

REPUBLIC OF KENYA



REPORT

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OF

THE AUDITOR-GENERAL

ON

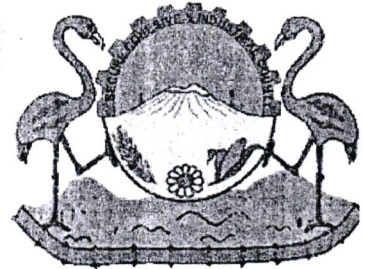
GILGIL SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
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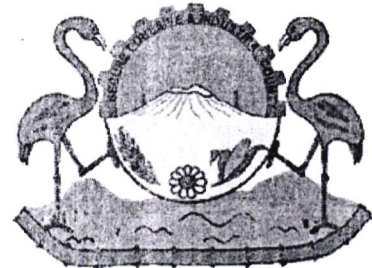
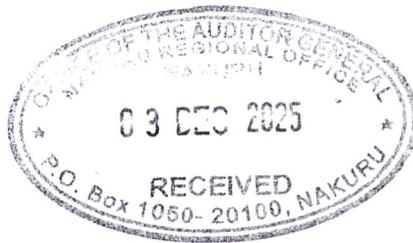


GILGIL LEVEL 4 HOSPITAL (NAKURU COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



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

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1. Acronyms & Glossary of Terms

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

AIE	Authority to Incur Expenditure
CSR	Corporate Social Responsibility
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HAO	Hospital Administrator Officer
HMT	Head of Management Team
IPC	Infection Prevention Committee
MED SUP	Medical Superintendent
MPDSR	Maternal and perinatal deaths Surveillance and response
MTC	Medicines and therapeutics Committee
NHIF	National Health Insurance Fund
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act

2. Key Entity Information and Management

(a) Background information

Gilgil Sub County Hospital is a level 4 hospital established under gazette notice number Vol. CXXIII-157 of 30th July 2021 and is domiciled in Nakuru County. The hospital is governed by a Board of Management.

(b) Principal Activities

The vision of the Hospital is aligned to the County’s vision: A health County. Our mission is to equitably offer scientifically-proven, acceptable and effective health care interventions to all our clients. This includes preventive, promotive, curative, surgical and gynaecologic, as well as rehabilitative health care. To achieve this, our clientele are grouped into age-based cohorts – pregnancy and new-born, infants and young children, youths and adolescents, adults, and geriatrics. Our services are guided by the various relevant acts of parliament, management guidelines and ministry circulars.

(c) Key Management

Gilgil Subcounty Hospital management is under the following key organs:

- County department of health
- Hospital Management Committee
- Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr David Kuria
2.	Head of finance	Cpa(K) Priscillar Kiplagat
3.	Head of supply chain	Gaundezia Wairimu
4.	Health Administrator	Pamela Tum
5.	Nursing Officer In Charge	Nancy Ndirangu

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee: This is chaired by Dr Wainania, and is mandated with scrutinizing research to ensure that all levels of ethical regulation have been adhered to.
- Medicines and therapeutics committee: this one is tasked with the proper acquisition, dispensing and utilization of pharmaceuticals as per the national guidelines.
- Quality of care committee: this one looks at the quality of services offered in our hospital and the customer experience during the treatment process.
- Transfusion Committee this one ensures that safe blood transfusion practices are adhered to at all times.
- Disaster preparedness Committee: This one looks at mitigation of potential hazards and how to navigate in case of a disaster.

(f) Entity Headquarters

P.O. Box 129-2116,
Gilgil- Nyahururu Road/Highway
GILGIL, KENYA

(g) Entity Contacts

Telephone: (254) 721660530
E-mail: gilgil.hospital@yahoo.com
Website: www.gilgilhospital.go.ke

(h) Entity Bankers

Kenya Commercial Bank Limited
Head Office, Kencom House
Moi Avenue
P.O Box 48400-00100
Nairobi

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

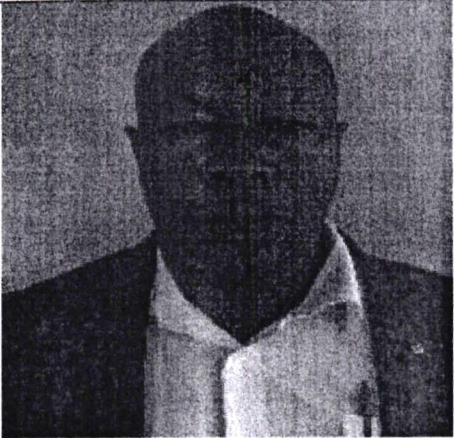

(k) County Attorney

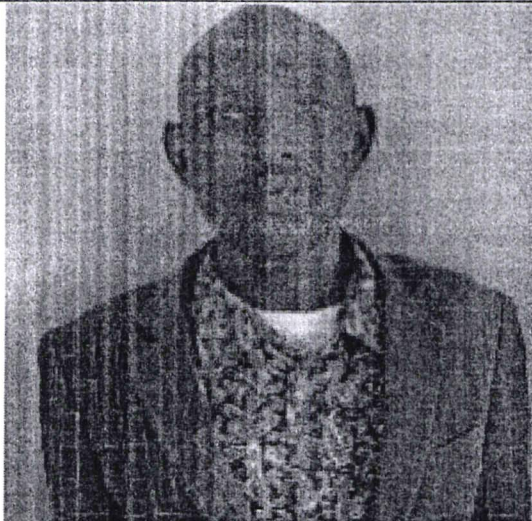
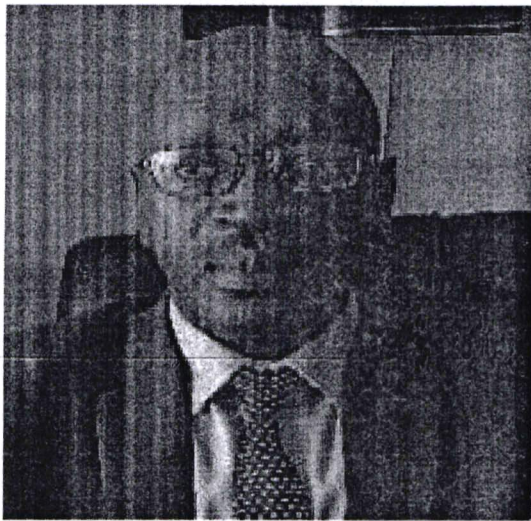
The County Attorney,
New County Hall Building,
Moi Road P.O. BOX 2870-20100
Nakuru, Kenya.


2. The Board of Management

Ref	Directors	Details
1.	 <p data-bbox="331 1137 810 1171">Mr. Simon Gaitho Kimani, Chairman</p>	<p data-bbox="839 622 1544 987">Mr. Simon Gaitho Kimani ,33 years,is an independent director(chairman of the board of directors Gilgil Sub County Hospital under County Government of Nakuru . He is a holder of Bachelor in criminology and security management from Mt Kenya university. He is a representative in the Gilgil lands Board and the secretary of the Nakuru County Bursary Committee.</p>
2.	 <p data-bbox="252 1682 778 1809">Mr. Abdirizak Ali Adan, Vice Chairman and Chairman of Service Delivery Sub Committee</p>	<p data-bbox="839 1211 1544 1742">Mr. Abdirizak Ali Adan, 31 yrs, is a holder of a Bachelor’s degree of Science in Applied Statistics with Computation. He has worked with the Kenya National Bureau of statistics (2018 to 2020), also as a Sales and Marketing Manager with Lag sure Suppliers’ Company Limited for a period of one year. He is an independent member of the Board of Directors serving as both, the Vice Chairman and Chairman of the Service Delivery Subcommittee of the Board at Gilgil Sub County Hospital under County Government of Nakuru.</p>

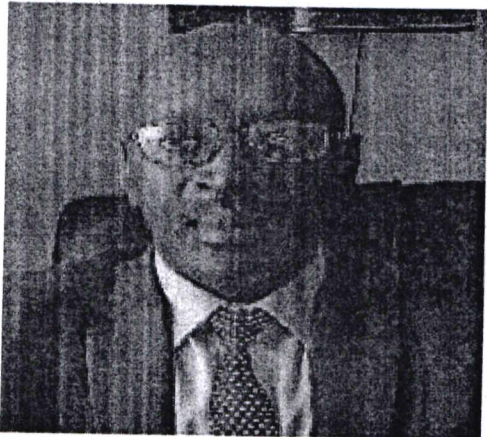

Gilgil Sub County Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025



<p>3.</p>	 <p>Mr. Joseph Mwangi Kirumba, Chairman of Finance Sub Committee</p>	<p>Mr. Joseph Mwangi Kirumba, 58 years old, is a holder of a Diploma in purchasing and Supply under UK Foundation from Charter Institute, he is an independent member of the board. He has 8 year's working as a Clerk in the Defunct/Former Kenya Post Telecommunication Corporation (KPTC) currently serving as the Chairman of the Finance Subcommittee of the Board Gilgil Sub County Hospital under County Government of Nakuru.</p>
<p>4.</p>	 <p>Miss Elizabeth Wairimu Mbugua, Chairperson of Environmental Sub Committee</p>	<p>Elizabeth Wairimu Mbugua, 58years, is a holder of diploma in Early child Development. She is currently serving as supervisor, River house cottages Gilgil, community health promoter Mbegi unit and as a chairperson Langa langa dispensary. She has previously worked as a Head teacher in various learning institution and as an early child development trainer in Pert Williams, Nairobi. She is currently serving as an independent member of the board and as the Chairperson of Environmental Sub Committee.</p>

5.	 <p>Mr. Jackson Letoya Ole Musei, Member</p>	<p>Mr. Jackson Letoya Ole Musei ,46 years old is an independent director of the board holding a Diploma in Business management and Information Technology. He has Previously worked as a Clerk at Dupoto Emaa Community Base Organization and as a voter Registration Assistant Officer.</p>
6.	 <p>Dr. David Kuria Samson</p>	<p>Dr. David Kuria Samson, 57 years old, is a holder of a Bachelor's degree in Medicine and Surgery from the University of Nairobi. He has 27 years' experience in medical practice, 18 of which he has been in various health administrative roles. He has done many in-service courses, including Diploma in Business Management and SLDP. He is the Medical Superintendent and the Secretary to the Board.</p>

7.	 <p>Miss. Esther Wakahora</p>	<p>Esther Wangari Wakahora, 54years, is a Public health officer who holds a diploma in environmental health from the Kenya Medical Training College, Nakuru Campus.</p> <p>She has extensive experience spanning over 30years in matters public health. she is currently serving as a Chief Assistant public health officer in Gilgil Sub-County.</p>
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3. Key Management Team

Ref	Management	Details
1.	<p>Manager 1</p>  <p>Dr. David Kuria Samson, Medical Specialist</p>	<p>Medical Superintendent, chairman of the HMT</p>
2.	<p>Manager 2</p>  <p>Nancy Ndirangu, Nurse</p>	<p>Nursing Officer In-charge, Secretary to the HMT</p>
3.	<p>Manager 3</p> <p>Pamela Tum</p>	<p>Hospital Administrator</p>

4.	 <p>Madam Gaudenzia Wairimu, Diploma in supply management.</p>	Officer in Charge, Procurement
5.	 <p>CPA Priscillar Kiplagat, Bachelor degree in Finance and a member of the Institute of Certified Public Accountants of Kenya.</p>	Hospital Head of Accounting unit

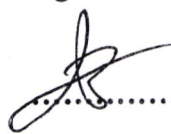
4. Chairman's Statement

The Hospital Management Board is proud of the achievements realized by the hospital in this period towards offering patient-centred Level IV Hospital services and would therefore like to present the Hospital's 2024/2025 annual report and Financial Statement. The board is particularly impressed by the commitment of the staff coupled with their commitment to delivering the best possible quality of care to the patients. These services include Medical Consultations, mother-child health, Dental Clinic, Psychiatric outpatient and in-patient care, Gynaecology, Medical, and Surgical Outpatient Clinics, Maternity services, and Theatre Services among others.

Regulatory environment Management and operations of the hospital is guided by the existing legal, policy, and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the Hospital. The Kenyan Constitution 2010 under the Bill of Rights provides the right to the highest attainable standard of health including reproductive health care and emergency medical treatment as stipulated by the County government health systems, and provides for regulation of health care services and health care service providers, health products and health technologies. The hospital has continued to experience challenges such as shortage of staff, financial constrains revolving around the psychiatry unit and the remuneration of staff that consume a significant portion of our revenue. In response to this, the Board remains focused on providing resources and supporting initiatives that will sustain Gilgil Sub County Hospital in a leadership position in the healthcare sector.

On behalf of the Board, I would like to thank all our stakeholders especially County Government of Nakuru, the development partners and our esteemed patients for the support they continue to accord the hospital without which, our achievements would not have been realized. As we move into a new year, the board would like to express its gratitude to Gilgil Hospital staff, specialists, team leaders and the Board, who take such pride in their work, and who exemplify our hospital's mission and values each day.

Finally, it is of the board's opinion that the strategy and the staff in place will consistently drive our growth in the future as has been the case over the years.




.....
Name *Simon Githinji Kenani*
Chairman to the Board

5. Report of The Medical Superintendent

I am pleased to present the Hospital's annual report and financial statements for the year 2024/2025. The report highlights the hospital's operational and financial performance as well as our strategic direction. The hospital provides healthcare services as expected for a level four facility. To meet our patient's needs, we have medical personnel who ensure our customers receive safe, timely, equitable, efficient, effective and patient-centred services. In 2024/2025 the hospital attended to 230,039 visits and admissions. This was an increase of 5% inpatients and 13% inpatients attendance in comparison to the previous financial year.

The hospital established centres of excellence in the following areas: Psychiatry, Radiology and laboratory services. The centres of excellence will also provide one-stop services for the increasing cases of diseases referred. The use of ICT is a priority for Gilgil Hospital as reflected in Kenya's ICT Master Plan and need to automate systems to enhance efficiency in services delivery. Towards this, the hospital carried out a business reengineering with the view of aligning all hospital processes in readiness for automation. This process culminated in the development of specifications for robust hospital information management system and corresponding enterprise resource planning (ERP) systems. In view of the above, Gilgil Hospital embarked on the installation of Medsmart Hospital solution for efficient service delivery. Through the Medicines and Therapeutic Committee, the hospital also developed protocols SOPs, and guidelines for patient management. Gilgil Hospital is putting great emphasis on the improvement of communication with our patients, their families, and other stakeholders in an effective and timely manner. To this end, we have continued to train our employees on customer care and effective communication while upholding the highest standards of care. We have strengthened customer care services and process improvement with a view to enhancing patient-caregiver engagement.


.....

Name *A. Kuro*

Secretary to the Board

6. Statement of Performance Against Predetermined Objectives

Gilgil subcounty hospital has six strategic pillars as spelt out by WHO current Strategic Plan for the FY 2024- FY 2025. These strategic pillars:

1. Leadership and governance. The Hospital management committee holds one scheduled meeting per quarter, unless more frequent meetings are occasioned by need. The subcommittees meet once per quarter too. In the financial year 2024/025, the committee and the sub-committees met as per the schedule. Among the achievements made during the financial year include but are not limited to: oversight during the budgeting process, preparation and presentation of proposals to partners to support renovations of the hospital, and deliberations on the environmental sustainability and improvement of service delivery.
2. Service delivery. The Gilgil Subcounty Hospital achieved her mandate of providing preventive, promotive, rehabilitative and curative services to its catchment population. This is as evidenced in the KHIS data in comparison to the targets set at the beginning of the financial year.
3. Health system financing. The Gilgil Subcounty Hospital derived its entire financing from the FIF. The budgeting cycle was utilized to acquire AIEs from the Chief Officer of Health's office so as to support operations on the hospital. Expenditure guidelines were adhered to as spelt out in the PFM act.
4. Health workforce. The hospital operated with a thin workforce that is far from the KEPH recommendations. It hired contracted staff on a competitive basis in order to mitigate staff shortage.
5. Medical products, vaccines and technologies. There was a constant supply of HPTs throughout the year, with occasional short-lived outages around the procurement cycles.
6. Health information systems. Our HMIS was robust, with accurate reporting and timely uploads for onward transmission to the HIS. The EMR still needs to have some modules activated by the developer in order to improve consumer experience.

Gilgil subcounty Hospital develops its annual work plans based on the above five pillars building blocks. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Gilgil subcounty Hospital achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Leadership and governance	Hold 4 management meetings	Minutes	deliberations	4
Service delivery	Provide preventive, promotive, rehabilitative and curative services	Numbers of clients attended to	As per the guidelines	HIS data uploaded
Health system financing	100% utilization of allocated funds	Financial statements	Reports preparation	100%
Health workforce	Appraise all staff	Appraisal forms	Appraise as per targets	Done
HPTs	Timely procurement of HPTs	Bin cards	Procure S PER THE PHARMACIST'S ORDERS	Done
HMIS	Proper and timely reporting	12 monthly reports uploaded	Report summaries	done

7. Corporate Governance Statement

Introduction

During the year 2024-2025, the Hospital Management Committee held a total of four main meetings, and a similar number of subcommittee meetings. Each meeting was preceded by an invitation sent out at least seven days' in advance. Minutes, detailing the agenda of each meeting, were written. Each meeting is supported by a list of members present with member present signing against their names.

The board members were appointed by the CECM Health Nakuru County vide gazette notice No 8397 of 23rd June 2023. The board is yet to formulate a charter. Its roles and responsibilities are spelt out in the Mwongozo Code of Governance of 2015. Their roles were spelt out as hereunder:-

Responsibilities of the Chairman:

- Setting meeting agenda in consultation with secretary and board members
- Presiding over Health Management Committee meetings
- Overseeing all committees of the HMC
- overseeing the implementation of Government policy and other resource manuals
- Ensuring effective orientation, and development of Health Management Committee members
- Providing for regular Health Management Committee and individual members self-evaluation
- Planning for Health Management Committee succession in consultation with the County Executive Committee Members responsible for matters relating to health

Responsibilities of the Vice-chairman:

- Assumes chairperson's role if he/she is unavailable or unable to serve

Responsibilities of the Secretary:

- Keeps accurate records of Health Management Board meetings, attendance, decisions, long range plans and goals, and policies.
- Communicates key policy decisions to the hospital teams
- Day to day running of the hospital

The Hospital Management Committee has the following roles:

- Shall establish a corporate institutional responsibility and ensure that management responsibility is at the facility level where local issues are more clearly understood.
- Shall make decisions that will improve the hospital, ensure continuity while keeping in line with Government policies
- Shall project expected annual User Fees income, and any other expected income
- Shall oversee the prudent utilization and reporting of all these resources under their responsibility

As per the Mwongozo document, the board members have no known conflict of interest. They are governed by chapter six of the Constitution of Kenya 2010 that outlines Leadership and Integrity. Their allowances are paid as per the guidelines issued through the Director Administration and Planning.

9. Management Discussion and Analysis

Gilgil sub-county Hospital has an authorized bed capacity of 211, with 161 actual beds. During the year under review, we had a total 3,759 admissions and 3,495 discharges.

Total admissions and discharges include a total of 2,017 and 1,968 attributed to the maternity admissions and discharges respectively. There was also a total of 1,868 deliveries recorded in the same period.

There was a total of 73 deaths in the inpatient departments. The total occupied bed days for both insured (NHIF) and non-insured patients was 26,531 with 1,041 well person days.

The total outpatient filter clinic workload was 60,027 patients. A further 20,051 were attended to the specialized clinics while the total number of patients visiting our mother-child health clinics was 24,297.

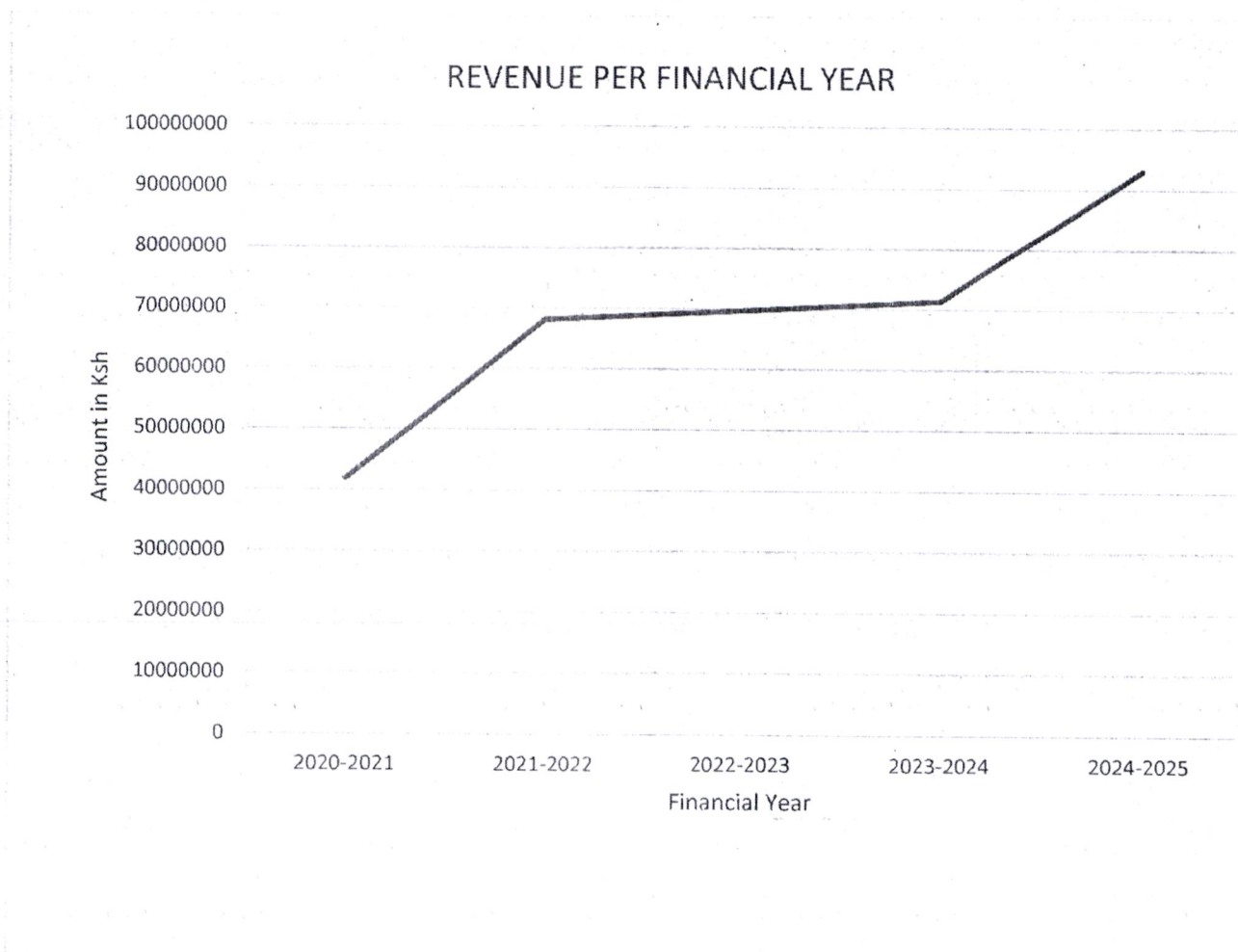
The theatre cases are as shown in the table below:

Data element	Value
Minor Surgeries Booked	97
Minor surgeries operated	97
Emergencies Operated	381
Cold Cases Booked	235
Cold surgical cases	235
Major surgeries Booked	91
Major surgeries Operated	91
Total operations	1,517

Financial performance that includes: -

The graph below outlines the hospital's revenue performance which is derived from FIF, internally generated income. This include the income derived from sale of medical services among others.

Our expenditure and fund utilization are based on the AIEs issued during the year:



9. Environmental and Sustainability Reporting

Sustainability strategy and profile.

Gilgil Subcounty Hospital is committed to fulfil its mandate of offering affordable, acceptable, scientifically-proven preventive, promotive, rehabilitative and curative health care services to its catchment population and beyond. Through the six building blocks, it will offer cohort-specific interventions. As a going concern, the hospital will sustain itself through prudent revenue collection strategies, good governance, and compliance to the law governing procurements. We intend to popularize our services through health talks, public participation fora, through social media platforms and issuance of brochures that summarize our services. We hope to see more insured clients, and schools that chose our services because of value addition. We truly hope that the County Government of Nakuru will take over the role of employing the human workforce so that the hospital can use its revenue to perform its core mandate.

Environmental performance.

The Gilgil Subcounty Hospital is guided by the Kenya Essential Package for Health (KEPH) norms and standards. The Health Act 2017, Mental Health Act 2022, the data protection act 2019 (among others) will continue guiding our environment to ensure that the workplace will be safe both for the staff and the clientele. We will continue to mitigate climate change through proper environmental sustenance, proper incineration and burial of hazardous waste.

) Employee welfare.

Our staff are hired through the County Public Service board. They are posted to the hospital for assignment of duties. The hospital also has general workers whose main task is to maintain a clean hospital environment, and provide basic services. A policy on safety and compliance with OSHA Act 2007 was not in place.

) Marketplace practices.

- a) **Responsible competition practice.** Gilgil Subcounty Hospital uses signages to direct potential clients to our hospital. We also rely on the snowball effect and hope that our satisfied clients will tell others about us. We do not engage in active advertising, mudslinging, or any other way to belittle, or malign any potential competitors. Our staff do not “poach” clients to private institutions, and we do not charge our clients directly. All monies are deposited directly into the hospital account.

- b) **Responsible supply chain and supplier relations.** Gilgil Subcounty Hospital maintains a cordial relation with her suppliers, both current and past suppliers. We endeavour to reduce our debts equitably across the board. We endeavour to pay our current suppliers, and are ready and willing to call them and explain any challenges we might be facing concerning their past debts.
- c) **Responsible marketing and advertisement.** We do not advertise our services, as outlined in (a) above.
- d) **Product stewardship.** Our clients' rights and interests are safeguarded through the citizen's charters. In this, the responsibility of the clients, and the expectations of the institution, are spelt out. Thorough history is taken to ensure that our interventions do no harm. Strict adherence to the code of ethics and each cadres' TOR ensure that no staff gives a service for which they are not trained. Clients who request second opinions are never victimized.
- e) **Corporate social responsibility.** Gilgil Sub County Hospital seeks to impact people's lives through its Corporate Social Responsibility (CSR) initiatives.
The initiatives are aimed at improving lives and enhance engagement with the public. Central to this philosophy is the commitment to enhance the quality of life of people from marginalised and vulnerable communities, by empowering them and catalysing change through creating awareness on diseases and available interventions. The services provided are MCH talks, psychiatric trainings in schools and other educational institutions and outreaches.

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 GILGIL SUB-COUNTY LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF NAKURU

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Gilgil Sub County Level 4 Hospital set out on pages 1 to 58, which comprise of the statement of financial position

as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts, for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, financial statements present fairly, in all material respects, the financial position of Gilgil Sub County Level 4 Hospital – County Government of Nakuru as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the with Health Act, 2017 the County Government Act, 2012 and Public Finance Management Act 2012.

Basis for Qualified Opinion

1. Failure to Disclose Material Uncertainty Related to Going Concern

The statement of financial position reflects current assets and current liabilities balances of Kshs.55,939,698 and Kshs.68,298,127 respectively resulting in negative working capital of Kshs.12,358,429. The Hospital is therefore technically insolvent and its ability to continue as a going concern is dependent upon support from the Government and its creditors. However, this material uncertainty has not been disclosed in the financial statements.

In the circumstances, the Hospital's ability to meet its short-term obligations could not be confirmed.

Long Outstanding Receivables from Exchange Transactions Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.34,912,738 and as disclosed in Note 29 to the financial statements. Review of the aging analysis revealed that debtors amounting to Kshs.12,032,305 or 34% of the total receivables had been outstanding for more than one (1) year with debtors worth Kshs.3,923,050 being outstanding for over three (3) years. Management did not explain measures being undertaken by the Hospital to collect the outstanding debts. In addition, Management did not make any provision for bad and doubtful debts in the financial statements.

In the circumstances, the accuracy, completeness and recoverability of the outstanding receivables from exchange transactions balance of Kshs.34,912,738 as at 30 June, 2025 could not be confirmed.

2. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects a balance of Kshs.502,355,795 in respect to property, plant and equipment as disclosed in Note 32 to the financial statements.

There was no evidence that valuation for the Hospital's assets such as land, buildings and civil works, motor vehicles, furniture, fittings and office equipment, ICT equipment and plant and medical equipment was done to ascertain the correct market values. Further, Management did not have ownership documents for its assets.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant and equipment balance of Kshs.502,355,796 as at 30 June, 2025 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the period ended 30 June, 2025 reflect final revenue budget of Kshs.77,879,000 and actual on comparable basis receipt of Kshs.93,617,082 thereby resulting to over-collection of Kshs.15,738,082. Further, the statement reflects that the Hospital spent an amount of Kshs.76,522,250 against actual receipts of Kshs.93,617,082 resulting in under-absorption of Kshs.17,094,832 or 18% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the prior year's audit reports, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review

of the status during the audit of the Hospital for the financial year 2024/2025 revealed that the following fifteen (15) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Unsupported Employee Costs Paid by Nakuru County Executive
3	2023/2024	Unsupported Procurement of Fuel and Lubricants
4	2023/2024	Unsupported Property, Plant and Equipment Balance
5	2023/2024	Budgetary Controls and Performance
6	2023/2024	Non-Compliance with Financial Reporting Template on Full Board and Committee
7	2023/2024	Lack of Approved Tariff Structure for Hospital Services
8	2023/2024	Failure to Transfer Revenue to the County Revenue Fund Account
9	2023/2024	Unapproved Waivers/Exemptions of Patients Bills
10	2023/2024	Non-Compliance with Requirements on Universal Health Care (UHC)
11	2023/2024	Irregular Engagement of Casuals
12	2023/2024	Lack of Approved Staff Establishment
13	2023/2024	Weak Internal Controls in Inventory Management
14	2023/2024	Long Outstanding Trade and Other Receivables
15	2023/2024	Long Outstanding Trade and Other Payables

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Approved Budget

The Hospital's Management provided for audit verification the budget extracts from the Hospital Management Team quarterly meetings which were not consolidated into annual budgets thus the annual budget provided was not approved before the commencement of the financial year. Further, the budget extracts provided did not have estimates for revenue items but was based on previous quarter collections. This was contrary to Regulation 30 of the Public Finance Management (County Governments) Regulations, 2015 which provides for the budget preparation process.

2. Unapproved Waivers/Exemptions of Patient Bills

The statement of financial performance and Note 25 to the financial statements reflect medical services contracts gains or losses amount of Kshs.4,786,772 which includes waivers and exemptions amounting to Kshs.2,664,277. However, there was no evidence of approval of the waivers and exemptions from the County Executive Member for Finance and Economic Planning. This was contrary to Section 59(1) (a) of the Public Finance Management Act, 2012 which requires waivers to be approved and a public record be maintained at the County Treasury giving reasons for the waivers.

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

3. Lack of Approved Tariff Structure for Hospital Services

The statement of financial performance reflects rendering of services – medical service income amount of Kshs.93,022,973. However, there was no evidence of approval of the price list used to charge for services rendered to the public. This was contrary to Regulation 65 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to obtain approval from the County Treasury of the proposed tariff structure.

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

4. Failure to Transfer Revenue to the County Revenue Fund Account

The statement of financial performance reflects rendering services- medical services income of Kshs.93,022,973 as disclosed in Note 11 to the financial statements. However, the amount includes collections of Kshs.75,762,083 for the months of July to December, 2024 which was not transferred to the County Revenue Fund Account for approval by the Controller of Budget before withdrawal. This was contrary to Regulation 81 (1-3) of Public Finance and Management (County Governments) Regulations, 2015 which states that a receiver of revenue shall promptly deposit into the County exchequer account all receipts due to the County Revenue Fund.

In the circumstances, the hospital management was in breach of the regulation.

5. Irregular Engagement of Casuals

The statement of financial performance and Note 16 to the financial statements reflect employee costs amounting to Kshs.182,659,061 which as disclosed in Note 16 to the financial statements includes an amount of Kshs.24,015,196 in respect of salaries and wages of casual employees. Further, there were no up to date signed contracts for casual employees and there were cases of casual employees being engaged continuously for more than three (3) months. In addition, no needs assessment reports indicating understaffed departments were provided to justify the need for casuals.

This is contrary to Section 37(1) of the Employment Act, 2007 which states that notwithstanding any provisions of this Act, where a casual employee - works for a period or a number of continuous working days which amount in the aggregate to the equivalent of not less than one month; or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly and section 35(1)(c) shall apply to that contract of service.

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

6. Non-Adherence to Approved Procurement Plan, Budget Limits and Procurement Procedures

Review of the hospital's approved procurement plan for the year 2024/2025 revealed that the estimated cost of procurement items was Kshs.112,912,840 which exceeded the Hospital's final expenditure budget of Kshs.80,708,384 by an amount of Kshs.32,204,456. Further, review of sampled procurement files indicated that some procurement methods used were inconsistent with those indicated in the approved procurement plan. Framework contracts through mini competition was used in place of open tendering for procurement of medical drugs, dressing and non-pharmaceuticals, and food and ration supplies.

In addition, the procurement processes, including tender evaluation and contract signing, were conducted at the County Government's headquarters rather than at the Hospital level, which is the designated procuring entity.

This was contrary to Section 45(3)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurement processes shall be - within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan.

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

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

Review of County revenue records for level 4 and 5 hospitals revealed that Gilgil Sub-County Level 4 Hospital collected an amount of Kshs.79,502,613 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.79,502,613 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.71,350,766 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.8,151,847. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

8. Inadequacies in Implementation Of Universal Health Coverage

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by seventeen (17) staff requirements or 18% of the authorized establishment.

Staffing of health workers				
Type of Coverage	Level 4 standard	Observation	Variance	Adequate/Inadequate
Medical officers	16	5	11	Inadequate
General surgeons	2	1	1	Inadequate
Pediatrics	2	0	2	Inadequate
Radiologists	2	4	-2	Inadequate

Staffing of health workers				
Type of Coverage	Level 4 standard	Observation	Variance	Adequate/Inadequate
Kenya Registered Community Health nurses	75	70	5	Inadequate
Total	97	80	17	

In addition, the hospital lacked the necessary equipment, machines and had inadequate services to offer as outlined in the Health Policy Guidelines as detailed below;

Services Offered in the Hospital				
Renal dialysis,	Should be present	Absent	N/A	Inadequate
Advanced life support	Should be present	Absent	N/A	Inadequate
Resuscitaire (2 in labour ward and one in theatre)	3	3	0	Inadequate
New Born Unit - Incubators incubators and five (5) cots	5	2	3	Inadequate
New Born Unit cots	5	1	4	Inadequate
Functional intensive care unit - Beds	6	0	6	Inadequate
High dependency Unit - Beds	6	2	4	Inadequate
Renal unit with at least 5 dialysis machines	5	0	5	Inadequate
Two functional operating theaters Maternity and general	2	2	0	Inadequate

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

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

9. Long Outstanding Accounts Payable

The statement of financial position and Note 36 to the financial statements reflect trade and other payables balance of Kshs.68,298,126. Review of the aging analysis revealed that payables amounting to Kshs.57,091,186 or 84% of the total payables had been outstanding for more than one (1) year with a balance of Kshs.18,636,686 being outstanding for more than three (3) years.

In the circumstances, the recoverability of the outstanding trade and other payables balance of Kshs.75,727,872 as at 30 June, 2025 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Approved Staff Establishment

During the year under review, the Hospital did not have an approved staff establishment for its staff detailing different cadres, available staff in the cadre, required number of employees and the employee gap. This was contrary to Section B.2(1) of the Human Resources Policies and Procedures Manual for the Public Service, May, 2016 which states that every Ministry/State Department or public entity shall prepare human resource plans to support achievement of goals and objectives in their Strategic plans; and the

plans shall be based on comprehensive job analysis and shall be reviewed every year to address emerging issues and needs.

In the circumstances, Management may not be in a position to know if the Hospital has the optimal number of the employees to ensure effective service delivery to the public.

2. Weak Internal Controls in Inventory Management

Review of procurement records revealed that the Hospital procured various pharmaceutical products. However, review of the drug stock control cards revealed that batch numbers and expiry date for the drugs were not captured in the bin cards. Therefore, the First Expiry First Out (FEFO) stock control method was not applied and this may lead to expiry of drugs. Further, drugs issued could not be traced to specific patients and the revenue or amount charged. In addition, there was no reconciliation on received drugs, drugs issued to the patients, breakages, spillage, expired and revenue generated.

Further, physical verification revealed inadequate shelves to store pharmaceutical drugs which resulted in keeping them in boxes. There was no air conditioner in the store and refrigerators for drugs that require cool temperatures.

In the circumstances, the effectiveness of internal controls designed for effective stock control management for pharmaceuticals and non-pharmaceuticals could not be confirmed.

3. Lack of Staff Bio Data in the Payroll

Review of records revealed that there were employee costs amounting to Kshs.24,015,196 in respect of payment of technical, non-technical and casual wages as indicated in the employee costs expenditure schedules. However, the payrolls maintained did not capture employee bio data and other important details such as, pay date, Tax PIN, ethnic code, month of salary increment and respective contract periods.

In the circumstances, the effectiveness of the internal controls in relation to payroll and human resources management could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

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

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

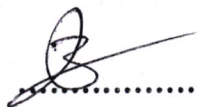
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	153,913,877	165,184,653
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	498,809	1,052,435
		154,412,686	166,237,088
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	93,022,973	71,321,478
Revenue from rent of facilities	12	36,000	22,500
Finance /Interest Income	13	-	-
Miscellaneous Income	14	59,300	102,110
Revenue from exchange transactions		93,118,273	71,446,088
Total revenue		247,530,960	237,683,176
Expenses			
Medical/Clinical costs	15	33,796,849	46,862,376
Employee costs	16	182,659,061	187,660,479
Board of Management Expenses	17	919,000	1,150,000
Depreciation and amortization expense	18	11,950,972	3,632,171
Repairs and maintenance	19	1,023,135	2,463,097
Grants and subsidies	20	-	-
General expenses	21	12,038,063	13,959,267
Finance costs	22	-	-
Total expenses		242,387,081	255,727,389
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	(4,786,773)	(6,490,414)
Impairment loss	26	-	-

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


Gain on foreign exchange transactions		-	-
Total other gains/(losses)		(4,786,773)	(6,490,414)
Net Surplus / (Deficit) for the year		357,107	(24,534,627)

(The notes set out on pages 10 to 57 form an integral part of the Annual Financial Statements.)

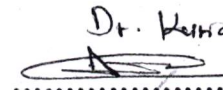
The Hospital's financial statements were approved by the Board on 15/07/2025 and signed on its behalf by:



Chairman Simon Kamau Kimani
Board of Management



Head of Finance
 ICPAK No: 24093



Medical Superintendent

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

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

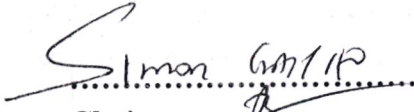
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	10,562,513	16,671,205
Prepayments	28	15,000	-
Receivables from exchange transactions	29	34,912,739	12,329,916
Receivables from non-exchange transactions	30	-	-
Inventories	31	10,449,447	13,605,997
Total Current Assets		55,939,698	42,607,118
Non-current assets			
Property, plant, and equipment	32	502,355,796	514,816,739
Intangible assets	33	2,500,000	2,500,000
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		504,855,796	517,316,739
Total assets (A)		560,795,494	559,923,857
Liabilities			
Current liabilities			
Trade and other payables	36	68,298,127	66,503,628
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		68,298,127	66,503,628
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-

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

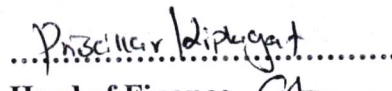
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		68,298,127	66,503,628
Net assets (A-B)		492,497,367	493,420,229
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		-3,060,797	-3,417,903
Capital Fund		495,558,164	496,838,132
Net Assets		492,497,367	493,420,229

(The notes on pages 10 to 57 form an integral part of the Annual Financial Statements.)

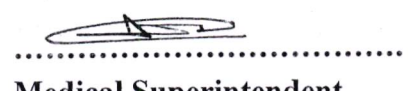
The Hospital's financial statements were approved by the Board on 15th / 7 / 2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
 ICPAK No: 24093



Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	-	21,116,724		21,116,724
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	-24,534,627		-24,534,627
Capital/Development grants	-	-		
As at June 30, 2024 (previous year)	-	-3,417,903	495,558,164	493,420,229
At July 1, 2024 (current year)	-	-3,417,903	495,558,164	493,420,229
Revaluation gain	-	-		
Surplus/(deficit) for the year	-	357,106		357,106
Capital/Development grants	-	-		
At June 30, 2025 (current year)	-	-3,060,797	495,558,164	492,497,367

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

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

Description	Note	Period ended 30TH JUNE 2025	Period ended 30TH JUNE 2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government			-
Grants from donors and development partners			
Transfers from other Government entities			
Public contributions and donations			
Rendering of services- Medical Service Income		71,350,766	64,803,252
Revenue from rent of facilities		-	22,500
Finance / interest income			-
Miscellaneous receipts(<i>specify</i>)		-	102,110
Total Receipts		71,350,766	64,927,862
Payments			
Medical/Clinical costs		29,210,959	19,885,578
Employee costs		31,745,486	30,530,510
Board of Management Expenses		919,000	1,150,000
Repairs and maintenance		1,570,224	2,647,837
Grants and subsidies		-	-
General expenses		13,200,852	11,539,004
Finance costs			
Refunds paid out		42,940	14,181
Total Payments		76,689,461	65,767,110
Net cash flows from/(used in) operating activities	41	-5,338,695	-839,248
Cash flows from investing activities			
Purchase of property, plant, equipment, & intangible assets		-770,000	-1,145,349
Proceeds from the sale of property, plant, and equipment			
Acquisition of investments			
Net cash flows from /(used in) investing activities		-770,000	-1,145,349
Cash flows from financing activities			

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

Proceeds from borrowings			-
Repayment of borrowings			-
Capital grants received			-
Net cash flows from /(used in) financing activities			-
Net increase/(decrease) in cash and cash equivalents		-6,108,695	-1,984,597
Cash and cash equivalents at 1 st July 2025	26	16,671,205	18,677,115
Cash and cash equivalents at 30TH JUNE 2025	26	10,562,513	16,671,205

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	a	b	c=(a+b)	d	e=(c-d)	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-	-		-	-	
Receipts						
Transfers from the County Government	-	-	-	-	-	
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	-	-	498,809	-498,809	
Rendering of services- Medical Service Income	77,807,000	-	77,807,000	93,022,973	-15,215,973	119.5
Revenue from rent of facilities	72,000	-	72,000	36,000	36,000	50
Finance / interest income	-	-	-	-	-	
Miscellaneous receipts (waste disposal, sale of containers)	-	-	-	59,300.00	-59,300.00	
Total receipts	77,879,000	-	77,879,000	93,617,082	-15,738,082	120.2
Payments						
Medical/Clinical costs	18,561,295	4,303,169	22,864,464	30,796,546	7,932,082	134.6
Employee costs	31,137,840	7,750,065	38,887,905	31,745,486	-7,142,419	81.6
Remuneration of directors	1,400,000	350,000	1,750,000	919,000	-831,000	52.5
Repairs and maintenance	413,000	100,750	513,750	1,023,155	509,405	199.7
Grants and subsidies	-	-	-	-	-	
General expenses	14,001,564	2,690,701	16,692,265	12,038,063	-4,654,202	72.1
Finance costs	-	-	-	-	-	
Refunds	-	-	-	-	-	
Total Operational Expenditure paid	65,513,699	15,194,685	80,708,384	76,522,250	-4,186,134	94.8
Capital Expenditure paid	2,435,740	-	2,435,740	770,000	1,665,740	31.6
Surplus	9,929,561		-5,265,124	16,324,832		

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

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	16,324,832
1	Reason for differences	Use of accrual basis of accounting, that suggests reporting both paid for expenses and those bought on credit
2	Reason for differences	the surplus has been derived since depreciation on ppe and gains/losses on medical contracts have not been captured
3	Reason for differences	Income represents total amount of services rendered both cash payments and services offered to contracted insurances that reimburse payments at a later date
	Closing Cash and Cash Equivalent as per the statement of Cash flows	10,562,513
	Surplus	16,324,832
	Cash and cash equivalents at 1 st July 2025	16,671,208
	Net increase/(decrease) in cash and cash equivalents	-6,108,695
	Reason for differences	5,762,319

17. Notes to the Financial Statements

1. General Information

Gilgil Sub County Hospital is established by and derives its authority and accountability from Health Act. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is to ensure quality health care to humanity.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the 6 years presented.

3. Adoption of New and Revised Standards

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

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

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

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

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

Standard	Effective date and impact
Transfer Expenses	<p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on **15th July 2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *hospital* recorded additional appropriations of **nil** on the FY 2024-2025 budget following the Board's approval. The *hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance	Amount deferred to under deferred income	Amount recognised in capital fund	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
xx County Government	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	30th June 2025	30th June 2024
Salaries and wages	150,913,575	157,129,968
Pharmaceutical and Non-Pharmaceutical Supplies	-	-
Medical supplies-Drawings Rights (KEMSA)	3,000,302	8,054,685
Utility bills	-	-
Total grants in kind	153,913,877	165,184,653

(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	Insert Current FY	Insert Comparative FY
	KShs	KShs
Cancer Centre grant- DANIDA	xxx	xxx
World Bank grants	xxx	xxx
Paediatric ward grant- JICA	xxx	xxx
Research grants	xxx	xxx
Other grants (<i>specify</i>)	xxx	xxx
Total grants from development partners	xxx	xxx

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	Insert Current	Insert Comparative
	FY	FY
	KShs	KShs
Transfer from National Government (Ministry of Health)	xxx	xxx
Transfer from xxx National Hospital	xxx	xxx
Transfer from xxx Institute	xxx	xxx
Total Transfers	xxx	xxx

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>medical drugs</i>)	498,809	-
Donations in kind-amortised	-	-
Total donations and sponsorships	498,809	-

(Provide brief explanation for this revenue)

10 (a) Reconciliations of amortised grants

Description	Insert Current	Insert Comparative
	FY	FY
	Kshs	Kshs
Balance unspent at beginning of year	xxx	xxx
Current year receipts	xxx	xxx
Amortised and transferred to revenue	xxx	xxx
Conditions to be met – remain liabilities	xxx	xxx

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Comparative FY Kshs
Pharmaceuticals	11,513,714	13,826,622
Non-Pharmaceuticals	-	-
Laboratory	9,608,493	8,731,205
Radiology	4,123,100	4,426,600
Orthopedic and Trauma Technology	157,200	281,600
Theatre	561,900	518,900
Accident and Emergency Service	4,654,200	4,197,800
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	49,800	19,300
Cancer centre service	-	-
Dental services	327,500	315,010
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	1,751,600	1,588,200
Ambulance services	658,500	723,000
Other medical services income (<i>attachments, clinics, inpatients, sha</i>)	59,616,966	36,693,240
Total revenue from the rendering of services	93,022,973	71,321,477

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Residential property	-	-
Commercial property	36,000	22,500
Total Revenue from rent of facilities	36,000	22,500

(Provide brief explanation for this revenue)

13. Finance /Interest Income

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

(Provide brief explanation for this revenue)

14. Miscellaneous Income

Description	2024-2025	2023-2024
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Sale of goods (water, publications, containers etc)	59,300	102,110
Write backs (Deposits, payments in advance etc)	-	-
Bad debts recovered	-	-
<i>Others (Specify)</i>	-	-
Total Miscellaneous income	59,300	102,110

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	79,000	
Laboratory chemicals and reagents	2,013,388	4,524,700
Public health activities	-	-
Food and Ration	9,534,418	8,924,334
Uniform, clothing, and linen	258,580	155,600
Dressing and Non-Pharmaceuticals	8,174,695	9,789,024
Pharmaceutical supplies	11,069,381	20,743,882
Health information stationery	975,240	1,064,770
Reproductive health materials	-	-
Sanitary and cleansing Materials	984,021	1,027,860
Purchase of Medical gases	292,667	115,637
X-Ray/Radiology supplies	415,458	516,569
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	33,796,848	46,862,376

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	24,015,196	30,530,511
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	801,195	-
Group personal accident insurance and WIBA	-	-
Social contribution	2,805,430	-
Other employee costs (<i>payee, nita, h.levy, in kind Contribution</i>)	155,037,240	157,129,968
Employee costs	182,659,061	187,660,479

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025	2023-2024
Chairman's Honoraria	-	-
Sitting allowance	919,000	1,150,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	919,000	1,150,000

18. Depreciation and Amortization Expense

Description	30th June 2025	30th June 2024
Property, plant and equipment	11,950,972.48	3,632,171
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	11,950,972.48	3,632,171

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	513,450	1,227,347
Medical equipment	329,705	663,790
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses	179,980	571,960
Maintenance of civil works	-	-
Total repairs and maintenance	1,023,135	2,463,097

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	Insert	Insert
	Current FY	Comparative FY
	Kshs	Kshs
Community development and social work	xxx	xxx
Education initiatives and programs	xxx	xxx
Free/ subsidised medical camp	xxx	xxx
Disability programs	xxx	xxx
Free cancer screening	xxx	xxx
Social benefit expenses	xxx	xxx
Other grants and subsidies(<i>specify</i>)	xxx	xxx
Total grants and subsidies	xxx	xxx

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	233,992	359,400
Waste management expenses	-	-
Insecticides and rodenticides	18,950	-
Audit fees	-	-
Bank charges	11,198	5,881
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	2,466,640	2,102,690
Electricity expenses	4,431,883	4,666,541
Fuel and Lubricants	2,310,246	3,625,912
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	196,800	280,000
Daily subsistence allowance	-	590,000
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	9,450.00	9,650
Printing and stationery	529,915	758,576
Hire charges	-	-

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Rent expenses	-	-
Water and sewerage costs	1,204,065	1,080,617
Skills development levies	-	-
Telephone and mobile phone services	400,000	300,000
Internet expenses	180,000	180,000
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	44,924	-
home appliance		
Parking charges	-	-
Total General Expenses	12,038,063	13,959,267

22. Finance Costs

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Borrowings (amortized cost) *	xxx	xxx
Finance leases (amortized cost)	xxx	xxx
Interest on Bank overdrafts/Guarantees	xxx	xxx
Interest on loans from commercial banks	xxx	xxx
Total finance costs	xxx	xxx

(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	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Other assets not capitalised (<i>specify</i>)	xxx	xxx
Total gain on sale of assets	xxx	xxx

24. Unrealized Gain On Fair Value Investments

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Investments at fair value	xxx	xxx
Total gain	xxx	xxx

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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	(2,122,495)	-
Linda Mama Program		-
Waivers and Exemptions	(2,664,277)	(6,490,414)
Total Gain/Loss	(4,786,772)	(6,490,414)

26. Impairment Loss

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	xxx	xxx
Intangible assets	xxx	xxx
Investments	xxx	xxx
Total impairment loss	xxx	xxx

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	10,562,512	16,671,205
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	10,562,512	16,671,205

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Notes to the Financial Statements (Continued)

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1156024587	10,562,512	16,671,205
Equity Bank, etc		-	-
Sub- total		10,562,512	16,671,205
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		10,562,512	16,671,205

Provide disclosure on any restricted cash that the entity is holding.

28. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	15,000	-
Others specify	-	-
Total	15,000	-

Notes to the Financial Statements (Continued)

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	26,587,750	12,329,916
Rent receivables	16,500	-
Other exchange debtors	8,308,488	-
Less: impairment allowance	-	-
Total receivables	34,912,738	12,329,916

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

Analysis of Receivables From Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	22,880,433	66%	5,299,855	43%
Between 1- 2 years	5,299,855	15%	2,809,400	23%
Between 2-3 years	2,809,400	8%	3,923,050	32%
Over 3 years	3,923,050.	11%	297,611	2%
Total (a+b)	34,912,738	100%	12,329,916	100%

30. Receivables From Non-Exchange Transactions

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	xxx	xxx
Undisbursed donor funds	xxx	xxx
Other debtors (<i>non-exchange transactions</i>)	xxx	xxx
Less: impairment allowance	(xxx)	(xxx)
Total	xxx	xxx

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceutical supplies	2,590,595	6,230,833
Maintenance supplies	-	-
Food supplies	204,104	222,363
Linen and clothing supplies	8,400	-
Cleaning materials supplies	74,767.50	105,738
Non-pharmaceutical supplies	3,453,203.60	5,267,425
Laboratory supplies	4,118,375	-
Less: provision for impairment of stocks	-	-
Total	10,449,446	11,826,359

Detailed disclosure on inventories

	2024-2025	2023-2024
	FY	FY
Opening balance	11,826,359	13,605,997
Additional Inventory in the year	29,368,385	45,783,727
Inventory expensed in the year	(30,745,297)	(47,563,365)
Write-downs in the year	-	-
Others specify	-	-
Closing balance	10,449,446	11,826,359

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture and Fittings	ICT Equipment	Plant and medical equipment	Capital Work in progress	Total
		10%	12.5%	12.5%	33.3%	12.5%		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost								
As at 1st July 2023 (beginning of the year)	-	-	-	-	-	20,366,283	-	20,366,283
Additions during the year	-	-	-	100,000	50,000	-	-	150,000
Disposals during the year	-	-	-	-	-	-	-	-
Transfers/adjustments during the year	371,615,458	76,800,000	11,500,000				36,737,200	496,652,658
As at 30th June 2024 (close of the year)	371,615,458	76,800,000	11,500,000	100,000	50,000	20,366,283	36,737,200	517,168,941
As at 1st July 2024 (beginning of the year)	371,615,458	76,800,000	11,500,000	100,000	50,000	20,366,283	36,737,200	517,168,941
Additions during the period	-	-	-	-	-	770,000	-	770,000
Disposals during the period	-	-	-	-	-	-	-	-
Transfer/adjustments during the period		-	-	-	-	-	-	-
As at 30th JUNE 2024 (close of the current period)	371,615,458	76,800,000	11,500,000	100,000	50,000	21,136,283	36,737,200	517,938,941
Depreciation and impairment								

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As at 1st July 2023 (beginning of the year)		-	-	-	-	-	-	-
Depreciation for the year		778,521	291,439	4,902	11,419	2,545,892		3,632,173
Disposals		-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-
As at 30th June 2024 (close of the year)		778,521	291,439	4,902	11,419	2,545,892	-	3,632,173
As at 1st July 2024 (beginning of the year)		778,521	291,439	4,902	11,419	2,545,892	-	3,632,173
Depreciation for the period		7,321,789	2,550,214	10,801	9,599	2,058,569		11,950,972
Disposals for the period		-	-	-	-	-	-	-
Impairment for the period		-	-	-	-	-	-	-
Transfer/adjustment during the period		-	-	-	-	-	-	-
As at 30TH JUNE 2025 (close of the current period)		8,100,310	2,841,653	15,703	21,018	4,604,461	-	15,583,145
Net book values								
As at 30th JUNE 2024 end of prior year audited	-	778,521	291,439	4,902	11,419	2,545,892	-	3,632,173
As at 30th JUNE 2025 (close of the current period)	371,615,458	68,699,690	8,658,347	84,297	28,982	16,531,822	36,737,200	502,355,795

Note: ksh 3,632,173 is the accumulated depreciation for year ended 2024, ksh 11,950,972 is the depreciation for the period 2024/2025 and the amount ksh 15,583,145 is the accumulated depreciation for the year ended 2025.

Gilgil Sub County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	year ended 30th June 2025	year ended 30th June 2024
	KShs	KShs
Cost		
At beginning of the year	2,500,000	2,500,000
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	2,500,000	2,500,000
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	2,500,000	2,500,000

34. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	xxx	xxx
Additions	xxx	xxx
Disposals during the year	(xxx)	(xxx)
Fair value gain	xxx	xxx
Depreciation (<i>where investment property is at cost</i>)	(xxx)	(xxx)
Impairment	(xxx)	(xxx)
At end of the year	xxx	xxx

35. Biological Assets

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trees in a plantation forest	xxx	xxx
Animals: Dairy Cattle, Pigs, Sheep	xxx	xxx
Others specify	xxx	xxx
Total	xxx	xxx

Notes to the Financial Statements (Continued)

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36. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	68,298,126		66,503,628	
Employee dues				
Third-party payments (e.g. unremitted payroll deductions)				
Audit fee				
Doctors' fee				
Total trade and other payables	68,298,126		66,503,628	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	11,206,941	16.41	28,126,692	42.29
1-2 years	19,757,521	28.93	19,504,540	29.33
2-3 years	18,696,978	27.38	10,202,509	15.34
Over 3 years	18,636,686	27.29	8,669,886	13.04
Total	68,298,126	100.00	66,503,627	100.00

37. Refundable Deposits from Customers/Patients

Description	2024-2025		2023-2024	
	KShs		Comparative FY KShs	
Medical fees paid in advance	42,940		14,181	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others (specify)	-		-	
Total deposits	42,940		14,181	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	42,940	100	14,181	100
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	42,940	100	14,181	100.00

Notes to the Financial Statements (Continued)

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38. Provisions

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

39. Finance Lease Obligation

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	xxx	xxx
Long term lease obligation	xxx	xxx
Total	Xxx	xxx

40. Deferred Income

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Portion	xxx	xxx
Non-Current Portion	xxx	xxx
Total	xxx	xxx

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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Balance at beginning of the period	xxx	xxx
External borrowings during the year	xxx	xxx
Domestic borrowings during the year	xxx	xxx
Repayments of external borrowings during the year	(xxx)	(xxx)
Repayments of domestic borrowings during the year	(xxx)	(xxx)
Balance at end of the period	xxx	xxx

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

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Current Obligation	xxx	xxx
Non-Current Obligation	xxx	xxx
Total	xxx	xxx

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	xxx	xxx
Accumulated depreciation to date	(xxx)	xxx
Net carrying amount	<u>xxx</u>	<u>xxx</u>
Service concession liability at beginning of the year	xxx	xxx
Service concession revenue recognized	(xxx)	(xxx)
Service concession liability at end of the year	<u>xxx</u>	<u>xxx</u>

43. Cash Generated from Operations

Description	Period ended 30th June 2025	Comparative period
Surplus for the year before tax	357,106	(24,534,627)
Adjusted for:		
Depreciation	11,950,972	3,632,171
Non-cash grants received	-	
Impairment	-	
Gains and losses on disposal of assets	-	
Contribution to provisions	-	
Contribution to impairment allowance	-	
Working Capital adjustments	-	
Increase in inventory	3,156,550	17,740,584
Increase in receivables	(22,597,822)	(6,386,983)
Increase in deferred income	-	-
Increase in payables	1,794,498	8,709,607
Increase in payments received in advance	-	
Net cash flow from/used in operating activities	(5,338,695)	(839,248)

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Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	12,329,916	8,109,255	4,220,661	
Receivables from –non-exchange transactions	-			
Bank balances	16,671,205	16,671,205	-	-
Total	29,001,121	24,780,460	4,220,661	-
At 30 June 2025 (current year)				
Receivables from exchange transactions	34,912,738	20,626,424	14,286,314	
Receivables from –non-exchange transactions	-	-		
Bank balances	10,562,512	10,562,512	-	-
Total	45,475,251	31,188,937	14,286,314	-

Notes to the Financial Statements (Continued)

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	573,458	608,872	65,321,297	66,503,627
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	573,458	608,872	65,321,297	66,503,627
At 30 June 2025				
Trade payables	6,649,382	267,668	61,381,076	68,298,126
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	6,649,382	267,668	61,381,076	68,298,126

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Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20XX (previous year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
20XX (current year)			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

b) Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	KShs	KShs
Revaluation reserve	-	-
Retained earnings	(3,060,797)	(3,417,903)
Capital Fund	495,558,164	496,838,132
Total funds	492,497,367	493,420,229
Total borrowings	68,298,126	66,503,628
Less: cash and bank balances	(10,562,512)	(16,671,205)
Net debt/ (<i>excess cash and cash equivalents</i>)	57,735,614	49,832,423
Gearing	11.72302998	10.09938792

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

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

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

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

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Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Directors' emoluments	xxx	xxx
Compensation to the medical Sup	xxx	xxx
Compensation to key management	xxx	xxx
Total	xxx	xxx

46. Segment Information

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

47. Contingent Liabilities

Contingent liabilities	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Court case xxx against the hospital	xxx	xxx
Bank guarantees in favour of subsidiary	xxx	xxx
Total	xxx	xxx

(Give details)

48. Capital Commitments

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised For	xxx	xxx
Authorised And Contracted For	xxx	xxx
Total	xxx	xxx

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

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

51. Currency

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

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18. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Unsupported employee costs.	Management liaised with the county human resource to provide a breakdown for he said employee costs	resolved	
1.5	Long outstanding accounts payable	The management has set aside a budget to that effect.	resolved	
1.4	Long outstanding receivables	The management has set aside an office dedicated to following up all debtor related expenses.	resolved	
2.1	non-compliance with financial reporting template on employee costs	There were no service gratuity, performance and other bonuses.	resolved	
2.2	non-compliance with financial reporting template on full board and committee	The hospital has put in place measures to ensure the such detailed reports are provided for in the subsequent financial reports	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.4	Failure to transfer revenue to the county revenue fund account	currently through the county treasury guideline our revenue is going to the county revenue fund	resolved	
2.6	non-compliance with requirements on universal health care (uhc)	It is the mandate of Public Service Board to employ, employees.	Not resolved	continuous
3.1	weak internal controls in inventory management	the hospital is putting adequate measures that will ensure that batch numbers and expiry dates are captured in the bin cards	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.

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A. K. W. G.

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Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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

