs |
| Donations from other international organisations and individuals | 1,470,182 | - |
| Total donations and sponsorships | 1,470,182 | - |

(This were donations in form of drugs like meds (Antiretrival drugs-ARVS) and other non-pharms)

10 (a)Reconciliations of amortised grants

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

11. Rendering of Services-Medical Service Income

| Description | FY 2024/25 | FY 23/24 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| SHA Claims for services rendered | 29,871,567.80 | - |
| Maternity Transfer-NHIF | 3,269,134.00 | - |
| Paybill Mpesa | 3,077,423.00 | 9,088,498 |
| Total revenue from the rendering of services | 36,218,125 | 9,088,498 |

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12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

| Description | FY 2024/25 | FY 2023/24 |
|---|------------|------------|
| | KShs | KShs |
| Insurance recoveries | - | - |
| Income from sale of tender | - | - |
| Services concession income | - | - |
| Sale of goods (water, publications, containers etc) | - | - |

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| | | |
|---|---|---|
| Write backs (Deposits, payments in advance etc) | - | - |
| Bad debts recovered | - | - |
| Total Miscellaneous income | - | - |

15. Medical/ Clinical Costs

| Description | FY 2024/25 | FY 2023/24 |
|--------------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Dental costs/ materials | 232,200 | - |
| Laboratory chemicals and reagents | 535,000 | - |
| Public health activities | - | - |
| Food and Ration | 2,552,090 | 1,679,377 |
| Uniform, clothing, and linen | 622,800 | - |
| Pharms and non-pharmaceuticals | 13,929,572 | 1,676,165 |
| Health information stationery | 914,690 | - |
| Reproductive health materials | - | - |
| Sanitary and cleansing Materials | - | - |
| Purchase of Medical implant | 240,000 | - |
| X-Ray/Radiology supplies | 109,000 | - |
| Medical equipment | 650,850 | - |
| Total medical/ clinical costs | 19,786,202 | 3,355,542 |

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16. Employee Costs

| Description | FY 2024/25 | FY 2023/24 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Salaries, wages, and allowances | 6,374,280 | 3,703,00 |
| Staff medical expenses and Insurance cover (SHIF) | 71,257 | - |
| Employee costs | 6,445,537 | 3,703,000 |

17. Board of Management Expenses

| Description | FY 2024/25 | FY 23/24 |
|-------------------|----------------|----------------|
| | Kshs | Kshs |
| Sitting allowance | 396,000 | 270,000 |
| Total | 396,000 | 270,000 |

18. Depreciation and Amortization Expense

| Description | FY 2024/25 | FY 23/24 |
|--|------------------|----------|
| | Kshs | Kshs |
| Property, plant and equipment | 5,599,254 | - |
| Intangible assets | - | - |
| Investment property carried at cost | - | - |
| Total depreciation and amortization | 5,599,254 | - |

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19. Repairs And Maintenance

| Description | FY 2024/25 | FY 2023/24 |
|--------------------------------------|------------------|----------------|
| | Kshs | Kshs |
| Property- Buildings Renovations | 29,200 | 138,170 |
| Medical equipment | 468,840 | - |
| Office equipment | - | - |
| Furniture and fittings | - | - |
| Computers and accessories | 30,000 | - |
| Motor vehicle expenses | 66,294 | - |
| Maintenance of civil works | 640,939 | - |
| Total repairs and maintenance | 1,235,273 | 138,170 |

20. Grants And Subsidies

| Description | FY 24/25 | FY 23/24 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| Transfer to dispensaries | 1,474,400 | 3,192,000 |
| Transfer to Sub-county-KEPI | 882,425 | - |
| Transfers to health department headquarters | 7,967,119 | - |
| Total grants and subsidies | 10,323,944 | 3,192,000 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

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21. General Expenses

| Description | FY 2024/25 | FY 23/24 |
|------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Exhauster services | 24,000 | - |
| Purchase of furniture and fittings | 27,000 | - |
| Bank charges | 28,644 | 13,637 |
| Board and Conferences meetings | 304,700 | - |
| Purchase of computers | 463,600 | - |
| Electricity expenses | 350,000 | 50,000 |
| Fuel and Lubricants | 1,568,648 | 1,282,529 |
| Travel and accommodation allowance | 417,400 | - |
| Electrical items | 570,692 | - |
| Cleaning services | 70,000 | - |
| Courier and postal services | 9,450 | - |
| Printing and stationery | 1,819,750 | 1,338,765 |
| Staff training and development | 196,000 | - |
| Lawn and mowing expenses | 22,000 | - |
| General office expenses | 218,800 | - |
| Total General Expenses | 6,062,040 | 2,716,946 |

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22. Finance Costs

| Description | FY 24/25 | FY 23/24 |
|---|----------|---------------|
| | KShs | KShs |
| Borrowings (amortized cost) | - | - |
| Finance leases (amortized cost) | - | - |
| Interest on Bank overdrafts/Guarantees | - | - |
| Interest on loans from commercial banks | - | 13,637 |
| Total finance costs | - | 13,637 |

(Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

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

| Description | FY24/25 | FY 23/24 |
|-------------------------------------|---------|----------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Total gain on sale of assets | - | - |

24. Unrealized Gain On Fair Value Investments

| Description | FY 2024/25 | FY 23/24 |
|---------------------------|------------|----------|
| | KShs | KShs |
| Investments at fair value | - | - |
| Total gain | - | - |

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25. Medical Services Contracts Gains /Losses

| Description | FY 2024/25 | FY 23/24 |
|---|------------|----------|
| | KShs | KShs |
| Comprehensive care contracts with NHIF/SHA | - | - |
| Non- Comprehensive contracts care with NHIF/SHA | - | - |
| Linda Mama Program | - | - |
| Waivers and Exemptions | - | - |
| Total Gain/Loss | - | - |

26. Impairment Loss

| Description | FY 2024/25 | FY 23/24 |
|--------------------------------|------------|----------|
| | KShs | KShs |
| Property, plant, and equipment | - | - |
| Intangible assets | - | - |
| Investments | - | - |
| Total impairment loss | - | - |

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27. Cash And Cash Equivalents

| Description | FY 2024/25 | FY 2023/24 |
|--|------------------|----------------|
| | KShs | KShs |
| Current accounts | 6,113,572 | 166,495 |
| On - call deposits | - | - |
| Fixed deposits accounts | - | - |
| Cash in hand | - | - |
| Total cash and cash equivalents | 6,113,572 | 166,495 |

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

| Description | | FY 2024/25 | FY 2023/24 |
|------------------------|----------------|------------------|----------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 1145098118 | 37,890 | - |
| Equity Bank | 1840280730770 | 383,469 | 114,371 |
| Cooperative Bank | 01141357690900 | 5,692,213 | 52,124 |
| b) Sub- total | | 6,113,572 | 166,495 |
| On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| c) Equity Bank | | - | - |
| Sub- total | | - | - |
| Fixed deposits account | | | |

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| | | | |
|-----------------------------------|--|------------------|----------------|
| d) Bank Name | | - | - |
| Sub- total | | - | - |
| Others | | - | - |
| cash in hand | | - | - |
| Mobile money- Mpesa, Airtel money | | - | - |
| Sub- total | | - | - |
| Grand Total | | 6,113,572 | 166,495 |

28. Prepayments

| Description | FY 2024/25 | FY 23/24 |
|--------------|------------|----------|
| | Kshs | Kshs |
| Insurance | - | - |
| Rent | - | - |
| Water | - | - |
| Internet | - | - |
| Total | - | - |

29. Receivables From Exchange Transactions

| Description | FY 2024/25 | FY 2023/24 |
|------------------------------|-------------------|------------------|
| | KShs | KShs |
| Medical services receivables | 31,547,501 | 7,684,050 |
| Rent receivables | - | - |
| Less: impairment allowance | (-) | (-) |
| Total receivables | 31,574,501 | 7,684,050 |

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Analysis of Receivables From Exchange Transactions

| Description | FY 2024/25 | | FY 23/24 | |
|--------------------|-------------------|----------------|--------------------|-------------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | | Current FY |
| Less than 1 year | 31,547,501 | 100 % | Less than 1 year | 31,547,501 |
| Between 1- 2 years | - | % | Between 1- 2 years | - |
| Between 2-3 years | - | % | Between 2-3 years | - |
| Over 3 years | - | % | Over 3 years | - |
| Total (a+b) | 31,547,501 | 100% | Total (a+b) | 31,547,501 |

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30.Receivables From Non-Exchange Transactions

| Description | FY 2024/25 | FY 23/24 |
|--------------------------------------|-------------------|----------|
| | KShs | KShs |
| Transfers from the County Government | 10,000,000 | - |
| Undisbursed donor funds | - | - |
| Less: impairment allowance | (-) | (-) |
| Total | 10,000,000 | - |

(The entity expects to receive transfers from county for 10 months each month at one million)

Analysis of Receivables From Non-Exchange Transactions

| Description | FY 2024/25 | | FY 23/24 | |
|--------------------|-------------------|----------------|--------------------|-------------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | | Current FY |
| Less than 1 year | 10,000,000 | 100% | Less than 1 year | 10,000,000 |
| Between 1- 2 years | - | % | Between 1- 2 years | - |
| Between 2-3 years | - | % | Between 2-3 years | - |
| Over 3 years | - | % | Over 3 years | - |
| Total (a+b) | 10,000,000 | % | Total (a+b) | 10,000,000 |
| | | | | |

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30.

31. Inventories

| Description | FY 2024/25 | FY 2023/24 |
|--|------------------|----------------|
| | KShs | KShs |
| Pharmaceutical supplies | 2,928,799 | 697,875 |
| Maintenance supplies | 38,000 | |
| Less: provision for impairment of stocks | (-) | (-) |
| Total | 2,966,799 | 697,875 |

Detailed disclosure on inventories

| | FY24/25 | FY23/24 |
|----------------------------------|---------|---------|
| Opening balance | - | - |
| Additional Inventory in the year | - | - |
| Inventory expensed in the year | - | - |
| Write-downs in the year | - | - |
| Others | - | - |

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Septic Tanks | Generator | Total |
|------------------------------------|------------|---------------------------|----------------|---|---------------|-----------------------------|--------------|-----------|-------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | | Ksh | Ksh |
| Useful lives | - | 40 | 4 | 8 | 5 | 10 | 40 | 15 | |
| Cost | | | | | | | | | |
| At 1 July 2023 | 64,000,000 | 45,800,000 | 1,400,000 | 1,200,000 | 1,700,000 | 34,742,540 | 4,200,000 | 400,000 | 153,442,540 |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - | - |
| At 30th Jun 2024 | 64,000,000 | 45,800,000 | 1,400,000 | 1,200,000 | 1,700,000 | 34,742,540 | 4,200,000 | 400,000 | 153,442,540 |
| | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) | (-) |
| At 1 July 2024 (current year) | 64,000,000 | 45,800,000 | 1,400,000 | 1,200,000 | 1,700,000 | 34,742,540 | 4,200,000 | 400,000 | 153,442,540 |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - | - | - |
| Revaluation Adjustments | - | - | - | - | - | - | - | - | - |
| At 30th Jun 2025 | 64,000,000 | 45,800,000 | 1,400,000 | 1,200,000 | 1,700,000 | 34,742,540 | 4,200,000 | 400,000 | 153,442,540 |
| Depreciation and impairment | - | - | - | - | - | - | - | - | - |
| At 1 July 2023 (previous year) | | - | - | - | - | - | - | - | - |

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| Description | Land | Buildings and Civil works | Motor vehicles | Furniture, fittings, and office equipment | ICT Equipment | Plant and medical equipment | Septic Tanks | Generator | Total |
|---|------------|---------------------------|----------------|---|---------------|-----------------------------|--------------|-----------|-------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Depreciation for the year | - | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) |
| Disposals | - | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) |
| Impairment | - | - | - | - | - | - | - | - | - |
| At 30 June 2024 | - | - | - | - | - | - | - | - | - |
| At July 2024 (current year) | - | - | - | - | - | - | - | - | - |
| Depreciation | - | 1,145,000 | 350,000 | 150,000 | 340,000 | 3,474,254 | 113,333 | 26,667 | 5,599,254 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Impairment | - | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) |
| Transfer adjustment | - | (-) | (-) | (-) | (-) | (-) | (-) | - | (-) |
| At 30th June 2025 | - | 1,145,000 | 350,000 | 150,000 | 340,000 | 3,474,254 | 113,333 | 26,667 | (5,599,254) |
| Net book values | | | | | | | | | |
| At 30 th Jun 2024 (previous) | 64,000,000 | 45,800,000 | 1,400,000 | 1,200,000 | 1,700,000 | 34,742,540 | 4,200,000 | 400,000 | 153,442,540 |
| At 30 th Jun 2025 (current) | 64,000,000 | 44,655,000 | 1,050,000 | 1,050,000 | 1,360,000 | 31,268,286 | 4,086,667 | 373,333 | 147,843,286 |

We used straight line method for calculation of depreciation where we have assumed the economic lives as; -
Buildings-40 years, m/v -4 yrs, furniture and fittings-8 years, ICT equipment-5, septic tanks-40 yrs, water tanks-15, generator-15

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

| Description | FY 2024/25 | FY 2023/24 |
|------------------------------------|------------|------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | - | - |
| Additions | - | - |
| Additions–Internal development | - | - |
| Disposal | (-) | (-) |
| At end of the year | - | - |
| Amortization and impairment | | |
| At beginning of the year | - | - |
| Amortization for the period | - | - |
| Impairment loss | - | - |
| At end of the year | - | - |
| NBV | - | - |

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34. Investment Property

| Description | FY 2024/25 | FY 23/24 |
|---------------------------------|------------|----------|
| | KShs | KShs |
| At beginning of the year | - | - |
| Additions | - | - |
| Disposals during the year | (-) | (-) |
| Fair value gain | - | - |
| Depreciation | (-) | (-) |
| Impairment | (-) | (-) |
| At end of the year | - | - |

35. Biological Assets

| Description | FY 2024/25 | FY 23/24 |
|------------------------------------|------------|----------|
| | Kshs | Kshs |
| Trees in a plantation forest | - | - |
| Animals: Dairy Cattle, Pigs, Sheep | - | - |
| Others | - | - |
| Total | - | - |

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36. Trade and other Payables

| Description | FY 2024/25 | | FY 2023/24 | |
|---------------------------------------|-------------------|-----------------------|--------------------------|-------------------|
| | KShs | | KShs | |
| Trade payables | 2,660,500 | | 4,414,301 | |
| Total trade and other payables | 2,660,500 | | 2,662,301 | |
| Ageing analysis: | Current FY | % of the Total | Ageing analysis : | Current FY |
| Under one year | 2,660,500 | % | Under one year | 2,660,500 |
| 1-2 years | - | % | 1-2 years | - |
| 2-3 years | - | % | 2-3 years | - |
| Over 3 years | - | % | Over 3 years | - |
| Total | 2,660,500 | % | Total | 2,660,500 |

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37. Refundable Deposits from Customers/Patients

| Description | FY 24/25 | | FY 23/24 | |
|------------------------------|-----------------|-----------------------|-----------------|-----------------------|
| | KShs | | KShs | |
| Medical fees paid in advance | - | - | - | - |
| Credit facility deposit | - | - | - | - |
| Rent deposits | - | - | - | - |
| Total deposits | - | - | - | - |
| | | | | |
| Ageing analysis: | FY 24/25 | % of the Total | FY 23/24 | % of the Total |
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | - | % | - | % |

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38. Provisions

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

39. Finance Lease Obligation

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

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40. Deferred Income

| Description | FY 2024/25 | FY 2023/24 |
|---------------------|------------|------------|
| | KShs | KShs |
| Current Portion | - | - |
| Non-Current Portion | - | - |
| Total | - | - |

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

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

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41. Borrowings

| Description | FY 2024/25 | FY 23/24 |
|---|------------|----------|
| | KShs | KShs |
| Balance at beginning of the period | - | - |
| External borrowings during the year | - | - |
| Domestic borrowings during the year | - | - |
| Repayments of external borrowings during the year | (-) | (-) |
| Repayments of domestic borrowings during the year | (-) | (-) |
| Balance at end of the period | - | - |

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

| Description | FY 2024/25 | FY 23/24 |
|------------------------|------------|----------|
| | KShs | KShs |
| Current Obligation | - | - |
| Non-Current Obligation | - | - |
| Total | - | - |

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42. Service Concession Arrangements

| Description | FY 2024/25 | FY23/24 |
|--|------------|---------|
| | KShs | KShs |
| Fair value of service concession assets recognized under PPE | - | - |
| Accumulated depreciation to date | (-) | - |
| Net carrying amount | = | = |
| Service concession liability at beginning of the year | - | - |
| Service concession revenue recognized | (-) | (-) |
| Service concession liability at end of the year | = | = |

43. Cash Generated from Operations

| Description | FY 24/25 | FY 23/24 |
|--|-----------|----------|
| | KShs | KShs |
| Surplus for the year before tax | 1,484,711 | - |
| Adjusted for: | | |
| Depreciation | 5,599,254 | - |
| Non-cash grants received | (-) | (-) |
| Impairment | - | - |
| Gains and losses on disposal of assets | (-) | (-) |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Working Capital adjustments | | |
| Increase in inventory | (-) | (-) |
| Increase in receivables | (-) | (-) |
| Increase in deferred income | - | - |
| Increase in payables | 2,660,500 | - |

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| | | |
|--|------------------|---|
| Increase in payments received in advance | - | - |
| Net cash flow from operating activities | 6,113,572 | - |

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:

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 xxx. 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.

(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

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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:

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.

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.

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.

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 (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:

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.

Bomet 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

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| Description | FY 24/25 | FY 23/24 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Services offered to related parties | | |
| Services to Ndanai sub-county Hospital | - | - |
| Sales of services to Ndanai | - | - |
| Total | - | - |
| b) Grants from the Government | | |
| Grants from County Government | 9,600,000 | - |
| Grants from the National Government Entities | 0 | - |
| Donations in kind | 1,470,182 | 13,634,000 |
| Total | 11,070,182 | 13,634,000 |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for Ndanai employees | - | - |
| Payments for goods and services for Ndanai | - | - |
| Total | - | - |
| d) Key management compensation | | |
| Directors' emoluments | - | - |
| Compensation to the medical Sup | - | - |
| Compensation to key management | - | - |

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| Description | FY 24/25 | FY 23/24 |
|--------------|----------|----------|
| | Kshs | Kshs |
| Total | - | - |

46. Contingent Liabilities

| □ Contingent liabilities | FY24/25 | FY23/24 |
|---|---------|---------|
| | Kshs | Kshs |
| Court case xxx against the hospital | - | - |
| Bank guarantees in favour of subsidiary | - | - |
| Total | - | - |

47. Capital Commitments

| Capital Commitments | FY 24/25 | FY23/24 |
|-------------------------------|----------|---------|
| | Kshs | Kshs |
| Authorised For | - | - |
| Authorised And Contracted For | - | - |
| Total | - | - |

(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)

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

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

50. Currency

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

20. Appendices

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Appendix 1: Progress on Follow Up of Auditor Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--------------------------------------|---|
| 1 | Lack of an Approved Annual Budget | The budget was prepared and submitted for approval by chief Health officer | Resolved | |
| 2 | Irregular Engagement and Payment of Casual Employees | The management followed due process during subsequent recruitment of casual where they signed three months renewable contracts. | Resolved | |
| 3 | Irregular Transfer to Bomet County Revenue Fund Account | | Resolved | |
| 4 | Deficiencies in Implementation of Universal Health Coverage (UHC) | | Not resolved | |
| 5 | Lack of Hospital Management Committee | There is management committee in place | resolved | |

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


Accounting Officer

COUNTY GOVERNMENT OF BOPMET
NDANAI SUB-COUNTY HOSPITAL
15 NOV 2025
MEDICAL SUPERINTENDENT
P. O. BOX 117 - 20404, NDANAI

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity Bomet County Government

Name of Beneficiary entity Ndanai Sub-county Hospital

| Confirmation of amounts received by Ndanai Sub-county Hospital as at 30 th June (Current FY) | | | | |
|---|----------------|------------------|-----------------|-----------------|
| Reference Number | Date Disbursed | Recurrent (A) | Development (B) | Total (C)=(A+B) |
| FT2422211BK2 | 9-8-2024 | 1,334,000 | - | |
| FT242296B6B2 | 16-8-2024 | 1,334,000 | - | |
| FT24306C9H16 | 1-11-2024 | 2,668,000 | - | |
| FT253037YPGNO | 6-2-2025 | 1,334,000 | - | |
| S29238352 | 20-06-2025 | 3,000,000 | - | |
| Total | | 9,670,000 | | |

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 Gilbert Loyet Sign [Signature] Date 30/06/2025

Appendix IV Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | Quarter | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|---------|-----|-----|-----|-----------------|-----------------------|
| | | | | Q 1 | Q 2 | Q 3 | Q 4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

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 |
|-----------|---------------|---------------|--|------------------|-----------------|----------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |