

REPUBLIC OF KENYA



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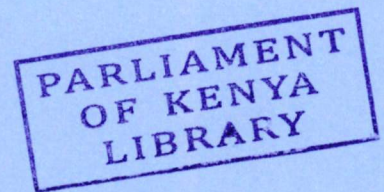


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Enhancing Accountability

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REPORT

OF



THE AUDITOR-GENERAL

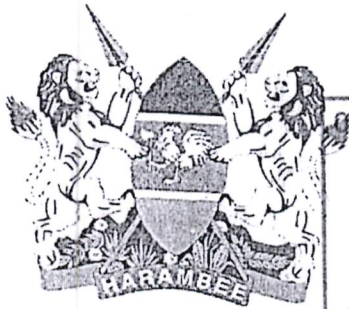
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KISUMU COUNTY REFERRAL HOSPITAL

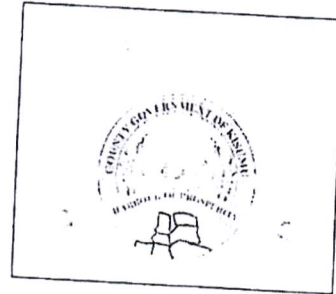
FOR THE YEAR ENDED
30 JUNE, 2025

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AMENDED 2025



Kisumu County Referral Level 4 Hospital
(Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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

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

(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

Kisumu County Referral Hospital is a level (4) hospital established under gazette notice number 11041 and is domiciled in Kisumu County under the Health and Sanitation Department. The hospital is governed by a Board of Management.

(b) Principal Activities

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

- i) Provide affordable and accessible universal health coverage.
 - ii) To modernise infrastructure, machinery and equipment.
 - iii) To attain financial sustainability
 - iv) To strengthen human resource capability.
- To develop facility health management information system

(c) Key Management

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

- County department of health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Management
- Others (*specify*)

Vision

A centre of excellence in healthcare delivery, training and research.

Mission

To promote and participate in the provision of integrated and high quality, promotive, preventive and rehabilitative health care services to all.

Mandate

To implement policies, set standards, provide healthcare services, create an enabling environment and regulate provisions of health service delivery within our area of jurisdiction

(d) Fiduciary Management

(e) 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 Thomas Nyang'wara
2.	Deputy Medical Superintendent	Dr. Thaddeus Masawa
3	Hospital Administrator	Alex Ochieng
4	Director Nursing	Millicent Oloo

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No.	Designation	Name
5	Head of finance	Barack Odwar
6	Head of supply chain	Dancan Oketch

(f) **Fiduciary Oversight Arrangements**

[Here, provide a high-level description of the key fiduciary oversight arrangements covering (say)]

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

Key Entity Information and Management (continued)

(g) **Entity Headquarters**

P.O. Box 1818-40100
KCRH Building
Ang'awa Street
Kisumu, KENYA

(h) **Entity Contacts**

Telephone: (+254) 0572020171
E-mail: medsuptkdh09
Website: www.go.ke

(i) **Entity Bankers**

Cooperative Bank of Kenya
Kenya Commercial of Bank

(j) **Independent Auditors**

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

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(k) Principal Legal Adviser

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


(l) County Attorney

P.O. Box. 2738
Kisumu, Kenya

3 The Board of Management







1.	 Samuel Akumu Odhiambo	Chairperson Qualification: Bachelor of Commerce
2.	 Sally Hawi	Vice Chairperson Qualification: Bachelor of Business Administration (with IT)-Finance. Diploma in Pharmacy Represents Professional Organization
3.	 Dr. Tom Nyangwara	Secretary Medical Superintendent
4.	 Phillip Ogendi -Member	Qualification: Diploma in Education Represents Persons With Disability
5.	 Collins Owuor	Chair of Finance Committee. Qualification: Physiotherapist Member
6.	 Hon. Steve Owiti	Chair of Audit Committee. Bachelor of Arts (Leadership and Governance) degree. Elected member of Kisumu County Assembly (2017-2022)

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7.	 Dr Odeny David	Chair of Quality Assurance Committee. Holder of Bachelor of Medicine and Bachelor of Surgery (1988) and Masters of Medicine in ENT and Head and Neck Surgery (1997)
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4 Key Management Team

Ref	Management	Details
1	 Dr. Thomas Nyangwara	Medical Superintendent
2.	 Dr. Thaddeus Massawa	Deputy Medical Superintendent
3.	 Stephen Ochieng Alex S. Ochieng	Hospital Administrator
4.	 Millicent Oloo	Director Nursing
5.	 Barack Odwar Muga	Head of finance
6..	 Dancan Oketch	Head of supply chain

5 Chairman's Statement

It is my pleasure to present the Hospital 2024/2025 annual report and financial statements. The Board of Management is proud of the achievements realized by the hospital in this period towards a world class patient centred specialized care Hospital. KCRH as the public hospital of choice in Kisumu and beyond offers quality health care to patients from the Lake region and beyond. Building on the gains made in the previous years, reinforced by clear systems and processes as well as enabling environment the year 2024/2025 reaffirmed our strong sense of purpose in delivering high quality personalized care with sharp edge of innovation.

REGULATORY ENVIRONMENT

Management and operations of the hospital is guided by the existing legal policy and institutional frameworks that govern health sector to ensure efficient and effective delivery of services in the hospital. The Kenyans Constitution 2010 under the Bill of rights provides the rights to the highest attainable standard of health including reproductive health care and emergency medical treatment.

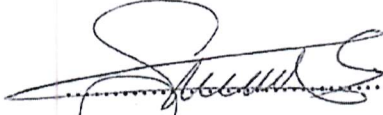
In addition, the Health Act 2016 establishes a unified health system that coordinates the inter-relationship between the National Government and County Government health systems, provides for regulations of health care service providers, health products and health technologies for connected purposes. It also provides for health financing, Research, E-Health, Human organ and tissue transplant; Traditional and alternative medicine, mental; Environmental and Public health; standards of health; Reproductive health, and Emergency treatment. With this in mind and the strategic placement of KCRH in the health sector, the Board is committed to ensure continued quality service delivery to the citizens.

STRATEGY AND PERFORMANCE

During the year 2024/2025 period under review, the hospital completed the implementation of various programs within the strategic plan and will develop the KCRH strategic plan for 2025-2030 for seamless transition. This New Strategic Plan will consider the provisions of UHC and factor in all initiatives that will keep KCRH play its role in realizing the anticipated results of this Agenda on evaluation the hospital has exhibited continuous improvements in performance over the years further, I'm happy to report that the management not only achieved most of the performance targets pursuant to performance contract with the County Government but also put emphasis on the measures that are directed at realizing the KCRH vision.

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On behalf of the Board, I would like to thank all our stakeholders especially the County Government Department of Health, Development Partners for the support they continue to accord the Hospital without which our achievements would not have been realized. As we move into the New Financial Year, I would like to express my gratitude to KCRH staff, specialists' team leader and the Board who take such pride in their work, and who exemplify our hospital's mission and values each day.



.....

Name: Samuel Akumu Odhiambo

Chairman to the Board

6 Report of The Medical Superintendent

Ladies and Gentlemen, esteemed members of the board, and our valued stakeholders,

As we reflect on the financial year 2024-2025, I am honoured to present our financial statement, highlighting our achievements, challenges, and future plans for Kisumu County Referral Hospital.

Achievements

This year has been marked by significant milestones that have propelled our hospital towards greater efficiency and improved patient care.

1. Improved Revenue Generation

We have successfully enhanced our revenue generation capabilities. Through strategic initiatives, we have increased patient intake and diversified our services, resulting in a notable rise in our financial performance.

2. Equipping the Maternity Theatre

Our commitment to maternal health has seen us equip the maternity theatre with modern medical equipment. This investment ensures that we provide safe, high-quality care for mothers and newborns, significantly improving our maternal health outcomes.

3. Hospital Digitization of Departments

We have made substantial progress in the digitization of our departments. This transition not only streamlines operations but also enhances data management, enabling us to provide timely and efficient healthcare services.

4. CCTV Surveillance to Improve Security

Recognizing the importance of safety, we have implemented a comprehensive CCTV surveillance system throughout the hospital. This initiative has significantly improved security for our patients, staff, and visitors, fostering a safer environment.

5. Laying Cabros in the Hospital Compound

In our efforts to enhance the aesthetic beauty of our facility, we have laid cabros in the hospital

compound. This improvement not only beautifies our environment but also provides a more welcoming atmosphere for patients and their families.

Challenges

While we celebrate our achievements, we must also acknowledge the challenges we faced this year:

- **Clearing Pending Bills**
One of our significant challenges has been the clearing of pending bills. Despite our best efforts, these outstanding obligations have placed a strain on our financial resources. We are committed to addressing this issue and ensuring that our financial obligations are met promptly.

Future Plans

Looking ahead, we have ambitious plans that will further enhance our hospital's capabilities and service delivery:

1. Building an Inpatient Complex

To accommodate the growing number of patients, we plan to construct a modern inpatient complex. This facility will provide additional beds and specialized care, ensuring that we meet the healthcare needs of our community.

2. Solarization of the Hospital

We are exploring the possibility of solarizing our hospital to reduce energy costs and promote sustainability. This initiative will not only lower our operational expenses but also contribute to our commitment to environmental stewardship.

3. Clearing Remaining Pending Bills

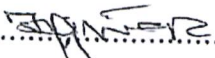
It is imperative that we prioritize the clearance of any remaining pending bills. We are developing a strategic plan to address this issue and ensure our financial health moving forward.

Conclusion

In conclusion, I would like to extend my gratitude to each member of the board, our dedicated staff, and our community for their unwavering support. Together, we have made significant strides this year, and

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with your continued commitment, I am confident that we will overcome our challenges and achieve our future goals.


.....

Name : Dr Thomas Nyang'wara

Secretary to the Board

7 Statement of Performance Against Predetermined Objectives

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

Kisumu County Referral Hospital has 5 objectives within the current strategic plan for the year 2025-2030, they are as follows:

1. Strengthen Leadership and Governance Systems
2. Modernize infrastructure and equipment.
3. To attain financial sustainability
4. Enhance human resource capacity.
5. Strengthen the operations in delivery of Quality Healthcare Services.

Kisumu County Referral Hospital develops its annual work plans based on the above 5 objectives.

Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The

Kisumu County Referral Hospital achieved its performance targets set for the FY 2023/2024 period for its strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar- To Provide Integrated Accessible and Quality Healthcare Services Through Effective and Efficient Infrastructure, Training Research and Partnership.	<ul style="list-style-type: none"> • Improve Health Care Quality 	<ul style="list-style-type: none"> - To offer better timely and equitable access to quality healthcare services -Diversify range of services offered -Fast-track efficiency & staff satisfaction 	<ul style="list-style-type: none"> -i) Strengthen clinical governance (CG) systems by adopting clinically appropriate standards, checklists guidelines and continuous medical 	<ul style="list-style-type: none"> ✓ Improved quality of care ✓ Expanded client base ✓ Better facility reputation ✓ Strengthen partnership with communities, public & private

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		through use of modern facility	<p>education and training.</p> <p>ii) Strengthen quality improvement (QI) function by forming and operationalization of the work improvement teams and quality improvement teams who are accountable to the processes and outcomes of their units and departments.</p> <p>iii) Invest in Healthcare Standards Accreditation that is appropriate to the levels of care.</p> <p>iv) Establish a hybrid Customer care feedback mechanism through deployment of digital and manual feedback mechanisms</p> <p>v) Digitalize</p>	sector
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	<ul style="list-style-type: none"> • Attain Financial Sustainability 	<p>Institutionalize resource mobilization</p> <ul style="list-style-type: none"> -Enhance internal control mechanism -Diversify revenue collection 	<p>service delivery operations by installing integrated Health Management Information System that covers all the points of service.</p> <p>i. Mass registration of all patients/clients seeking any kind of health service including health promotion, preventive care, curative and rehabilitative care; and claiming for reimbursements for all services offered. This will improve</p>	<ul style="list-style-type: none"> ✓ Boosted revenue collection ✓ Affordable healthcare to the entire population
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			<p>revenue generation capacity</p> <p>ii. Digitalize financial management systems and operations to track revenues and expenditures and procurement wastes</p> <p>iii. Strengthen Procurement Tracking Systems to prevent inventory waste.</p> <p>iv. Improve Resource Mobilization Capability by forming resource mobilization teams, set and monitor revenue targets and prioritize financial</p>	
	Deploy Integrated Health Management Information Systems	-ICT system in place -Install appropriate HHMIS -Improved access to ICT materials		✓ Effective & efficient data

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	Enhance the Human Capital	Streamlined HRM -Enhanced hospital performance by training & motivation of staff -Upscale leadership & management for increased performance -Focus on partnership with other health service providers for technical support	resource deployment i)Upgrade ICT systems ii)Build staff ICT capacity iii)Install integrated HMIS iv)Establish World Wide Web (online) Presence i. Establish a functional Human Resource Management (HRM) department ii. Strengthen Performance Appraisal Systems iii. Improve	collection, management & dissemination ✓ Improved diagnosis & treatment ✓ Improved access to relevant health infrastructure & data ✓ Improved staff retention ✓ Improved service delivery ✓ Improved PAS
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				Staff Learning Culture through Quality Improvement Projects and other self-learning activities.	
				iv. Establish Staff Capacity Development Program	

	Modernize Infrastructure and Equipment	- Infrastructure master plan -Fully equip infrastructure, machinery & equipment -Maintenance Schedule	i. Develop facility infrastructure master plan ii. Have updated a maintenance schedule Obtain equipment & maintain through MESS	<input checked="" type="checkbox"/> Modernize infrastructure <input checked="" type="checkbox"/> Improved quality of care <input checked="" type="checkbox"/> Boosted revenue generation <input checked="" type="checkbox"/> Better diagnostic services
	Provide Health Products and	Access to essential medical	i. Define the Health	<input checked="" type="checkbox"/> Improved Access to essential

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	Technologies	products, vaccines and technologies of assured quality, safety, efficacy and cost-effectiveness, and their scientifically sound and cost-effective use -Efficient procurement; supply and storage; distribution systems that minimize leakage and wastage	<ul style="list-style-type: none"> ii. Establish Functional HPT Governance Committees iii. Deploy a Robust HPT Logistics Management Information System (LMIS) iv. Conduct HPT management trainings v. Develop and Implement a Health Technologies Maintenance Schedule vi. Establish HPT Data Analytics System vii. Strengthen Pharmacovigilance Reporting viii. Ensure Regulatory Compliance ix. Establish Hospital based treatment Protocol x. Establish KCRH 	<p>medical products, vaccines and technologies of assured quality, safety, efficacy and cost-effectiveness, and their scientifically sound and cost-effective use</p> <ul style="list-style-type: none"> ✓ Streamlined procurement; supply and storage; distribution systems that minimize leakage and wastage ✓ Minimized pilferages
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*Kisumu County Referral Hospital (Kisumu County Government)
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			Formulary	
	Strengthen Leadership, Management and Governance Systems	To revitalize leadership, management and governance system	<ul style="list-style-type: none"> i. Appoint KCRH Public Relations Officer who will also serve as the Hospital's Ombudsman ii. Strengthen Stakeholder and Community Engagement by scheduling Stakeholders Forums iii. Prioritize Leadership Training for Senior Managers and Departmental Heads. iv. Formulate and implement hospital's own Standard Operating Procedures for administrative functions. v. Strengthen governance committees at all levels of function. vi. Appoint KCRH 	<ul style="list-style-type: none"> ✓ Improved hospital public relationship ✓ Better leadership and governance ✓ Improved chain of command ✓ Good adherence to SOPs for administrative functions ✓ Better M&E structure

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			Monitoring and Evaluation Officer.	
	Strengthen the Research and Training Function	Enhanced capacity as a medical training institution	i. Establish a Functional Research and Innovation Unit ii. Establish a capacity building and training program for staff in research iii. Establish a medical training school in the long term.	✓ Well-coordinated research unit ✓ Improved staff skills ✓ Well-motivated staffs ✓ Improved service delivery ✓ Strengthened capacity as a medical training institution

8 Corporate Governance Statement

The facility holds quarterly board meetings with sub-committee meetings as need may arise. The sub committees include

- i. Audit Sub Committee with the following as members
 - a. Hon Steve Owiti Chair
 - b. Ms. Sally Hawi
 - c. Mr. Collins Owuor
 - d. Mr. Philip Ogendi
- ii. Resource Mobilization Sub Committee
 - e. Mr. Samwel Akumu Chair
 - f. Medical Superintendent
 - g. Mr. Phillip Ogendi
 - h. Finance Officer
 - i. Administrator
- iii. Finance and General Purpose Sub Committee

- j. Collins Owuor Chair
- k. Hon. Steve Owiti
- l. Ms Sally Hawi
- m. Medical Superintendent
- n. Procurement Officer
- o. Finance Officer
- p. Administrator
- iv. Quality Assurance Sub Committee
 - q. Dr. Odeny David Chair
 - r. Ms. Sally Hawi
 - s. Mr. Phillip Ogendi
 - t. Hospital Matron
 - u. Medsupt, Deputy Medsupt and Records Officer

The above sub committees help in oversight in the various departments.

Board members appointment, is done by the CEC Finance through the guidance of the Governor and their appointment done through the Kenya Gazette Notice

The CEC Finance on advice from the Governors can also remove the board members through Kenya gazette Notice.

Roles of the board members are clearly stipulated in their appointment and mostly they offer oversight role and resource mobilization.

Members are always advised on any conflict of interest and if any a member will always withdraw where there is conflict of interest.

Board members remuneration is well stipulated in the finance bill that includes transport, lunches and allowances per individual.

The current board members were appointed via a Kenya Gazette notice dated 15th May, 2023 as follows;

- i. Samwel Akumu Odhiambo Chairman
- j. Hon. Steve Owiti Member
- k. Dr. Odeny David Member
- l. Sally Hawi Member
- m. Phillip Otieno Ogendi Member
- n. Collins Owuor Member
- o. Medical Superintendent Secretary

The board has a well-represented membership putting into consideration, faith based, youths, and women and people living with disabilities, professional with health and financial backgrounds as this will help it function effectively.

During the year under review the board held 4 meetings as required by law attended by all members.

9 Management Discussion and Analysis

Clinical/operational performance

KCRH level 4 health facility has previously and continuously attained greater and higher performance. The facility has a bed capacity of 230 and during the period of July 2024 to June 2025 the performance was as follows

- Average outpatient attendance Total -70033 (average 5837)
- In-patient attendance - 7803
- Average length of stay – 5 days
- Bed occupancy rate – 79.1%
- Accident and emergency attendance – 10967
- Specialized clinic attendance – 29564
- Mortality rate – 1 death in every 1000 population
- No. of surgeries done 3100

Financial performance that includes: -

- o Revenue sources,
- o Utilisation of funds etc

Sources 30.6.25	Actual amount received	Actual expenditure	Cash & cash equivalent as at 30.6.2023	Trade -Payables – accrued expenses	Receivables from county Treasury
Transfers	-	-	-	-	-
Revenue for rendering service	310,056,107	243,786,178	82,291,989	116,743,517	-
Total	310,056,107	243,786,178	82,291,989	116,743,517	-

Revenue sources include receipts in rendering and donations in form of drugs totalling to Kshs. 513,412,200 During the year the management utilised a sum of Kshs. 243,786,178 in respect to payment of supplies of goods and services leaving cash and cash equivalent of Kshs.82,291,989 as at 30th June 2025. Included in these Financial Statements are trade payables of Kshs 116,743,517

.....
Dr.Thomas Nyang'wara

MEDICAL SUPERITENTANT

10 Environmental And Sustainability Reporting

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

Sustainability strategy and profile

The top management especially the accounting officer makes reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

i) Environmental performance

The organization has environmental policy in the county environment department guiding the organisation. The hospital also manages its waste within the facility through public health in collaboration with department of environment. During the year the facility has did maintenance for the existing incinerator.

ii) Employee welfare

The hospital implements policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. It also ensures that employees are supported in improving skills and managing careers, appraisal and reward systems. The organisation has in place policy on safety and compliance with Occupational Safety and Health Act of 2007. (OSHA.)

iii) Market place practices-

a) Responsible competition practice.

The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors by competitively awarding contract.

b) Responsible Supply chain and supplier relations

The management maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement

The hospital maintains ethical marketing practices.

d) Product stewardship

At Kisumu County Referral Hospital, we recognise that the products we purchase, use and discard impact patients' health, staff safety, and the environment. We commit to:

- *Choose suppliers who provide safe, sustainable, and ethically sourced goods.*
- *Reducing waste by preferring reusable or recyclable items and implementing take-back programs where possible.*
- *Monitoring and reporting on our product-related waste and emissions, and setting annual improvement targets.*
- *Engaging with stakeholders- patients, suppliers, and the community- to continuously improve our stewardship practices.*

By integrating these principles into our daily operations, we aim to protect patient well-being while advancing environmental responsibility.

iv) Corporate Social Responsibility / Community Engagements

The hospital management has from time to time provided waiver to patients who are not able to pay hospital bills as well as mortuary bills based on investigations and report done by social services department as stated in the waiver policy.

11 Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the year ended June 30, 2025, which show the state of the *hospital's* affairs.

Principal activities

The principal activities of the entity are:

- i. Provide affordable and accessible universal health coverage
- ii. To modernize infrastructure, machinery and equipment
- iii. To attain financial sustainability
- iv. To strengthen human resource capability
- v. To develop facility health management information system

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 8

Board of Management

The members of the Board who served during the year are shown on page v & vi. During the year, 2025 director(s) retired/ resigned, and zero directors (s) were appointed with effect from N/A date.

Auditors

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


.....

Name: Dr. Thomas Nyang'wara

Secretary to the Board

12 Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards

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

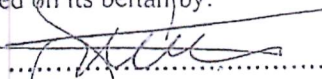
(IPSAS), and in the manner required by the PFM Act, 2012 and (*– entities should quote applicable legislation as indicated under*). The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2025, and of the *entity's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

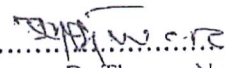
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements*) OR

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

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 30/7/2025 and signed on its behalf by:


.....
Name: Samuel Akumu Odhiambo
Chairperson
Board of Management


.....
Name: Dr. Thomas Nyang'wara
Accounting Officer

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON KISUMU COUNTY REFERRAL HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025

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 Kisumu County Referral Hospital set out on pages 1 to 72, 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, the financial statements present fairly, in all material respects, the financial position of Kisumu County Referral Hospital 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 County Governments Act, 2012, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Rendering of Services – Medical Service Income

The statement of financial performance and as disclosed in Note 11 to the financial statement is reflects Kshs.380,186,676 in respect of rendering of services – medical service income. Included in this amount is Kshs.14,963,960 relating to NHIF and Kshs.318,098,818 from SHA, while the rest, constituting Facility Improvement Fund (FIF) amounted to Kshs.47,123,898. Review of the Kisumu County Receiver of Revenue disclosed an amount of Kshs.309,136,997 as the amount received from NHIF/SHA and that no funds had been received from the FIF, resulting to unreconciled variance of Kshs.71,049,679. This implies that the Hospital under - declared its revenues to the Receiver of Revenue or revenue from rendering of services – medical service income was understated by the Receiver of Revenue.

In the circumstances, the completeness and accuracy of Kshs.380,186,676 in respect of rendering of services – medical service income could not be confirmed.

2. Employee Costs

The statement of financial performance reflects employee costs of Kshs.17,059,908. However, the corresponding Note 16 to the financial statement reflects salaries, wages and allowances of Kshs.16,387,925; resulting in an unreconciled variance of Kshs.671,983. Additionally, scrutiny of the payroll provided for audit revealed an amount of Kshs.15,476,725 resulting to a variance of Kshs.911,200.

In the circumstances, the accuracy and completeness of Kshs.17,059,908 relating to employee costs could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 27 to the financial statements reflects cash and cash equivalents of Kshs.82,500,822. This amount relates to two balances held in two bank accounts, the Cooperative Bank Kshs.82,291,989 and an amount of Kshs.208,833 held in the Kenya Commercial Bank. It was observed that the Kenya Commercial Bank account was dormant and the

amount was not supported by bank statement, bank reconciliation statement and board of survey report. Further, it is not clear why the management still maintains the dormant account.

In addition, it was noted that the Cooperative Bank Account was both a Collections Account as well as the Operations Account. It is therefore clear, that Management may not have been seeking the Authority of the Chief Officer – Health while withdrawing the amounts collected from rendering of services – medical service income.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.82,500,822 could not be confirmed.

4. Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflects receivables from exchange transactions balance of Kshs.88,142,891. Review of ledgers and supporting documentation revealed the following discrepancies:

- i. The Hospital submitted to the Social Health Authority (SHA) claims totaling Kshs.392,825,474 out of which, Kshs.248,098,500 were paid by the Authority during the year. This implies that Kshs.144,726,974 remained outstanding. Further analysis revealed that Kshs.74,726,656 were rejected by the Authority, which means that approved and probable inflow is Kshs.70,000,318; resulting in an unreconciled variance of Ksh.28,603,492. The Hospital did not provide evidence of having addressed the rejection reasons, nor were the claims re-submitted for reconsideration. Additionally, the hospital lacked maintained register of rejected and resubmitted claims.
- ii. Kshs.18,142,573 or 20% of the total receivables that was outstanding for more than three sixty-five (365) days. Management did not provide evidence showing efforts made to recover the outstanding amounts from the debtors.

In the circumstances, the accuracy and completeness and recoverability of receivables from exchange transactions balance of Kshs.88,142,891 could not be confirmed.

5. Long Outstanding Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 30 to the financial statements reflects receivables from non-exchange transactions of Kshs.13,029,123. This amount is made up of transfers from county government of Kshs.12,104,845 relating to financial year 2021/2022 and Kshs.924,278 relating to financial year 2022/2023 of which there was no evidence of a surety provided to indicate that the money will be disbursed to the Hospital. This is contrary to IPSAS 23:44-48 which provides that an entity will recognize an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

In the circumstances, the accuracy and disclosure of the receivables from non-exchange transactions of Kshs.13,029,123 could not be confirmed.

6. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflects property, plant and equipment of Kshs.2,291,274,367. Review of the financial statements submitted for audit revealed inconsistencies as detailed below:

Included in the balance is Kshs.2,100,000,00 in respect of land measuring approximately 4.9 hectares. However, it was noted that the Hospital does not have a title deed or allotment letter for the parcel of land. Management explained that the process of acquiring the title deed was ongoing. Since the Hospital had no title deed, it was not clear if the neighboring institutions including a private school, a mosque and market kiosks were part of the Hospital land. Additionally, the Hospital did not maintain an updated assets register.

In the circumstances, the accuracy, completeness and ownership of property, plant and equipment of Kshs.2,291,274,367 could not be confirmed.

7. Long Outstanding Payables

The statement of financial position and as disclosed in Note 36 to the financial statements is Kshs.116,743,517 relating to trade and other payables. Included in this amount is Kshs.113,941,106 being trade payables. However, review of supporting ledgers revealed that most of the creditors are long overdue as some invoices date as far back as 2017 and no effort has been made to clear these debts contrary to provisions of Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that, subject to availability of funds and after proper certification of goods, works or service, prompt payments are made within 60 days from date of receipt of invoice.

Further, included in trade and other payables is an amount of Kshs.671,983 relating to NSSF penalties. These are amounts owed by the Hospital to the National Social Security Fund (NSSF) being penalties for late remittances of deducted staff retirement benefits.

In the circumstances, the Hospital is exposed to legal suits, fines and penalties as a result of delays in payment of amounts due.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisumu County Referral 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

Budget Control and Performance

During the year under review, Kisumu County Referral Hospital had an approved budget of Kshs.310,800,000 but received actual amounts of Kshs.310,056,107.

During the same period, Kisumu County Referral Hospital recorded expenditure of Kshs.243,786,178 resulting to an under-absorption of Kshs.65,746,480. No reason was provided for the failure to implement the Budget with the available funds.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2025 as detailed below:

S/No.	Financial Year	Issue
1.	2023/2024	Inaccuracies in the Financial Statements
2.	2023/2024	Long Outstanding Receivables from Exchange Transactions (NHIF)
3.	2023/2024	Unsupported Receivables from Non-Exchange Transactions
4.	2023/2024	Unsupported Property Plant and Equipment
5.	2023/2024	Unsupported Intangible Assets
6.	2023/2024	Undisclosed Trade and Other Payables
7.	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
8.	2023/2024	Long Outstanding Trade and Other Payables
9.	2023/2024	Non-Compliance with Law on Ethnic Composition
10.	2023/2024	Management of Equipment Services.
11.	2023/2024	Effectiveness of the Enterprise Health Records Systems - Elephant's Software Application
12.	2023/2024	Lack of Quarterly Revenue Reports
13.	2023/2024	Lack of Audit Committee and Internal Audit Unit Function
14.	2023/2024	Lack of Risk Management Policy, Strategic Plan and Disaster Recovery Plan

Other Information

The Management is responsible for the Other Information set out on page iii to xxvii 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. Compliance with Law and Effectiveness of Upgrade of Hospitals

Audit review established that Kisumu County Referral Hospital has not fully complied with the provisions of the Health Act, 2017 regarding the requirements for Level 4 (Primary Hospital) facilities. 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 ninety-eight (98) staff or 44% of the 221 required in the staff establishment; contrary to the norms and standards for human resource development as stipulated under Section 15(1)(g) of the Act. The Hospital also lacked requisite medical equipment.

As a result, the Hospital's operations as a Level 4 facility only partially meet the statutory requirements outlined in Appendix 1 of the Act, thereby limiting its ability to effectively deliver the full range of services expected at this level.

2. Compliance with Public Procurement Capacity Building Levy Order, 2023

The Management of Kisumu County Referral Hospital did not remit 0.03% Capacity Building Levy to the Public Procurement Regulatory Authority for all contracts during

the year contrary to Section 3 (1) of the Public Procurement Capacity Building Levy Order, 2023 which requires that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and the procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

3. Non- Compliance with Law on Ethnic Composition

Review of the payroll data provided for audit revealed that out of 339 employees (102 casuals and 237 permanent employees) engaged by the Hospital, 274 came from the dominant ethnic community representing 80.8% contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “no public establishment shall have more than one third of its staff from the same ethnic community.”

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

4. Failure to Observe Reservations in Employment

Review of the list of staff provided for audit review for both casual and permanent employees revealed that out of a total of 339 employees, 6 are persons living with disabilities; representing 1.8% of the total population contrary to Section 13 of the Persons with Disabilities Act, 2022 which requires reservation of five percent of all casual, emergency contractual positions of employment in private and public sectors for persons with Disability.

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

5. Absence of Contractual Agreement between the Kisumu County Referral Hospital and the Social Health Authority.

During the Audit, it was noted that Kisumu County Referral Hospital lacked a formal signed contract agreement with Social Health Authority. Further, a review of the Authority's official website on the list of contracted healthcare facilities (as published on 7 March, 2025) did not include the Hospital among the empaneled and contracted facilities under county governments; contrary to Section 33 and 34 of the Social Health Insurance Act, 2023 which mandates the Authority to contract licensed and empaneled Healthcare Providers (HCPs) and Healthcare Facilities (HCFs) as per the list submitted from time to time by the relevant accreditation bodies.

In the circumstances, Management was in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Audit Committee and Ineffective Internal Audit Function

During the financial year under review, the hospital did not have an audit committee in place. Additionally, Management relied on the internal audit department of the County Executive, which audited the hospital in July, 2025 and not within the year under review.

In the absence of a functioning audit committee and internal audit unit, monitoring and review of the effectiveness of the internal audit process, review of internal controls, risk management systems and financial statements among other functions of an audit committee did not occur which may affect good corporate governance at the hospital.

2. Lack of Risk Management Policy and Disaster Recovery Plan

The Hospital did not have a risk management policy and disaster recovery plan to enable the entity to identify and develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

In circumstances, the effectiveness of the Hospital's risk management measures could not be confirmed.

3. Inadequate Management of IT Systems and Operations

Review of the Hospital's IT systems and operations revealed that the hospital does not have an IT strategic plan, IT strategic committee, approved ICT and security policy, training needs assessment and is yet to develop and adapt key ICT parameters including procedures manual, business continuity plans, disaster recovery plans and risk management policy.

Further, it was noted that the Hospital does not have an offsite backup but rather manual backups on the hard disks yet the hospital operates the integrated county health information and e-health system.

In the circumstances, the Hospital might not recover in an event of disaster.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether

effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

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

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

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

The Board of Management 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

08 December, 2025

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

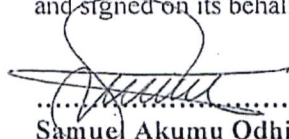
14 Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	41,075,722
In-kind contributions from the County Government	7		
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations (KEMSA DRUGS)	10	123,941,937	81,269,764
		123,941,937	122,345,486
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	380,186,676	85,652,462
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		380,186,676	85,652,462
Total revenue		504,128,613	207,997,948
Expenses			
Medical/Clinical costs	15	124,437,888	84,577,029
Employee costs	16	17,059,908	12,941,650
Board of Management Expenses	17	3,380,500	1,260,500
Depreciation and amortization expense	18	6,385,380	2,246,550
Repairs and maintenance	19	15,815,848	4,652,812
Grants and subsidies	20	-	81,269,764
General expenses	21	64,106,908	46,717,987
Donations (KEMSA DRUGS)	7	123,941,937	81,269,764

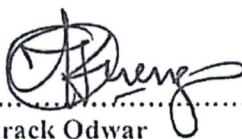
Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Total expenses		355,128,369	233,666,292
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	xxx
Medical services contracts Gains/Losses	25	6,993,053	10,680,481
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		6,993,053	-
Net Surplus / (Deficit) for the year		142,007,191	(36,348,825)

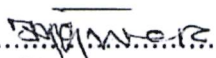
The Hospital's financial statements were approved by the Board on 8/9/25 and signed on its behalf by:



 Samuel Akumu Odhiambo
 Chairman
 Board of Management



 Barack Odwar
 Head of Finance
 ICPAK No:30060



 Dr. Thomas Nyang'wara
 Medical Superintendent

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

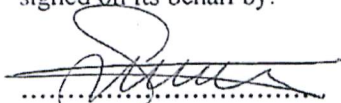
15 Statement of Financial Position As At 30th June 2025


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	82,500,821.89	16,230,893
Prepayments	28	-	-
Receivables from exchange transactions	29	88,142,891	18,535,954
Receivables from non-exchange transactions	30	13,029,123	13,029,123
Inventories	31	15,795,459.00	7,892,085
Total Current Assets		199,468,295	55,688,055
Non-current assets			
Property, plant, and equipment	32	2,291,274,367	2,298,094,227
Intangible assets	33	3,284,823	4,554,050
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		2,294,559,190	2,302,648,277
Total assets (A)		2,494,027,485	2,358,336,332
Liabilities			
Current liabilities			
Trade and other payables	36	116,743,517	164,993,386
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		116,743,517	164,993,386

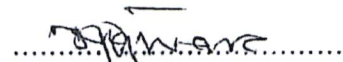
*Kisumu County Referral Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities			
Total Liabilities (B)		116,743,517	164,993,386
Net assets (A-B)		2,377,283,967	2,193,342,946
Represented by:			
Revaluation reserve		1,995,818,168	
Accumulated surplus/Deficit		(29,611,288)	(29,611,288)
Surplus for the year		142,007,191	
Capital Fund		269,069,896	219,291,776
Revaluation Gain		-	2,003,662,458
Net Assets		2,377,283,967	2,193,342,946

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


.....
Samuel Akumu Odhiambo
Chairman
Board of Management


.....
Barack Odwal
Head of Finance
ICPAK No:30060


.....
Dr. Thomas Nyang'wara
Medical Superintendent

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	6,737,534	244,440,861	251,178,398
Revaluation gain	-	-	-	
Surplus/(deficit) for the year	-	-	-	
Capital/Development grants	-	-	-	
As at June 30, 2024	1,995,818,168	-29,611,288	219,291,776	2,178,761,119
At July 1, 2024	1,995,818,168	-29,611,288	219,291,776	2,178,761,119
Revaluation gain		-	-	
Surplus/(deficit) for the year	-	142,007,191	269,069,896	
Capital/Development grants	-	-	-	
At June 30, 2025	1,995,818,168	112,395,903	269,069,896	2,377,283,967

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	41,075,722
Grants from donors and development partners		-	-
Transfers from other Government entities-SHA		248,098,500	-
Transfers from other Government entities-NHIF		14,310,260	18,627,119
Public contributions and donations		-	-
Rendering of services- Medical Service Income		47,123,898	47,776,557
Revenue from rent of facilities		-	
Finance / interest income		-	
Miscellaneous receipts(<i>specify</i>)		-	
Total Receipts		309,532,658	142,219,398
Payments			
Medical/Clinical costs		143,328,358	72,450,776
Employee costs		16,387,925	16,260,081
Board of Management Expenses		3,380,500	1,260,000
Repairs and maintenance		20,709,148	3,361,900
Grants and subsidies		-	
General expenses		55,780,432	46,336,892
Finance costs		-	-
Refunds paid out		-	-
Total Payments		239,586,363	139,670,149

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Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Net cash flows from operating activities	43	69,946,295	2,549,249
Cash flows from investing activities			
Purchase of property, plant, equipment		-	3,016,084
Purchase of intangible assets		-	
Proceeds from the sale of PPE		-	
Acquisition of investments		-	
Net cash flows used in investing activities		-	3,016,084
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		69,946,295	(466,815)
Cash and cash equivalents as at 1 July 2024	27	16,230,893	16,697,728
Cash and cash equivalents as at 30 June 2025	27	82,500,822	16,230,893

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-					%
Receipts						
Transfers from the County Government	-					%
Grants from donors and development partners	-					%
Transfers from other Government entities	217,354,881	48,445,119	265,800,000	265,002,168	797,832	100%
Public contributions and donations	-					%
Rendering of services- Medical Service Income	50,000,000	-5,000,000	45,000,000	44,530,490	469,510	99%
Revenue from rent of facilities		-				%
Finance / interest income		-				%
Miscellaneous receipts (<i>specify</i>)						
Total receipts	267,354,881	43,445,119	310,800,000	309,532,658	1,267,342	100%
Payments		-				
Medical/Clinical costs	149,206,871	30,565,329	179,772,200	143,328,358	36,443,842	80%
Employee costs	20,000,000	-2000,000	18,000,000	18,586,615	586,615	99%
Board of Management	2,520,000	880,000	3,400,000	3,380,500	19,500	99%
Repairs and maintenance	17,951,221	3,048,779	21,000,000	22,710,273	-1,710,273	108%
Grants and subsidies		-				93%
General expenses	69,715,798	18,912,011	88,627,800	55,780,432	32,847,368	63%
Finance costs		-				%
Refunds		-				%
Total Operational Expenditure paid	259,393,881	51,406,119	310,800,000	243,786,178	67,013,822	78%
Capital Expenditure paid		-				%
Surplus	7,961,000	-7,961,000	-	65,746,480	-65,746,480	%

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(Budget carryovers This is for entities whose budget lapses at year-end, but the surpluses are not legally required to be remitted to the Exchequer. Budget carryovers should not include third-party funds such as contractors' retention.)*

Budget notes

1. General expenses was under absorbed because certain payments were done in FY 2025-2026 as a result of delayed reimbursement from SHA.
2. The changes in the Original and Final budget was as a result of increase in revenues due to introduction of SHA which became a major source of income in the facility.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Reason for differences (Opening cash balance)	16,230,893
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	82,500,822

19 Notes to the Financial Statements

1. General Information

Kisumu County Referral entity is established by and derives its authority and accountability from Parliament's Act. The entity is wholly owned by the Kisumu County Government and is domiciled in Kisumu County in Kenya. The entity's principal activity is curative services.

2. Statement of Compliance and Basis of Preparation

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

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3. Adoption of New and Revised Standards

When an IPSAS becomes effective on 1st January 20xx, it is applicable in Kenya from 1st July 20xx

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-	<p><i>Applicable 1st January 2025</i></p>

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Standard	Effective date and impact:
Property Plant and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <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> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <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</p>

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Standard	Effective date and impact:
	revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <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. <i>State the expected impact of the standard to the Entity if relevant</i>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board on 17th-7-2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of *nil* on the FY 2024-2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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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 years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

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*.

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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)

*Kisumu County Referral Hospital (Kisumu County Government)
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Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	-	41,075,722
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants <i>(specify)</i>	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	41,075,722

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	-	-	-	-	41,075,722
Total	-	-	-	-	41,075,722

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	-	-
Medical supplies-Drawings Rights		
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	-	-
Utility bills	-	-
Total grants in kind		

8. Grants From Donors and Development Partners

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

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

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

Kisumu County Referral Hospital (Kisumu County Government)
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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations (KEMSA)	123,941,937	81,269,764
Donations in kind-amortised	-	-
Total donations and sponsorships	123,941,937	81,269,764

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
	5,367,240	8,388,181
Pharmaceuticals		
Non-Pharmaceuticals	-	
Laboratory	4,793,815	7,774,848
Radiology	2,971,900	6,405,263
Orthopedic and Trauma Technology	85,135	180,017
Theatre	1,163,904	1,433,648
Administration	3,575,122	433,723
Accident and Emergency Service	-	
In Patient Services	5,036	62,040
Anesthesia Service	-	
Ear Nose and Throat service	2,542,705	277,016
Nutrition service	-	2,393,164
Cancer centre service	-	
Dental services	492,819	2,303,445
Reproductive health	-	
Other medical services income	-	928,011
Medical Examination	29,582	265,109
Eye	1,773	3,815

*Kisumu County Referral Hospital (Kisumu County Government)
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Rental income	-	34,500
Kiosk Electricity	-	15,900
	45,165	
Occupational Therapy		112,123
Marwa Accrued	-	39,555
Renal Services	-	2,000
Public Health	-	944
Amenity	-	1,380
	1,575	
Dermatology		1,249
Deposits	-	2,000
	1,959,286	
Ward 5		374,128
	1,530,585	
Ward 4		121,207
Prisons	-	696,638
	2,506,971	
Ward 3		2,743,688
	14,310,260	
NHIF Received		18,627,119
NHIF Accrued for the year	653,700	18,222,415
	248,098,500	
SHA Received		
	70,000,318	
SHA Accrued		
Miscellaneous income	-	135,560
Surgical ward	-	911,044
	1,125,354	
Out Patient		1,523,589
Paediatrics services	-	540,857
	1,131,880	
NBU		
	6,473,947	
Maternity		23,907

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

Physiotherapy	413,846	218,642
Referral	-	355,350
MCH/FP	-	112,292
Records Department	420,621	2,122,647
Gynaecology ward	1,212,133	943,195
Psychiatric ward	3,121,337	1,317,471
Male ward	2,267,792	1,584,386
Farewell home services	1,289,997	4,020,336
Ambulance services	-	
Isolation	970	
Other medical services income (<i>Prisons, student placement</i>)	2,593,408	1,026,371
Total revenue from the rendering of services	380,186,676	85,652,462

Kisumu County Referral Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

(Provide brief explanation for this revenue)

13. Finance /Interest Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	-	-
Interest income from short- term/ current deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

(Provide brief explanation for this revenue)

14. Miscellaneous Income

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

(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	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	3,038,500	
Laboratory chemicals and reagents	11,059,763	6,477,454
Public health activities	-	
Food and Ration	16,536,770	24,440,834
Uniform, clothing, and linen	160,000	48,000
Dressing and Non-Pharmaceuticals	40,360,459	24,804,102
Pharmaceutical supplies	17,788,780	11,471,212
Health information stationery	-	
Computer and Accessories	3,744,500	900,944
Reproductive health materials		
Catering Services	1,737,300	
Sanitary and cleansing Materials	12,609,360	7,928,367
Purchase of Medical gases	5,684,000	3,054,490
X-Ray/Radiology supplies	5,554,257	3,618,006
Other costs (Elephant software)	2,275,000	
Other medical related clinical costs (Fuel oil and lubricants, firewood)	2,665,999	1,833,620
Other fuels	1,223,200	
Total medical/ clinical costs	124,437,888	84,577,029

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

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	16,387,925	10,445,615
Contributions to pension schemes	-	
Performance and other bonuses	-	
Staff medical expenses and Insurance cover	-	
Group personal accident insurance and WIBA	-	
Social contribution	-	
Other employee costs (<i>Marwa</i>)	-	473,345
Accrued wages	-	2,022,690
Employee costs	16,387,925	12,941,650

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria		
Sitting allowance	3,380,500.00	1,260,500
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	3,380,500.00	1,260,500

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	5,728,628	1,546,579
Intangible assets	656,753	699,971
Investment property carried at cost		
Total depreciation and amortization	6,385,381	2,246,550

19. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings		
Medical equipment	3,038,500	
Office equipment		
Furniture and fittings		
Computers and accessories		
Plant and Machine	4,919,337	
Motor vehicle expenses	824,696	1,337,730
Maintenance of civil works	7,033,315	3,315,082

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

Total repairs and maintenance	15,815,848	4,652,812
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Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Community development and social work	-	
Education initiatives and programs	-	-
Free/ subsidised medical camp	-	-
Disability programs	-	-
Free cancer screening	-	-
Social benefit expenses	-	-
Other grants and subsidies(<i>specify</i>)	-	-
Total grants and subsidies	-	-

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

21. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	
Catering expenses	-	
Waste management expenses	-	
Insecticides and rodenticides	-	
Audit fees	-	
Bank charges	35,908	29,156
Conferences and delegations	-	
Consultancy fees	-	
Contracted services	13,737,640	7,573,960
Electricity expenses	14,900,000	17,870,000
Fuel and Lubricants	-	
General Office	6,880,840	
Research and development expenses	-	
Travel and accommodation allowance	-	1,989,831
Legal expenses	-	
Purchase of Households	176,180.00	
Courier and postal services	20,000	

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Printing and stationery	4,257,850	1,632,770
Hire charges	-	
Rent expenses	-	
Water and sewerage costs	17,100,390	16,039,426
Skills development levies	-	
Telephone and mobile phone services	200,000	544,300
Internet expenses	-	
Staff training and development	6,289,400	1,038,544
Subscriptions to professional bodies	-	
Subscriptions to newspapers periodical, magazines, and gazette notices	-	
Library books/Materials	-	
Purchase of furniture	508,700.00	
Total General Expenses	64,106,908	46,717,987

22. Finance Costs

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

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

24. Unrealized Gain On Fair Value Investments

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

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

Kisumu County Referral Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	6,993,053	10,680,481
Total Gain/Loss	6,993,053	10,680,481

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	82,500,821.89	16,230,893
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	82,500,821.89	16,230,893

Notes to the Financial Statements (Continued)
27 (a). Detailed Analysis of Cash and Cash Equivalents

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	110403993	208,833	208,833
Cooperative Bank, etc	01141495253200	82,291,988.89	16,022,060
Sub- total		82,500,821.89	16,230,893
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		82,500,821.89	16,230,893

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

28. Prepayments

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

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

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables	88,142,891	18,535,954
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	88,142,891	18,535,954

(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	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	2024-2025 FY	% of the total	FY 2023-2024	% of the total
Less than 1 year	70,000,318	80.5%	18,535,954	%
Between 1- 2 years	18,142,573	%		%
Between 2-3 years		%		%
Over 3 years		19.4%		%
Total (a+b)	88,142,891	%	18,535,954	%

30. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	13,029,123	13,029,123
Undisbursed donor funds	-	-
Other debtors (<i>non-exchange transactions</i>)	-	-
Less: impairment allowance	-	-
Total	13,029,123	13,029,123

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Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	13,029,123	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	13,029,123	%

31. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	6,587,572	4,854,106
Maintenance supplies	-	-
Food supplies	609,077	109,280
Linen and clothing supplies	-	-
Non Pharm	8,090,211	1,651,526
Cleaning materials supplies	xxx	11,390
Printing	488,600	150,700
Lab	-	1,052,744
Linen and Clothing	-	36.25
General supplies	20,000	26,094
Less: provision for impairment of stocks	-	-
Total	15,795,460	7,892,085

Kisumu County Referral Hospital (Kisumu County Government)
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Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	7,892,085	
Additional Inventory in the year		
Inventory expensed in the year		
Write-downs in the year		
Others specify		
Closing balance	15,795,460	

*Kisumu County Referral Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	0	297,681,832	-		2,827,780	1,252,305	-	-	301,761,917
Additions	0	0	-	597,243	2,597,000		-	-	3,194,243
Disposals	0	0	-	0	-		-	-	
Transfers/adjustments	0	0	-	0	-		-	-	
Revaluation Adjustments	2,100,000,000	(104,181,832)	-	0	-		-	-	
At 30 th Jun 2024	2,100,000,000	193,500,000	-	597,243	5,424,780	1,252,305	-	-	2,300,774,328
			-				-	-	
At 1 July 2024 (current year)	2,100,000,000	193,500,000	-	597,243	2,823,869	1,252,305	-	-	2,298,173,417

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
Additions	0	0	-	-	1,920,938		-	-	1,920,938
Disposals	0	0	-	-			-	-	
Transfer/adjustments	0	0	-	-			-	-	
Revaluation Adjustments	0	0	-	-			-	-	
At 30 th Jun 2025	2,100,000,000	193,500,000	-	597,243	4,744,807	1,252,305	-	-	2,300,094,355
Depreciation and impairment			-				-	-	
At 1 July 2023 (previous year)	0	0	-	-			-	-	
Depreciation for the year	0	0	-	74,655	1,627,434	156,538	-	-	1,858,627
Disposals	0	0	-				-	-	
Impairment	0	0	-				-	-	
At 30 June 2024	0	0	-	522,588	1,627,434	156,538	-	-	2,306,560
At July 2024 (current year)			-				-	-	
Depreciation	0	3,870,000	-	74,655	1,627,434	156,538	-	-	5,728,628
Disposals	0	0	-	-			-	-	
Impairment	0	0	-	-			-	-	
Transfer/adjustment	0	0	-	-		-	-	-	

*Kisumu County Referral Hospital (Kisumu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
At 30 th June 2025	0	3,870,000	-	74,655	1,627,434	156,538	-	-	5,728,627
			-				-	-	
Net book values	2,100,000.000	189,630,000	-	373,277	516,462	754,628	-	-	2,291,274,367
At 30 th Jun 2024 (previous)	0	193,500,000	-	597,243	5,424,780	911,166	-	-	2,297,757,623
At 30 th Jun 2025 (current)	2,100,000.000	189,630,000	-	373,277	516,462	754,628	-	-	2,297,757,623

Kisumu County Referral Hospital (Kisumu County Government)
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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cost		
At beginning of the year	4,554,050	
Additions (Elephant acquisition)		3,682,900
Additions-Internal development		1,571,121
Disposal		
At end of the year	4,554,050	5,254,021
Amortization and impairment		
At beginning of the year	699,971	174,569
Amortization for the period	569,256	525,402
Impairment loss		
At end of the year	1,269,227	699,971
NBV	3,284,823	4,554,050

34. Investment Property

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
At beginning of the year	-	-
Additions	-	-
Disposals during the year	-	-
Fair value gain	-	-
Depreciation (where investment property is at cost)	-	-
Impairment	-	-
At end of the year	-	-

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

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35. Biological Assets

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

36. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	113,941,105.64		160,344,376	
Employee dues 1yr			2,022,320	
Employee dues 2yrs	2,130,429.00		2,626,320	
NSSF Penalty	671,983.00		-	
Doctors' fee			-	
Total trade and other payables	116,743,517		164,993,386	
Ageing analysis:	Current FY	% of the Total	Comp arative FY	% of the total
Under one year	59,517,456.64	%	72,998,189	%
1-2 years	13,151,155.00	%	52,307,398	%
2-3 years	13,572,724.00	%	39,687,799	%
Over 3 years	30,502,182.00	%		%
Total	116,743,517.64	%	164,993,386	%

37. Refundable Deposits from Customers/Patients

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical fees paid in advance	-	-
Credit facility deposit	-	-
Rent deposits	-	-
Others (<i>specify</i>)	-	-
Total deposits	-	-

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	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

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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	-	-	-	-
Additions during the year	-	-	-	-
Transfers to Capital fund	-	-	-	-
Transfers to statement of financial performance	-	-	-	-
Other transfers (<i>Specify</i>)	-	-	-	-
Balance C/F	-	-	-	-

41. Borrowings

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

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	143,286,567.46	-36,348,825
Adjusted for:		
Depreciation	5,728,628.00	1,546,579
Non-cash grants received		0
Impairment	656,753.00	699,972
Gains and losses on disposal of assets	0	0
Contribution to provisions	0	0
Contribution to impairment allowance	0	0
Working Capital adjustments		
Increase in inventory	- 7,903,374.	2,707,450
Increase in receivables	- 104,077,302	28,701,450
Increase in deferred income	-12,678,159	(12,678,159)
Increase in payables	48,249,869	(25,584,916)
Waivers and Exemptions	- 6,993,053	(10,680,481)

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Increase in payments received in advance	0	0
Net cash flow from operating activities	66,269,929.46	(466,835)

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	18,535,954			
Receivables from –non-exchange transactions	13,029,123.00			
Bank balances	16,230,893			
Total	47,795,970			
At 30 June 2025 (current year)				

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Receivables from exchange transactions	70,654,01 8			
Receivables from –non-exchange transactions	13,029,12 3.00			
Bank balances	82,500,82 1.89			
Total	166,183,9 62.89			

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 . 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			164,993,386	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	12,678,159	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025	-	-	-	-
Trade payables	-	-	116,743,517.64	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	294,415,062.64	-

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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 2025			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

iv) Capital Risk Management

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

Description	Current Period	Comparative Period
	Kshs	Kshs
Revaluation reserve	1,995,818,168	1,995,818,168
Retained earnings	-29,611,288	-29,611,288
Capital reserve	269,069,896	219,291,776
Total funds	2,377,283,967	2,193,342,946
Total borrowings	-	-
Less: cash and bank balances	82,500,821.89	16,230,893
Net debt/ (excess cash and cash equivalents)		
Gearing	1.78%	0.37%

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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.

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

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

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

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

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

(Give details)

48. Capital Commitments

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

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

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 Kisumu.

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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20 Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Inaccuracies in the Financial Statements	<ul style="list-style-type: none"> General Expenses – The amount of kshs. 36,783,004 was reported in the initial financial statement presented for audit, however while responding to the management letter the correct figure of kshs. 46,717,987 were reported in the amended financial statement and schedule supporting the same availed for verification. (Annex 1) The amount of kshs. 86,678,773 was reported in the initial financial statement presented for audit, however while responding to the management letter the correct 	The matter is 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)
		<p>figure of kshs. 85,652,462 were reported in the amended financial statement and schedule supporting the same availed for verification. (Annex 2)</p> <ul style="list-style-type: none"> • The amount of kshs. 955,500 was reported in the initial financial statement presented for audit, however while responding to the management letter the correct figure of kshs. 1,260,500 were reported in the amended financial statement and schedule supporting the same provided for verification. (Annex 3) • The amount of kshs. 9,730,309 was reported in the initial financial statement presented for audit, however while responding to the management letter the correct figure of kshs. 12,941,650 were reported in the amended financial statement and 		

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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		

XX Hospital (XX County Government)

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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