

REPUBLIC OF KENYA



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REPORT

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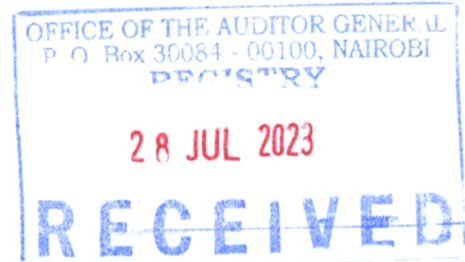
THE AUDITOR-GENERAL

ON

KARURI LEVEL 4 HOSPITAL

**FOR THE YEAR ENDED
30 JUNE, 2022**

COUNTY GOVERNMENT OF KIAMBU



**KARURI Level 4 HOSPITAL
(Kiambu County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

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

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I. Key Entity Information and Management

(a) Background information

Karuri Level 4 Hospital was established under gazette notice number 465 dated 24th January 2014 and is domiciled in Kiambaa Sub-county, Kiambu County under the Health Department. The hospital is governed by a Board of Management. The facility was built in the colonial era and it was opened officially on 23rd January 1963 by the Governor of Kenya by then The Right Honourable Mr. Malcom Macdonald.

(b) Principal Activities

The principal mission of this health institution is to offer quality health services to the residents of almost the entire Kiambaa Sub-county; that is Karuri ward, Ndenderu ward, Muchatha ward, Cianda ward and the surrounding areas. The institution handles over six thousand clients a month and offers services such as: Out-patient, Pharmacy, Laboratory, Dental services, Maternal and Child health Services

(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 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	MEDICAL OFFICER I/C	DR. CHRISTINE GUANTAI
2.	HOSPITAL ADMINISTRATOR	NAOMI NDUNG'U
3.	NURSING SERVICE MANAGER	BLANDINA KIGURU
4.	ACCOUNTANT	MANASE KAMAU
5.	PROCUREMENT OFFICER	PENINAH NDOTHYA
6.	PHARMACIST INCHARGE	DR. PATIENCE KARIMI
7.	CLINICAL OFFICER I/C	RICHARD MUNENE

(e) Fiduciary Oversight Arrangements

The facility has several committees which oversee the facility's day to day activities. They include:

- The Executive Expenditure Committee (EEC)
- The Inspection and Acceptance Committee
- The Quality Assurance Committee

(f) Entity Headquarters

Karuri Level 4 Hospital,
Off Banana Posta Road.
P.O. Box 65-00219
Karuri, KENYA

(g) Entity Contacts

Telephone: (254) 719856761
E-mail: karurisdh@gmail.com
Website: N/A

(h) Entity Bankers

1. Kenya Commercial Bank,
Village Market,
P.O. Box 1066 – 00621,
Nairobi, Kenya.
2. Co-operative Bank,
Kiambu.
P.O Box 1064-00900
Kiambu



(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

II. The Board of Management

Ref	Directors	Details
1.	 <p>Dr. Cosmas Kimama – Board Chairman</p>	<p>Dr. Cosmas Kimama is the chairman of Karuri Hospital board. He also sits in the Finance and General Purpose Committee. He has served in the County Government of Kiambu for More than 8 years in various Health facilities. He is currently a private practitioner. He has been instrumental in guiding the facility due to his vast experience in the medical field.</p>
2.	<p>Evangelist Grace Wandithia – Board Member</p>	<p>Evangelist Grace Wandithia is a member of Karuri Hospital Board. She also chairs the Finance and General Purpose Committee.</p>
3.	<p>Pastor Nicholas Njenga - Board Member</p>	<p>Nicholas Njoroge Njenga has A level academic qualification</p>
4.	 <p>Dr. Christine Guantai - Secretary to the Board and MED SUP</p>	<p>Dr. Christine Guantai holds a Bachelor of Medicine and Bachelor of Surgery degree (MBChB) from the University of Nairobi. She was the Medical Superintendent at Nyathuna level 4 Hospital for 5 Years before being posted to Karuri Level 4 Hospital as the Medical Superintendent. She is also the Sub-county Medical Officer of Health (SCMOH) for Kiambaa Sub-county. She is the secretary to Karuri Hospital Board and sits in all the committees.</p>

III. Management Team

Ref	Management	Details
1.	 <p>Dr. Christine Guantai</p>	<p>Medical Superintendent / CEO Bachelor of Medicine and Bachelor of Surgery degree (MBCChB) from the University of Nairobi</p>
2.	 <p>Naomi Ndung'u</p>	<p>Health Administrative Officer Bachelor of Commerce from Nairobi University</p>
3.	 <p>Manase Kamau</p>	<p>ccountant In-charge Bachelor of Science(Agri- Business management) Kenyatta University and CPA from Pinnacle School of Business Nairobi</p>
4.	<p>Penina Ndothya</p>	<p>Procurement Officer In-charge Bachelor of Procurement and Logistics Mount Kenya University</p>
5.	<p>Blandina Ngonyo</p>	<p>Nursing Services Manager Bachelor of Science Degree in Nursing Nairobi University</p>
	<p><i>(Note: The Med sup and the Entity Secretary will feature both under the 'Board' and 'Management'.)</i></p>	

IV. Chairman's Statement

Karuri Health facility is at the heart of Kiambaa Constituency, Karuri ward and in Banana Town Kiambu Constituency. It has been serving the medical needs of the community within the area and also members of public across the region. The facility has been instrumental in ensuring the Public Health of everyone is well articulated and has catered for the livelihoods of the public for a very long time.

It is important to note that there has been huge growth in the facility in terms of resources and also the number of patients it is serving. The hospital has been upgraded to a level 4 facility. There has been construction of a modern rehabilitation centre catering for residents of the constituency and beyond. It is the only facility of its kind in the vast area and has been instrumental to the health needs of very many youth. The facility is donor funded and is a working collaboration between Medicine San Frontiers, Belgium a Non-Government Organisation and the County Government of Kiambu. It has also sponsored various activities in the region such as Football Tournaments and Sensitisation programs. The board has recommended that it is important to have timely reimbursement of funds to ensure that the is proper service delivery to the public and to boost the morale of the workers who ensure the facility is operating.

The full board meets at least once in a quarter or more depending on the requirements of business, and has a formal agenda of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making. The meetings have been well attended. The board promotes an environment of innovative thinking, consultation, cordial relations, information sharing and openness in communication.

V. Report of The Chief Executive Officer

The Annual report and Financial Statements for Karuri Level 4 Hospital for the year 2021/2022 highlights the hospital's operational and financial performance as well as our strategic direction.

Operational Performance

The hospital provides Preventive, Curative and Rehabilitative services. To meet our patients' needs, we have qualified, competent staff in all our departments who ensure that our clients receive safe, equitable, effective and patient-centred services. **Out-patient Departments**


All outpatient departments saw a significant increase in the patients attended.

Inpatient departments

Maternity services also saw a 2% increase in deliveries conducted from the year 2020/2021 where the number was 1350 to 2021/2022 where the number was 1377 deliveries.

Financial Performance

The hospitals main source of funds is through reimbursement of revenue collected. This is received from the county as the Facility Improvement fund. The hospital invested in Human Resource by hiring a laboratory technologist, two pharmaceutical technologists and an additional clerk for Linda Mama services.


DR. COSMAS KIMAMA
CHAIRMAN OF THE BOARD




DR CHRISTINE GUANTAI
CHIEF EXECUTIVE OFFICER

VI. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives.

Karuri Hospital has strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2021- FY 2022. These strategic pillars/ themes/ issues are as follows;

Pillar /theme/issue 1:

Pillar/theme/issue 2:

Karuri Hospital develops its annual work plans based on the above *X* pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *XXX* achieved its performance targets set for the FY 20xx/20xx period for its *xx* strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:				
Pillar/ theme/ issue 1:				

(Under this section therefore, the management should include performance against the strategic objectives of the organisation. The management should outline the strategic Pillars, activities towards their achievement and outputs under each strategic pillar. The organisation should also briefly outline how they have tied achievements to performance contracts)

VII. Corporate Governance Statement

The Appointment and Composition of the Board of Directors

The Executive Member for Health Services in Kiambu County Government appoints the Board for the level four and five hospitals.

Board members' Removal and Succession

The term of office of a member appointed under sub section (1) (a) and (c) of Kiambu Health Act 2019 shall be three years which term may be renewed once.

Board meetings

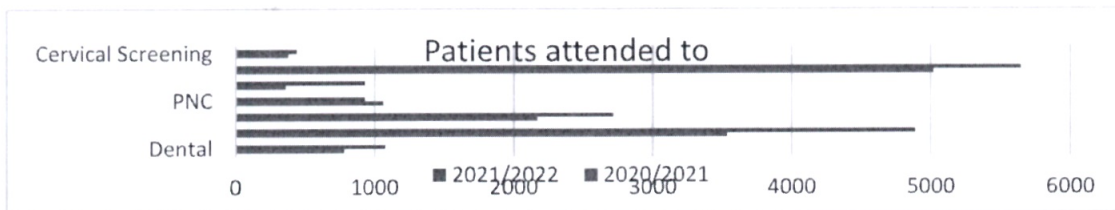
The full board meets at least once in a quarter or more depending on the requirements of business, and has a formal agenda of matters to be discussed. The members receive adequate notice and detailed reports in good time to facilitate informed deliberations and decision making.

VIII. Management Discussion and Analysis

Inpatient services

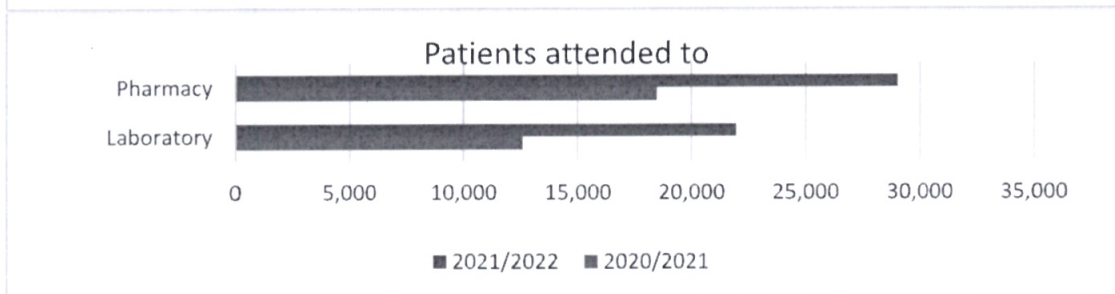
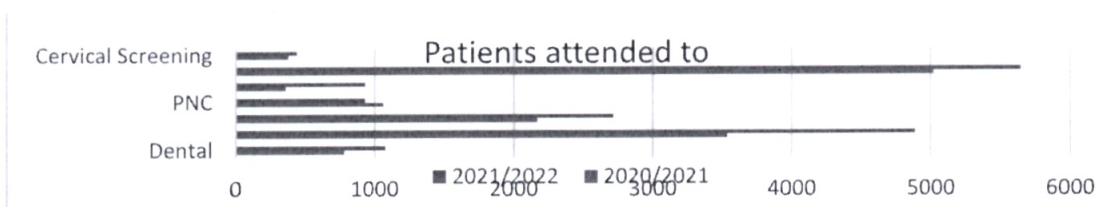
Karuri hospital has a bed capacity of eight (8) beds in the maternity department; 2 for antenatal and 6 for postnatal.

Number of deliveries conducted increased by 0.01%



Outpatient services

Overall outpatient attendance has increased as follows:



IX. Environmental And Sustainability Reporting

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

i) Sustainability strategy and profile

The environment around Karuri Level 4 hospital is a key factor on the success of the facility in providing our clients with the best possible services. From the air we breathe to the soil beneath our feet. From the bush to our city streets. It is thus the responsibility of Karuri Level 4 Hospital to ensure that environment sustains us, providing accessible health care and other sensitisation programs within our area.

ii) Environmental performance

The facility's move towards environmental sustainability has been influenced by a number of key drivers. Ours performance has been exceptional as it has been community based and environment oriented.

iii) Employee welfare

Karuri Level 4 Hospital is involved in the hiring of Casual employees. This include clinical officers, laboratory technicians, pharmacy workers, grounds men and cleaners. This is done through thorough advertising of vacancies or any posts that require to be filled and interviews carried out by the HMT to ensure that the most qualified personnel are hired. The facility also carries out training programs for its employees to ensure they improve on their skills and can advance better in their careers. This programs include internal seminars and also training sessions from stakeholders such as County Health Management Team, NGOs and well-wishers.

iv) Market place practices-

a) Responsible competition practice.

The facility is a non-profit entity and is therefore not involved in market place practices and competition. The facility is a corruption free zone and does not condone any corruption within its environs. It therefore ensures that all staff are well aware about ensuring they carry out their duties with integrity, due diligence and to the best of their ability.

b) *Responsible Supply chain and supplier relations*

The facility has suppliers that supply commodities and services when required. The commodities include medical drugs, non-pharmaceuticals, laboratory reagents, food and ration, general office supplies, sanitary equipment among others. The services from suppliers include security guard services and maintenance services.

c) *Responsible marketing and advertisement*

The facility is involved in advertising for activities such a job vacancies, tenders and supplies and sensitization programs and camps within the region. Thee advertisements also help in marketing of the facility as more people become aware of existence of the facilities. The HMT is responsible for carrying out the marketing and advertising.

d) *Product stewardship*

The facility ensures there is true Product Stewardship by taking Total Control of products and their chemical components throughout the period that it is engaged or ivolved with these product. And the challenge of doing so has never been more important.

e) *Corporate Social Responsibility / Community Engagements*

The facility is involved with social responsibility engagements such as medical camps. Sensitisation programs and other social programmes such as football tournaments. The facility carried out a football tournament that involved youth in the community to sensitize them on the fight against drugs and self-awareness. It was attended by 500 youth from the community The best teams were awarded with a trophy and ksh 10,000 cash price for their performance. All the youth who attended were given free t-shirts and arm band. The tournament was sponsored by Medice San Frontiers, an NGO working in collaboration with Karuri Level 4 Hospital and Kiambu County Government

X. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2022, which show the state of Karuri Hospital affairs.

Principal activities

The principal activities of the Karuri Hospital has been serving the medical needs of the community within the area and also members of public across the region. The facility has been instrumental in ensuring the Public Health of everyone is well articulated and has catered for the livelihoods of the public for a very long time.

Results

The results of the entity for the year ended June 2022 include Improved service delivery and Better understanding of the Facility's and the community's environmental impacts, Response to community expectations by embracing our legal, moral and ethical responsibilities, Promotion of ecologically sustainable development within our Region, Continually improve our community by complying with and where practical exceeding the requirements of legislation, policies and standards and Making wise use of our resources;

Board of Management

The members of the Board who served during the year are shown on page iv. During the year no director retired/ resigned and none was appointed.

Auditors

The Auditor General is responsible for the statutory audit of Karuri Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Kiambu County Government Certified Public Accountants were nominated by the Auditor General to carry out the audit of Karuri Level 4 Hospital for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Dr Christine Guantai
Secretary to the Board

XI. Statement of Board of Management’s Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Board of Management to prepare financial statements in respect of that Karuri Level 4 Hospital, which give a true and fair view of the state of affairs of Karuri Level 4 Hospital at the end of the financial year/period and the operating results of Karuri Level 4 Hospital for that year/period. The Board of Management is also required to ensure that the Karuri Level 4 Hospital 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 Karuri Level 4 Hospital.

The council members are responsible for the preparation and presentation of the Karuri Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the Karuri Level 4 Hospital for and as at the end of the financial year (period) ended on June 30, 2022 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 Karuri Level 4 Hospital; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Karuri Level 4 Hospital financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The council members are of the opinion that Karuri Level 4 Hospital financial statements give a true and fair view of the state of Karuri Level 4 Hospital transactions during the financial year ended June 30, 2022 and of the Karuri Level 4 Hospital financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Karuri Level 4 Hospital which have been relied upon in the preparation of the Karuri Level 4 Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the Karuri Level 4 Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

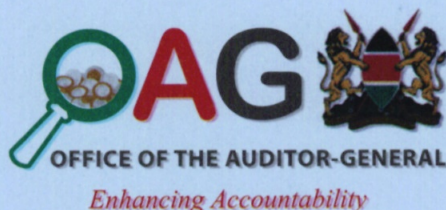
The Hospital’s financial statements were approved by the Board on _____ and signed on its behalf by:

.....
Name:
Chairperson
Board of Management

.....
Name:
Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KARURI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE 2022-COUNTY GOVERNMENT OF KIAMBU

PREAMBLE

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

- A. Report on the 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karuri Level 4 Hospital set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2022, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Karuri Level 4 Hospital as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Government Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Comparison of the statement of financial performance and the statement of comparison of budget and actuals revealed unexplained and unreconciled differences as detailed below:

Particulars	Statement of Financial Performance (Kshs)	Statement of Comparison of Budget and Actuals (Kshs)	Variance (Kshs)
Other Income NHIF	4,630,015	3,600,000	1,030,015
Transfers from other Government Entities	0	4,200,000	(4,200,000)
Employee Costs	3,437,400	0	3,437,400
Repairs and Maintenance	278,400	0	278,400
General Expenses	1,460,229	0	1,460,229

Further, the statement of financial position reflects an unexplained amount of negative Kshs.2,276,819 that was used as a balancing amount.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Expenditure

The statement of financial performance reflects employee and repairs and maintenance cost of Kshs.3,437,400 and Kshs.278,400 respectively. However, the supporting schedule reflected amount of Kshs.3,234,300 and Kshs. Nil for the two items respectively resulting to unexplained variances of Kshs.203,100 and Kshs.278,400 respectively.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.3,715,800 for the year ended 30 June, 2022 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget of Kshs.7,313,074 and actual receipts of Kshs.7,800,000, resulting in excess revenue of Kshs.486,926. Similarly, the statement reflects Kshs.Nil expenditure against an approved budget of Kshs.7,093,224 resulting in an under expenditure of Kshs.7,093,224. Further, the budget was unbalanced.

The under-expenditure affected planned activities and may have negatively impacted on services delivery to the public. In addition, the regularity of the budget could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Public Sector Accounting Standard Board Reporting Templates

The financial statements provided for audits includes the following anomalies:-

- i. The independent auditors physical address on page vi is reflected as institute way instead of university way.
- ii. The statement of board of Management responsibilities on page xv is not signed.
- iii. Head of finance ICPAK No. is not reflected in the financial statements.
- iv. The balances reported in the statement of cash flows are not referenced by way of Notes to the financial statements.
- v. The surplus for the year is not reflected in the statement of changes in net assets

In the circumstances, Management did not comply with the requirements of Public Sector Accounting Standards Board templates.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Risk Management Policy

The Hospital Management had not developed a risk management policy for the Hospital and no formal risk assessments were done during the financial year under review. This contrary to Section 158 (1) of the Public Finance Management (County Governments) Regulations, 2015 states that the Accounting Officer shall ensure that the entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

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

2. Lack of Policy Documents

Records provided for audit revealed that the Hospital, was operating without human resource policy and procedures manual, finance and accounting manual, assets management policy, transport management policy, it policy, disaster recovery plan and backup and retention strategy.

In the circumstances, it was not possible to confirm whether the Hospitals operation were effectively managed without the policy documents.

3. Non - Maintenance of Cash Books

Records provided for audit indicated that the Hospital did not maintain cash books and did not prepare monthly bank reconciliations for the Mpesa Co-operative Collection account and KCB-NHIF collections account. Management did not provide explanations for the omission.

In the circumstances, the internal controls relating to cash and bank were not functioning as intended.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Hospital or 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 are in compliance 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Hospital's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Hospital's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Hospital to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Hospital to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2023

Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XIII. Statement of Financial Performance for The Year Ended 30 June 2022


Description	Notes	2021/22	2020/21
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6		
In- kind contributions from the County Government	7		
Grants from donors and development partners	8		
Transfers from other Government entities	9		
Public contributions and donations	10		
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	6,044,779	4,882,567
Revenue from rent of facilities	12		
Finance /Interest Income	13		
Other income (<i>specify</i>) NHIF	14	4,630,015	
Revenue from exchange transactions			
Total revenue		10,674,794	4,882,567
Expenses			
Medical/Clinical costs	15	1,798,354	925,757
Employee costs	16	3,437,400	3,382,800
Board of Management Expenses	17		
Depreciation and amortization expense	18		
Repairs and maintenance	19	278,400	
Grants and subsidies	20		
General expenses	21	1,460,229	2,011,799
Finance costs	22		358,500
Total expenses		6,974,383	6,678,856
Other gains/(losses)			
Gain on disposal of non-Current assets	23		
Unrealized gain on fair value of investments	24		

Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Medical services contracts Gains/Losses	25		
Impairment loss	26		
Gain on foreign exchange transactions			
Total other gains/(losses)			
Net Surplus for the year		3,700,411	1,796,299
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

(The notes set out on pages 27 to 42 form an integral part of the Annual Financial Statements.)

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



.....

Chairman
Board of Management



.....

Head of Finance
ICPAK No:



.....

Medical Superintendent



XIV. Statement of Financial Position as of 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	609,003	190,482
Receivables from exchange transactions	28	3,434,430	501,441
Receivables from non-exchange transactions	29		
Inventories	30		
Total Current Assets		4,043,433	691,923
Non-current assets			
Property, plant, and equipment	31		
Intangible assets	32		
Investment property	33		
Total Non-current Assets			
Total assets			
Liabilities			
Current liabilities			
Trade and other payables	34	6,320,252	1,483,418
Refundable deposits from customers/Patients	35		
Provisions	36		
Finance lease obligation	37		
Current portion of deferred income	38		
Current portion of borrowings	39		
Total Current Liabilities		6,320,252	1,483,418
Non-current liabilities			
Provisions	36		
Non-Current Finance lease obligation	37		
Non-Current portion of deferred income	38		
Non - Current portion of borrowings	39		
Service concession liability			
Total Non-current liabilities			
Total Liabilities		6,320,252	1,483,418

Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Notes	2021/22	2020/21
		Kshs	Kshs
Net assets			
Revaluation reserve			
Accumulated surplus/Deficit		3,700,411	
Capital Fund			
		(2,276,819)	
Total Net Assets and Liabilities		4,043,433	691,923

(The notes set out on pages 27 to 42 form an integral part of the Annual Financial Statements.)

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



.....
Chairman
Board of Management



.....
Head of Finance
ICPAK No:



.....
Medical Superintendent



Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

XV. Statement of Changes in Net Asset for The Year Ended 30 June 2022


	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2021				
Revaluation gain		-	-	
Surplus/(deficit) for the year	-		-	
Capital/Development grants	-	-		
As at June 30, 2021				
At July 1, 2021				
Revaluation gain		-	-	
Surplus/(deficit) for the year	-		-	
Capital/Development grants	-	-		
At June 30, 2022				

(Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)

(The notes set out on pages 28 to 42 form an integral part of the Annual Financial Statements.)

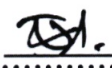
The Hospital's financial statements were approved by the Board on 04/07/2022 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
 ICPAK No: **28 JUL 2023**

Medical Superintendent

XVI. Statement of Cash Flows for The Year Ended 30 June 2022




Description		2021/22	2020/21
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			5,017,441
Grants from donors and development partners			
Transfers from other Government entities			2,594,460
Public contributions and donations			
Rendering of services- Medical Service Income		3,960,264	4,882,567
Revenue from rent of facilities			
Finance / interest income			
Other receipts(<i>specify</i>)		3,280,000	
Total Receipts		7,240,264	12,494,468
Payments			
Medical/Clinical costs		1,798,354	992,757
Employee costs		3,437,400	3,382,800
Board of Management Expenses			
Repairs and maintenance		278,400	
Grants and subsidies			
General expenses		1,460,229	2,011,799
Finance costs			
Refunds paid out			
Total Payments		6,974,383	6,244,490
Net cash flows from operating activities	41	6,633,133	6,244,490
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets			
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net cash flows used in investing activities			
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Capital grants received			
Net cash flows used in financing activities			

Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Description	Note	2021/22	2020/21
		Kshs	Kshs
Net increase/(decrease) in cash and cash equivalents		418,161	
Cash and cash equivalents at 1 July	27	190,482	76,876
Cash and cash equivalents at 30 July	27	609,003	190,842

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

The notes set out on pages' 27 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on 04/07/2022 and signed on its behalf by:

 Chairman Board of Management	 Head of Finance ICPAK No:	 Medical Superintendent
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XVII. Statement Of Comparison of Budget and Actual Amounts For The Year Ended 30 June 2022
I. THE YEAR ENDED 30 JUNE 2022


	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from the County Government	5,500,000	540,000	3,960,264	4,200,000	239,736
In kind contributions from the County Government					
Transfers from other Government entities (NHIF)	3,280,100	700,000	3,352,810	3600000	247,190
Public contributions and donations					
Rendering of services- Medical Fees					
Sale of goods					
Finance Income		-			
Consultancy Income		-			
Other income					
Total income					
Expenses					
Compensation of employees	3,060,919	-	3,060,919		3,060,919
Medical /clinical costs	1,798,354		1,798,354		1,798,354
Finance costs					
Rent paid					-
Remuneration of directors					-
General expenses	2,233,951	-	2,233,951		
Grants and subsidies		-			-
Total expenditure					


(Budget notes


- 1. Provide an explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14*
- 2. Provide an explanation of changes between the original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)*

3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.)

The notes set out on pages 27 to 42 form an integral part of the Annual Financial Statements. The Hospital's financial statements were approved by the Board on _____ and signed on its behalf by:


.....
Chairman
Board of Management


.....
Head of Finance
ICPAK No:


.....
Medical Superintendent



XVIII. Notes to the Financial Statements

1. General Information

Karuri Level 4 Hospital is established by and derives its authority and accountability from Kenya Health Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide medical and 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 Karuri Level 4 Hospital 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 Karuri Level 4 Hospital.

The financial statements have been prepared in accordance with the PFM Act, and Health Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Notes to the Financial Statements (Continued)

i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2021:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p>

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
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</p>

Karuri Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2022

Standard	Effective date and impact:
	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<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>

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in the year xx/xx

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.

Notes to the Financial Statements (Continued)

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

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

Notes to the Financial Statements (Continued)

b) Budget information

The original budget for FY 2021/2022 was approved by Board on 6/7/2021. 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 **xxxx** on the FY xxx budget following the Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section **xxx** of these financial statements.

Notes to the Financial Statements (Continued)

c) Taxes

Sales tax/ Value Added Tax

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

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

d) Investment property

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

Notes to the Financial Statements (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments

or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Notes to the Financial Statements (Continued)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

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

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

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

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

j) 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.

Notes to the Financial Statements (Continued)

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

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.

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.

k) Nature and purpose of reserves

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

l) 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.

m) 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.

Notes to the Financial Statements (Continued)

n) Foreign currency transactions

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

o) 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.

p) Related parties

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

q) Service concession arrangements

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

Notes to the Financial Statements (Continued)

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20XX.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

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.

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

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6. Transfers from The County Government

Description	2021/22	2020/21
	KShs	KShs
Unconditional grants	0	0
Operational grant	0	0
Level 5 grants	0	0
Other grants	0	0
Conditional grants	0	0
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	00	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	0

Notes to the Financial Statements (Continued)

6 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	Total 2020/21
			KShs	KShs	KShs
County Government	0	0	0	0	0
Total	0	0	0	0	0

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

7. In Kind Contributions from The County Government

Description	2021/22	2020/21
	KShs	KShs
Salaries and wages	0	0
Pharmaceutical and Non-Pharmaceutical Supplies	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Utility bills	0	0
Total grants in kind	0	0

(These include payments made directly by the County Governments for staff salaries and medical drugs. These should be recorded both as income and expense for completeness of financial statements)

8. Grants from Donors and Development Partners

Description	2021/22	2020/21
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

(Provide brief explanation for this revenue)

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Notes to the Financial Statements (Continued)

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	Total 2020/21
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

9. Transfers from Other Government Entities

Description	2021/22	2020/21
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from xxx National Hospital	0	0
Transfer from xxx Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	2021/22	2020/21
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

Notes to the Financial Statements (Continued)

10 (a) Reconciliations of amortised grants

Description	2021/22	2020/21
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

11. Rendering of Services-Medical Service Income

Description	2021-2022	2020-2021
	KShs	KShs
Accident,Dressing,Casualty,Ambulance	14,200	23,690
Outpatient services fee	2,138,250	1,776,700
Nutrition service fee	27,100	26,900
Dental services fee	119,000	87,992
Maternity	593,750	556,250
Laboratory services fees	1,300,951	1,209,115
Medical records services fees	436,700	456,900
Pharmacy	1,023,690	1,139,400
Mch	288,959	263,870
Absconders	46,780	32,356
Other services	62,300	54,760
Waivers	-6892	-5,966
Total rendering services – medical fees	6,044,779	4,882,567

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Notes to the Financial Statements (Continued)

12. Revenue from Rent of Facilities

Description	2021/22	2020/21
	KShs	KShs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	2021/22	2020/21
	KShs	KShs
Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

(Provide brief explanation for this revenue)

14. Other Income

Description	2021/22	2020/21
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income NHIF	4,630,015	3,134,400
Sale of goods (water, publications, containers etc)	0	0
Total other income	4,630,015	3,314,400

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2021-2022	2020-2021
	KShs	KShs
Cleaning materials	122,639	71,685
Dental costs/ materials	81,108	12,500
Laboratory chemicals and reagents	432,167	357,228
Drugs	66,794	92,200
Food and Ration	340,241	293,498
Non-pharms	755,405	165,646
Total medical/ clinical costs	1,798,354	992,757

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

16. Employee Costs

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	3,300,900	3,240,000
Contributions to pensions and medical aids	136,500	142,800
Travel, motor car, accommodation, subsistence and other allowances	0	0
Housing benefits and allowances	0	0
Overtime payments	0	0
Performance and other bonuses	0	0
Staff training and development	0	0
Staff medical expenses	0	0
Social contributions	0	0
Employee costs	3,437,400	3,382,800

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

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Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2021/22	2020/21
	KShs	KShs
Chairman's Honoraria	0	0
Sitting allowance	0	0
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	0	0

18. Depreciation And Amortization Expense

Description	2021/22	2020/21
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	2021-2022	2021-2020
	KShs	KShs
Property- Buildings	218,400	136,000
Medical equipment	0	0
Motor vehicle repairs	0	0
Office equipment	0	0
Furniture and fittings	0	0
Computers and accessories	60,000	110,000
Total repairs and maintenance	278,400	246,000

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	2021/22	2020/21
	KShs	KShs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Advertising and publicity expenses	0	0
Catering expenses	0	0
Waste management expenses	0	0
Insecticides and rodenticides	0	0
Audit fees	0	00
Bank charges	0	2930
Conferences and delegations	0	0
Consumables	127,028	150,470
Contracted services(security)	490,000	576,000
Electricity expenses	476,521	713,170
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	0	0
Licenses and permits	0	0
Courier and postal services	18,900	0
Printing and stationery	347,780	240,934
Hire charges	0	0
Rent expenses	0	0
Water and sewerage costs	0	0
Skills development levies	0	0
Telephone and mobile phone services	0	0
Total General Expenses	1,460,229	2,011,799

Karuri Level 4 Hospital (Kiambu County Government)
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22. Finance Costs

Description	2021/22	2020/21
	KShs	KShs
Borrowings (amortized cost) *	0	00
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

(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	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	2021/22	2020/21
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2021/22	2020/21
	KShs	KShs
Comprehensive care contracts with NHIF	0	0
Non- Comprehensive contracts care with NHIF	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	2021/22	2020/21
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

27. (a) Cash And Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	609,003	190,482
On - call deposits	0	0
Fixed deposits account	0	0
Cash in hand	0	0
Others(specify)- Mobile money	0	
Total cash and cash equivalents	609,003	190,482

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

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Notes to the Financial Statements (Continued)

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

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Kenya Commercial bank	1157720137	24,403	210,560
Kenya Commercial bank	1256254940	584,600	522
Cooperative bank (FIF OLD)	01141371543502	0	0
Sub Total		609,003	211,082
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		0	0
d) Staff car loan/ mortgage			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		0	0
e) Others(specify)			
Cash in transit		0	0
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total			
Grand total		609,003	211,082

28. Receivables From Exchange Transactions

Description	2021-2022 KShs	2020-2021 KShs
Current receivables		
Medical services receivables	3,434,430	1,353,843
Rent receivables	0	0
Consultancy debtors	0	0
Other exchange debtors	0	0
Current portion transferred from non- current debtors	0	0
Less: impairment allowance	0	0
Total current receivables	0	0
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	0
Less: impairment allowance	0	0
Total	0	0
Less: Current portion transferred to current receivables	0	0
Total non-current receivables	0	0
Total receivables	3,434,430	1,353,843

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

29. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2021-2022 KShs	2020-2021 KShs
Current receivables	0	0
Transfers from the County Government	0	0
Undisbursed donor funds	0	0
Other debtors (non-exchange transactions)	0	0
Staff receivables	0	0
Less: impairment allowance	0	0
Total current receivables	0	0

30. Inventories

Description	2021/22 KShs	2020/21 KShs
Pharmaceutical supplies	0	0
Maintenance supplies	0	0
Food supplies	0	0
Linen and clothing supplies	0	0
Cleaning materials supplies	0	0

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General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0
At 30th June	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0
At 30th June	0	0	0	0	0	0	0
Depreciation and impairment	0	0	0	0	0	0	0
At 1 July	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
At 30 June xxx	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0
Disposals	0	0	0	0	-0	0	0
Impairment	0	0	0	-0	-0	-0	0
Transfer/adjustment	0	0	0	0	-0	0	0
At 30th June xxx	0	0	0	0	0	0	0
Net book values	0	0	0	0	0	0	0
At 30th June xxx	0	0	0	0	0	0	0
At 30th June xxx	0	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	2021-2022	2020-2021
	KShs	KShs
Cost	0	0
At beginning of the year	0	0
Additions	0	0
Additions—internal development	0	0
At end of the year	0	0
Amortization and impairment	0	0
At beginning of the year	0	0
Amortization	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

33. Investment Property

Description	2021/22	2020/21
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	0	0
At end of the year	0	0

34. Trade and Other Payables

Description	2021/22	2020/21
	KShs	KShs
Trade payables	6,320,252	1,483,418
Employee dues	0	0
Third-party payments (<i>unremitted payroll deductions</i>)	0	0
Audit fee	0	0
Doctors' fee	0	0
Total trade and other payables	6,320,252	1,483,418

Notes to the Financial Statements (Continued)

35. Refundable Deposits from Customers/Patients

Description	2021/22	2020/21
	KShs	KShs
Medical fees paid in advance	0	0
Credit facility deposit	0	0
Rent deposits	0	0
Others (<i>specify</i>)	0	0
Total deposits	0	0

36. Provisions

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

37. Finance Lease Obligation

Description	2021/22	2020/21
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

38. Deferred Income

Description	2021/22	2020/21
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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

	National government	International funders/ donors	Public contributions and donations	Total
Balance b/f	0	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	0	0	0	0
Transfers to income statement	0	0	0	0
Other transfers	0	0	0	0
Balance c/f	0	0	0	0

39. Borrowings

Description	2021/22	2020/21
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	0	0
Repayments of domestic borrowings during the year	0	0
Balance at end of the period	0	0

Notes to the Financial Statements (Continued)

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

Description	2021/22	2020/21
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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

40. Service Concession Arrangements

Description	2021/22	2020/21
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	0	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	0	0
Service concession liability at end of the year	<u>0</u>	<u>0</u>

41. Cash Generated from Operations

Surplus for the year before tax	2021-2022	2020-2021
	KShs	KShs
Adjusted for:	3,700,411	1,796,299
Depreciation	0	0
Non-cash grants received	0	0
Contributed assets	0	0
Impairment	0	0
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Finance income	0	0
Finance cost	0	0
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	(1,904,112)	0
Increase in deferred income	0	0
Increase in payables	4,836,834	0
Increase in payments received in advance	0	0
Net cash flow from operating activities	6,633,133	1,796,299

Notes to the Financial Statements (Continued)

42. 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 company'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 company 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 company'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)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total				
At 30 June 2022	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from xxxx

The board of management sets the company'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 company 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.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2022				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

(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.

Notes to the Financial Statements (Continued)

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

a) Foreign currency risk

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

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx		0	0
Financial assets (investments, cash, debtors)		0	0
Liabilities		0	0
Trade and other payables		0	0
Borrowings		0	0
Net foreign currency asset/(liability)		0	0

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.

	KShs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 20xx		0	0
Financial assets (investments, cash, debtors)		0	0
Liabilities		0	0
Trade and other payables		0	0
Borrowings		0	0
Net foreign currency asset/(liability)		0	0

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Notes to the Financial Statements (Continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company'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.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx		0	0
Euro	10%	0	0
USD	10%	0	0
20xx		0	0
Euro	10%	0	0
USD	10%	0	0

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 company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company'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.

Notes to the Financial Statements (Continued)

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 (2021: KShs). 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:

	2021/22	2020/21
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	0	0
Capital reserve	0	0
Total funds	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/ (<i>excess cash and cash equivalents</i>)	0	0
Gearing	0	0

43. 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.

Government of Kenya

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

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Notes to the Financial Statements (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) County Government of Kiambu;
- iv) Karuri Level 4 Hospital;
- v) Key management;
- vi) Board of directors;

Description	2021/22	2020/21
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0	0
Sales of services to xxx	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	0	0
Payments for goods and services for xxx	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

Notes to the Financial Statements (Continued)

44. Segment Information

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

45. Contingent Liabilities

Contingent liabilities	2021/22	2020/21
	Kshs	Kshs
Court case xxx against the company	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

46. Capital Commitments

Capital Commitments	2021/22	2020/21
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

(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)

47. Events After The Reporting Period

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

48. Ultimate And Holding Entity

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

49. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XIX. Appendices


Appendix 1: Progress on Follow Up Of Auditor Recommendations

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

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

Guidance Notes:

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

.....


Accounting Officer

(To be signed by the accounting officer of the Hospital)



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APPENDIX II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1		0	0		0	0	
2		0	0		0	0	
3		0	0		0	0	

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APPENDIX IV: Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]
 [Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary entity] as at 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022				Amount Received by [beneficiary entity] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name ... Manase Kamau Sign  Date ... 04/07/2022



APPENDIX V Reporting of Climate Relevant Expenditures

Name of the Organization

Telephone Number

Email Address

Name of Medical Supp/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

APPENDIX VI Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer						
Contact details of the reporting officer:	Email			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments