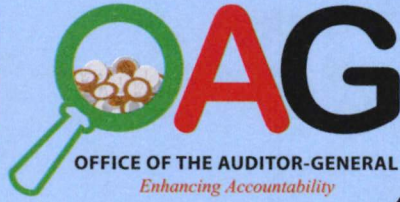


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

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LARI LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KIAMBU

2022



LARI SUB COUNTY LEVEL 4 HOSPITAL (Kiambu 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

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
SCCO	Sub County Clinical Officer
SCPHO	Sub County Public Health Officer
SCPHN	Sub County Public Health Nurse
SCMLT	Sub County medical lab technology
HAO	Health Administrative Officer
NCD	Non-Communicable Diseases
MOPC	Medical Out Patient Clinic
GOPC	Gynaecological Out Patient Clinic
CCC	Comprehensive Care Clinic
HTS	HIV Testing Services
HRIO	Health Records Information Officer

2. Key Entity Information and Management

(a) Background information

Lari Hospital is a level 4 hospital established under gazette notice number 317 and is domiciled in Kiambu County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the Lari level 4 Hospital is to provide quality, timely and effective health care services to the residents of Lari sub-county

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	Dr. John Murithi Kariuki
2.	Head of finance	Francis N Kagwi
3.	Head of supply chain	Raphael N Kiarie
4.	Health Administrative Officer	Naomi W Ndungu
5.	Nursing Service Manager	Peter Kinyanjui

(e) Fiduciary Oversight Arrangements

- Mortality audit committee

This committee investigates on any death during deliveries in the facility or in any other facility both private and public within the sub-county. The committee is chaired by sub county medical officer and the Secretary is Sub County public health nurse.

Sub county medical lab technologist, and Sub County clinical officer are all members All facilities are required to report any and all mortalities that occurred in their facilities. Once

this is done, the committee is alerted and mobilised to visit the reporting facility and hold an audit on the occurrences and then prepare a report is forwarded to county epidemiologist.

- **Finance committee**

This confirms the budget and evaluates the financial status of the facility against its needs.

This is done through a series of meetings held prior to every board meeting where they present their report to the board members. 1 health board member

- Medical Superintendent
- Accountant
- Procurement

- **Invention prevention committee**

This committee responds fast in case of any outbreak and advices on the right measures

Quality of care sub committee

The committee participates alongside Health management team in an annual review of services, assessment of needs and setting of priorities for the hospitals as well as discussing complaints from patients and ensuring patient satisfaction by forwarding reports to the Hospital board and to the health management team

- 1 Health board member
- Medical Officer
- Nursing Officer In-Charge
- Public Health Officer

Rapid response committee (covid)-

This committee consists of Sub- County medical officer, Sub- County disease surveillance, Sub- County clinical officer, Sub- County medical lab technologist, Health promotion officer, Sub- County health promotion officer and Sub- County health records officer. The committee receives alerts on suspected cases of diseases as well as adverse reactions following immunization. The committee also facilitates transfer of patients needing hospital isolation and provides oversight over homebased care and isolation.

- **Sub-county commodity security**

Comprises of, Subcounty medical lab technologist, Subcounty public health nurse Subcounty medical officer of health, Sub- County health records, sub-county nutrition, subcounty public

health officer, Procurement officer and Sub- County clinical officer. Checks the quality of commodities for use in the facility and the sub-county and ensures no stock outs by constant monitoring of departments.

Inspection and acceptance

The committee cheques the quality of items supplied in the facility as per the specifications on requisition. Comprises of Sub- County clinical officer, Sub- County public health officer, technical department, Nursing service manager, Procurement officer.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 237 Matathia
Lari level 4 Hospital
Nairobi – Naivasha Highway
Lari, KENYA

(g) Entity Contacts

Telephone: (+254)724078828
E-mail: dmohlari@gmail.com
Website: www.larilevel4hospital.go.ke

(h) Entity Bankers

Kenya Commercial Banks- Limuru Branch
Operation Account- A/c 1157607691
Sha Collection -A/c 1266695311
Family Bank- Thika Branch
Revenue Account-A/c 00100068739

(i) Independent Auditors





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

(j) Principal Legal Adviser



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

(k) County Attorney
Kiambu County Government
P.O. Box. 2344
Kiambu, Kenya






3. The Board of Management

Ref	Directors	Details
1.	 Peter Njau Mungai	Board chairman Date Of Birth 25 th Jan 1965 Diploma in Community Health -BOM chair Bathi primary -Director Kimende
2.	 George Mugo	Date of birth 17 th June 1980 -Diploma in public relations St Pauls University -Reporter Nation media group 2004-2012 -Communications officer Radio group Africa yr. 2013-2024 -Currently finance
3.	 Rose Wanjiru Macharia	Date of birth Feb 2001 -Diploma community health & HIV Management -Currently a teacher
4.	 Rosemary Njeri Karanja	Date of birth 1952 Form II Treasure –kimende women group Chair lady-Heart to heart women group

*Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025*

5.	 Lucy Wahu Mbiyu	Date of birth 4 th April 1968 -Fashion & Design
6.	 Dr. John Murithi Kariuki	Med Sup -Accounting officer in the facility -In-charge of the facility and all sub-county facilities both private and government

4. Key Management Team

Ref	Management	Details
1.	 Dr. John Murithi Kariuki	Medical superintendent -Administration of the Hospital -Accounting officer In-charge of all facilities in Lari sub-county
2.	 Naomi Wanjiku Ndungu	Health administrative Officer In-charge of administration
3.	 Peter Kinyanjui	Nursing service manager (in charge of facility nurses -organising theatre nurses' duties -duty allocation of nurses
4.	 Francis N Kagwi	Accountant -Prepare timely and accurate financial statements, reconciliation and statutory returns. -Implement sound accounting practice that conform to IPSAS. -Maintain accurate records of revenue assets liabilities and commitment. -Monitor budgetary allocation and expenditure -Lead financial audit
5.	 Raphael Njugi Karie	Procurement officer Writing Local Purchase Order, service orders, s13, -Issuing items from stores -floating quotation

5. Chairman's Statement

The Lari level 4 hospital board was appointed under gazette notice no. 3616, dated 14th February 2025. The members are:

Peter Njau Mungai	- Chairman
George Mugo Chuma	- Member
Rosemary Njeri Karanja	- Member
Rose Wanjiru Macharia	- Member
Lucy Wahu Mbiyu	- Member
Dr. John Murithi Kariuki	- Secretary

The first board meeting which happened to be an introductory meeting, chaired by the County Director Administration and Planning was held on 17th March 2025. The board's main objective has been to provide oversight over the general administration of the hospital, promote development of the hospital, recommend to the executive member plans and programs for implementation and also recommend budget estimates to the executive member.

Over the last two years, the facility has grown and gained a lot of trust from the Lari community members towards service provision especially with the facility being a sub county referral facility with the only public hospital theatre available in the sub county. Our main objective has been for the theatre to initially function 5 days a week from 8am-5pm. And workload has increased since we received a resident Gynecologist/Obstetrician, Paediatrics one me to the proper functionality of a level 4 hospital.

Currently, our biggest challenge has been bed capacity meaning that the only inpatient care being provided in our facility is maternity care. This is quite contrary to what a level 4 hospital should offer in terms of inpatient services. There is great need to expand and diversify the services being offered at this facility. The county has shown promise with the project of a ward building which was launched in 2015 but we have seen work in Progress for the same building. The building can host surgical wards, medical wards, Maternity, Theatre and Pediatrics wards.

The other challenge has been staff shortage where several members of staff either resigned or retired, others going for study leave without replacement. The board will also lobby with Kiambu County Government to have additional specialists e.g. Orthopedics, General surgeons (due to RTA experienced in Nakuru Highway), Physician (due to the cold weather in the region) so that the new upcoming building can accommodate them.

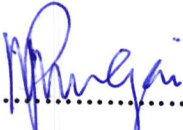
The facility has a dental clinic which is well equipped but lack provision of a dentist thus limiting the variety and number of procedures offered in a department that holds a lot of potential.

Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025

A well-Functioning Health Sector in Lari sub-county will translate to a healthy workforce and consequently increased productivity. I therefore request the county government to promptly support Lari with adequate Human resource in order to continue serving the community.

We look forward to ensuring that Lari level 4 is a proper functional level 4 facility as per universal Health coverage requirements.

Yours sincerely,



.....
Mr Peter Njau Mungai
Chairman to the Board

6. Report of The Medical Superintendent

Non-Financial Report

The facility has improved services within the year where the following special clinics are on-going as follows:

1. Non-communicable diseases
2. Gynaecological clinic
3. Paediatric clinic
4. Psychiatric clinic
5. Diabetics and blood pressure
6. Tuberculosis clinic
7. Skin Clinic
8. Dental clinic

The county is working on completing the new wards in progress which will increase the bed capacity and increase revenue.

The facility has received a well-equipped ambulance from the county.

The hospital has also made requisitions of ultra sound machine which will improve the performance.

Challenges

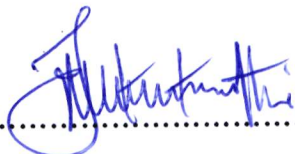
1. Not enough bed capacity i.e. only 9 beds for maternity cases where 5 are for normal deliveries and 4 beds for caesarean operations together with hysterectomy cases. This limits the number of patients that can receive inpatient services.
2. There is need for more medical officers to cover night duties. Currently only one officer who covers during the day.at night they refer emergency patients.
3. Due to space limitation most of the above clinics are operated once a week. This we hope will be sorted when the new building is complete.
4. Some department like lab and pharmacy do not operate 24hrs this is as a result of few staff. recommendation is addition of more staffs in the department
5. The facility does not have an x-ray department. This makes patient to go out to seek the services. This calls for a quick response for provision of the necessary equipment to bring close the service the community and increase revenue.

Financial Report

The fif collected ksh.6, 239,096 while the Nhif is **Kshs.6, 627,690** total being **Kshs.11, 445,153**.

During the year the facility received back in refund from the fif fund account an amount of Kshs 9,989,954.

This enabled the facility to clear all supplies that were done during the year, however there are still pending bills remaining that are to be paid which were for the previous financial years as the county pending bill committee still has them waiting clearance for payment.


.....
Dr. John M Kariuki

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Lari level 4 has 2 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY2024- 2025. These strategic pillars/ themes/ issues are as follows;

Health financing 1:

Service delivery 2:

Lari level 4 develops its annual work plans based on the above 2 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Lari level 4 achieved its performance targets set for the FY 2024/2025 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Health Financing	Eliminate Communicable conditions Eliminate Non-Communicable conditions	-Average cost per discharge -Average length of stay - Bed Turnover	Immunization - Child health - Screening for communicable conditions - Antenatal Care Health Promotion and education on nutrition and violence	-Reduction in mortality and morbidity rates from 10% - Reduction in number HIV prevalence.
Service Delivery	Provide essential medical services	-Average turnaround time -Medical equipment utilization -Insurance preauthorization	General Outpatient - Integrated mother child health care / Family Planning services -	-Increase in the number of caesarean sections -Reduction of waiting times for patients.

*Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025*

		and claim processing time	Accident and Emergency - Emergency life support - Maternity - Newborn and post-natal care - Reproductive health - In Patient Maternity services	- Diversification of tests done at the laboratory
--	--	---------------------------	--	---

8. Corporate Governance Statement

Lari Level 4 Hospital has a hospital board comprising of 5 members which were appointed by the CEC (county executive member of health through the Department of Health and serves for three years subject to renewal of contract. The meetings during the financial year were held on 17th March 2025 and the fourth was on 13th May 2025.

Appointment

- i. Chairperson of the board not to be a staff of county and minimum diploma Qualification
- ii. Four residents within the sub county where the hospital is located.
- iii. The superintendent to be the secretary

Removal:

The Executive Member may remove from office any member of the Board who—

- (a) has been absent for three consecutive meetings of the Board without the permission of the Chairperson;
- (b) is adjudged bankrupt;
- (c) is unable to discharge his or her duties due to physical or mental incapacity;
- (d) violates or is suspected of violating Article 6 and 10 of the Constitution; or
- (e) is charged with a criminal offence in court of law or a traffic offense attracting an imprisonment term of a minimum of six months.

Roles and responsibilities of the board

1. Provide oversight over general administration of the hospital
- 2.. Promote development of the hospital
3. Recommend to the executive plans and programmes for implementing county health Strategies In hospital
4. Recommend budget estimates to the executive
5. Establish hospital community feedback platforms
6. Assess delivery services.
7. Monitor hospital performance.

Remuneration

	Sitting allowance	lunch	transport
Board chair-	4500	500	2000
Members-	3000	500	2000

Performance

- a. Meeting not less than 4 times in the financial year

- b.) Chairperson upon request by at least half of members can convene a special meeting.
- c.) Unless three quarters agree for an urgent meeting, at least 14 days' notice should be given
- d.) Quorum should be five members for board and three for committees
- e.) Chairperson to preside every meeting of the board but in case absent members can appoint one of them to preside.
- f.) unless a unanimous decision is reached all matters shall be as majority votes of members. If the votes are equal the chair to cast a vote.
- g.) No proceeding shall be invalid by reason of absence of a person.
- h.) Remuneration of the board is determined by county public service board.

Conflict of interest

- a. If a member has interest in a matter in discussion he will not discuss or vote and to disclose.
- b. If the member has deep insight of a matter and has interest he can discuss but not vote
- c. A member is considered to have conflicting interest if it interferes with performance in the board
- d. Where board realises a member has interest, they can refrain him from taking further part.
- e. If chair has interest, he should disclose in writing to the board.
- f. Upon the board being aware of conflict they are to determine if it will affect its performance. The affected member will not vote in determination.

Conduct; the board shall comply with code of conduct governing public officers
All minutes of resolutions and proceedings shall be entered in books for that purpose.

9. Management Discussion and Analysis

Lari level 4 hospital was first opened on 9th December 1960 as a health center. Was then upgraded to a level 4 facility on 4th October 2013 (Gazette notice no. 13617). It serves as the sub county hospital with Lari sub county population at 135,303 persons (Kenya Population and Housing Census, August 2019). Currently the population is projected at 145,303. It occupies a total geographical area of 439.2 square kilometers.

Departments: Out Patient Department, Lab. Dental clinic, Pharmacy, Nutrition, Psychiatric counseling, triage, Child Welfare Clinic, Mother Child Health clinic, Records, Casualty, Maternity (9 beds theatre services and Specialist clinics (Non-Communicable Diseases, Gynae clinic.

Maternity cases-857, outpatient 18, 199, special clinic 14989, accident and emergency 161 cases, operations 103 cases

Clinical Performance of Lari Sub County hospital continues to provide a wide range of healthcare services to, patients from Lari Sub County and its environs. Services include, specialized outpatient clinics and other clinics like Gynaecological procedures, inpatient care (Maternity), day care procedures for surgery, Psychiatric clinic, dental. The hospital also provides clinical support services that include, laboratory, pharmacy. The hospital strives to ensure that the clinical services provided are safe, timely, appropriate, innovative, effective, evidence-based and in line with modern technological advances. Clinical governance continues to be strengthened to improve patient safety and ensure quality healthcare. The hospital patient attendance continues to increase despite the many challenges i.e. budgetary constraints and lack of adequate bed capacity.

The key challenge is bed capacity with the facility only able to accommodate 9 beds. There is a lot of potential for this facility and with completion of the ward building, a lot more history can be achieved.

There is a 4-storey ward building under construction which is meant to have a capacity of 195 beds and 2 additional theatres. The building was started in 2015 but is still yet to be completed. We however hope that it shall be completed in the new financial year with support from the county government who are financing the project.

Over the last year, several officers have left public service in terms of either resignation or retirement. None have been replaced and this has brought a lot of strain on the facility staff sometimes leading to

burnout. We urge the administration to support especially when there is no strain to the wage bill as is the case with replacement of an officer.

The facility has financial obligations which include: Casual wages, Electricity bill, water bill, security, airtime, food for patients, transport, fuel etc. Currently, all casual wages have been paid till June 2025 and are up to date.

Through reimbursement as per the facility fund act, our lab is fully equipped to perform as a level 4 facility should. Available tests are: hb1c, Kidney and liver function tests, Thyroid function tests, Haematology, Gene expert, urinalysis, Pylori, blood donation, blood grouping and other tests. The challenge at the moment is space. With the laboratory having more equipment than space. Again, this will be a thing of the past with the ward building that is still under construction.

Clinical/Operational Performance

The facility has a total of 9 beds because it lacks space for other inpatient services. We had a total of 34,309 outpatient visits in the FY 2024/2025.

This was due to stock outs of drugs and lab materials.

The facility theatre now functional only working 8 hours/ 5 days a week due to staff shortage. Each inpatient staying 24 hours average if delivered normally and 3 days if delivered via caesarean section.

Bed occupancy at 54%

Mortality rate under 1%

The facility only depends with our revenue being Fif and Nhif. We however have partners like CRISSP-UON who have employed a clinician, HTS counsellors, HRIO and a CHY all to support the ccc and the clinic

Financial performance that includes

Our revenue sources are fif and Nhif. Funds are utilised as per the Fif act guidance as follows: 30% towards Facility development and 70% towards recurrent expenditure. This is proposed by the Health Management Team and approved by the Hospital board.

The fif collected ksh.6, 239,096 while the Nhif ksh.6, 627,690 total being ksh.11, 445,153.

Section B

Entity's compliance with statutory requirements

The entity complies with all statutory requirements and submits them in time.

The facility has casuals and submits their NSSF and SHA deductions as required

No court case over the facility.

Section C

Key projects and investment decisions the entity is planning/implementing.

The major project is completion of 4 storey building for inpatient ward that is wholly being financed by the county government.

Section D

Major risks facing the entity.

OPERATIONAL Risk

The facility is located along the highway where at times when the accident occurs along it's the only government facility and has no inpatient services.

This results to referrals after giving first aid.

The facility has no HDU or ICU services available.

Ambulances are shared in the whole county and this makes it at times vey inconvenient in case of emergency bearing in mind that the hospital is along the Highway.

The facility also has a shortage of staffs therefore not able to give a quick and fast care to victims.

Market risk

The facility is not able to provide x ray services and many other services required in a level four this brings a stiff competition with the private sector that has all the services and enough manpower

Capital risk

The facility has not been able to raise enough for its development due to the little services it offers. The revenue is only enough for recurrent expenditures.

Credit risk

The facility has an outstanding pending bill as a result of some funds not refunded.

LIQUIDITY RISK

The facility does not have many sources of revenue but with the completion of new wards the facility can stand a better chance of more investment. this can also attract donors and partners

Section F

The entity's financial probity and serious governance issues

The facility experiences shortage of staff both in administration and in the other areas. This puts strain on the few available as they carry a big burden and others not fully conversant with technicalities of some duties

10. Environmental And Sustainability Reporting

Lari level 4 exists to transform lives. It's what guides us to deliver our strategy, putting the client/Citizen first, delivering health services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability

i) Sustainability strategy and profile

Sustainability prompts us to think in terms of the future and using global perspective, recognising the connections between economy, society and ecology. The concept carries the aim of improving quality of life for people and communities across the globe, whilst protecting the natural systems upon which life depends. We support 17 Sustainable Development Goals adopted by UN Member States in transforming our world: the 2030 Agenda for Sustainable Development. It reflects the commitment behind the Global Goals to make further advances on social progress, economic growth and environmental protection, balancing the three pillars of sustainable development. We have engaged in Community Dialogues to sensitise the community on the services we offer and any feedback that they provide is key to improving our services. Continuous reimbursement of the FIF back to the facility has also been key in planning and sustaining the activities of the hospital. We also have a kitchen garden where we grow our own vegetables

Environmental performance

In the facility kitchen garden, we have a number of trees that are maintained as well as flowers to ensure we nurture the environment. We also ensure waste disposal is taken seriously and make use of our burning chamber.

ii) Employee welfare

We hire casuals on basis of competitive and fair recruitment looking out for Gender balance and following all applicable laws with regards to employment. Workers are provided with proper protective materials to minimize exposure and injury at the Hospital.

The hospital is OSHA (Occupational Safety and Health Act of 2007) compliant

Market place practices-

a) Responsible competition practice. Procurement processes are done competitively and fairly offering opportunity to all people groups. Lari Sub County hospital follows to the latter PFM and Public Procurement and Asset Disposal Act

b) Responsible Supply chain and supplier relations

Lari Sub County hospital maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices. Put in place guidelines to offer equal business opportunities.

c) Responsible marketing and advertisement

We maintain ethical marketing practices and a culture of transparency. Protection of data, commitment to sustainability and human rights.

d) Product stewardship

Adhere to set laws to safeguard consumer rights and interests.

v) Corporate Social Responsibility / Community Engagements

Conduct community outreaches like medical camps in the surrounding Lari area where we reach out to special groups like patients with special needs.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are is to provide health services to the public

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 9

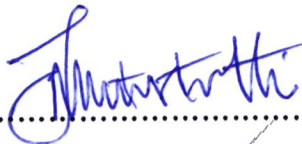
Board of Management

The members of the Board who served during the year are shown on page vii and viii. During the year, 2024 directors' left and 5 directors was appointed with effect from 1st January 2025 date.

Auditors

The Auditor -General is responsible for the statutory audit of the *Lari sub county hospital* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....
Dr. John Murithi Kariuki

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (Kiambu county Health Services Act no.2 of 2019) requires the Board of Management to prepare financial statements in respect of that Lari level 4 hospital, which give a true and fair view of the state of affairs of the Lari level 4 hospital at the end of the financial year/period and the operating results of the Lari level 4 hospital for that year/period. The Board of Management is also required to ensure that the Lari level 4 hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The council members are also responsible for safeguarding the assets of the Lari level 4 hospital.

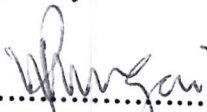
The Board of Management is responsible for the preparation and presentation of the Lari level 4 hospital's financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) 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 Lari level 4 hospital ; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

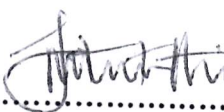
The Board of Management accepts responsibility for the Lari level 4 hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Kiambu county Health Services Act no.2 of 2019). The Board members are of the opinion that the hospital'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 hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the hospital will 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 04.12.2025 and signed on its behalf by:


.....
Peter Njau Mungai
Chairperson
Board of Management


.....
Dr. John Murithi Kariuki
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON LARI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KIAMBU

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 Lari Level 4 Hospital – County Government of Kiambu set out on pages 1 to 52, 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 Lari Level 4 Hospital – County Government of Kiambu 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 do not comply with Kiambu County Health Services Act, 2019, the Health Act, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Expenditure

The statement of financial performance reflects total expenses amount of Kshs.15,659,238. However, review of ledgers and cash book revealed total payments of Kshs.10,451,600 relating to medical/clinical costs, repairs and maintenance and general expenses incurred during the year. However, support documents for payments amounting to Kshs.6,593,367 were not provided for audit review.

In the circumstances, the accuracy, completeness and regularity of the expenditure totalling Kshs.6,593,367 could not be confirmed.

2. Variances in the Financial Statements

Review of the financial statements presented for audit revealed the following variances;

S/No.	Item	Financial Statement Amount (Kshs)	Recalculated Amount (Kshs)	Variance (Kshs)
1	Trade and Other Payables- Comparative balance	3,316,654	3,357,425	40,771
2	Surplus - Statement of Comparison of Budget and actual Amounts	958,708	1,354,196	395,488

In the circumstances, the accuracy and completeness of the balances could not be confirmed.

3. Unsupported Inventories Balance

The statement of financial position reflects inventories balance of Kshs.4,152,898 as disclosed in Note 30 to the financial statements. However, the end of the year inventory count report was not provided for audit review.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.4,152,898 could not be confirmed.

4. Unconfirmed Property Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.2,480,967 as disclosed in Note 31 to the financial statements. The amount excludes the value of land where the Hospital is built. Further, ownership documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.2,480,967 could not be confirmed.

5. Failure to Disclose Depreciation Charge for the Year

The statement of financial performance reflects Nil amount for depreciation charge for the year despite the Hospital having different classes of assets under property, plant and equipment. Further, the statement of financial position reflects property, plant and equipment net book value of Kshs.2,480,967 without depreciation charge for the year under review thereby overstating the net book value.

In the circumstances, the accuracy and completeness of the Nil depreciation charge could not be confirmed.

6. Non-Disclosure of Employee Costs Paid by the County Government

The statement of financial performance reflects in-kind contributions from the County Government of Kiambu amount of Kshs.5,173,241 as disclosed in Note 7 to the financial statements. However, the amount excludes salaries paid to staff seconded to the Hospital by the County Government of Kiambu which should be reflected as expenditure under employees cost for the year under review.

In the circumstances, the accuracy and completeness of in-kind contributions from the County Government amount of Kshs.5,173,241 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.25,500,000 and Kshs.11,445,153 respectively resulting to under-funding of Kshs.14,054,847 or approximately 55% of the budget..

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

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

Review of the status of the issues during audit of Lari Sub County Level 4 Hospital – County Government of Kiambu in 2024/2025 revealed that the following matters remained unresolved.

S/No.	Financial Year	Audit Issue
1	2023/2024	Variances Between Water Bill Amount and Recorded Payment Amount
2	2023/2024	Variances in Recorded FIF Amounts Fund Payables and Lari Level 4 Receivables
3	2023/2024	Understatement of Receivables from Exchange Transactions
4	2023/2024	Unbilled Revenue Collection
5	2023/2024	Unsupported NHIF Receipts
6	2023/2024	Variance in Reported Revenue Receipts
7	2023/2024	Overstated In Kind Contribution from the County Government
8	2023/2024	Irregular Procurement of Stationery
9	2023/2024	Long Outstanding Receivables
10	2023/2024	Irregular Procurement for Repairs and Maintenance

S/No.	Financial Year	Audit Issue
11	2023/2024	Purchase of Property, Plant and Equipment
12	2023/2024	Non-Provision of Procurement Files and Documents
13	2023/2024	Irregularities in Supply of Food Stuff
14	2023/2024	Non-Compliance With Remittance of Statutory Dues and Other Deductions
15	2023/2024	Irregular Engagement of Contractual Employees

Other Information

The Management is responsible for the Other Information set out on pages iii to xxiii 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 the 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. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of the Hospital records and physical inspection of services offered, equipment used, and availability of medical specialists revealed that the Hospital does not meet the Kenya Quality Model for Health (KQMH) requirements for a Level 4 Hospital Guidelines due to staff deficits by eighty-two (82) or approximately eighty-one (81%) percent of the authorized establishment as analyzed below.

Staff Shortfall

Staff Cadre	Staff Level 4 Requirement	Hospital Actual	Variance
Medical Officers	16	4	12
Anesthesiologists	2	0	2
General Surgeons	2	0	2
Gynecologists	2	1	1
Pediatricians	2	1	1
Radiologists	2	0	2
Kenya Registered Community Health Nurses	75	13	62
Total	101	19	82

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

Equipment and Facility Deficiencies

Service/Equipment	Staff Level 4 Standard	Actual	Variance
Beds	150	9	141
Resuscitaire (Labour & Theatre)	2	2	0
Newborn Unit Incubators	5	2	3
Newborn Unit Cots	5	1	4
Functional ICU Beds	6	0	6
High Dependency Unit (HDU) Beds	6	0	6
Renal Unit Dialysis Machines	5	0	5
Functional Operating Theatres (Maternity & General)	2	1	1

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

In the circumstances, the Hospital Management will not be able to deliver on its mandate and Universal Health Care Services may not be effectively delivered at the Hospital.

2. Long Outstanding Trade Payables

Note 35 to the financial statements reflects trade and other payables balance of Kshs.7,570,502. Included in the amount is trade payables amount of Kshs1,816,921 which have been outstanding for more than three (3) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that

Accounting Officer shall not commence any procurement proceeding until satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget estimate.

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

3. Non-Compliance with Public Procurement Capacity Building Levy

The Hospital did not deduct the mandatory levy of 0.03% from all contracts signed after 1st September, 2024 contrary to the requirements of Legal Notice No.206 of 2023, the Public Procurement Capacity Building Levy Order, 2023. Additionally, a summary of contracts signed after 1st September, 2024 were not provided for audit review.

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

4. Non-Compliance with the Reporting Template

Review of the financial statements revealed that Note 7 to 42 to the financial statements related to various components in the statements of financial performance, financial position and cash flows did not correspond with the corresponding Notes in the financial statements.

In the circumstances, Management did not comply with the reporting template as prescribed by the Public Sector Accounting Standards Board.

5. Irregularities in Supply of Non-Pharmaceuticals

Note 14 to the financial statements reflects medical and clinical costs amount of Kshs.8,402,065. Included in the amount is an expenditure on non-pharmaceutical supplies of Kshs.1,747,125. However, review of the Hospital records revealed the following anomalies;

5.1 Expired Contract

The contract attached in support for the procurement was signed in year 2021 for three (3) years and expired in year 2023. However, the supplier continued to supply with the expired contract. The notification for registration under KCG/CT/SCM/REG/Vol9/087 was issued in the year 2022. This was before the contract was signed and therefore not valid for use during the year under review.

5.2 Lack of S13 Forms

Review of stores records revealed that goods were not received in the stores vide S13 forms because the forms were not in stock. This was contrary to Regulation 166 (3) of the Public Procurement and Asset Disposal Act Regulations, 2020 which states that when managing the inventory, stores and assets in accordance with Section 162 of the Act, the Accounting Officer shall ensure that the stores received under paragraph (2) are taken on charge.

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

6. Failure to Retain Facilities Improvement Funds (FIF) at the Hospital

Review of revenue records obtained from Lari Sub County Level 4 Hospital revealed that the Facility collected a total Kshs.11,445,153 towards the health facilities improvement. Out of this amount, a total of Kshs.11,445,153 was transferred to County Revenue Fund. However, the County Treasury reimbursed a total of Kshs.9,989,153 to the health facilities resulting in a deficit of Kshs.1,456,000. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that all monies raised or received by or on behalf of all public health facilities be retained in the Hospital Facilities Improvement Financing account. In addition, failure to reimburse the total amount transferred by the facilities negatively impacted on service delivery by the health facilities.

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

7. Lack of Quarterly Revenue Reports

Note 10 to the financial statements reflects revenue amount of Kshs.11,445,153 in respect of rendering of services - medical income. However, the Hospital did not provide evidence to show that the reports were prepared and submitted to the County Treasury with a copy to the Auditor-General. This is Contrary to Regulation 207(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that an accounting officer of a county corporation shall prepare and submit quarterly financial and non-financial statements in the format gazetted by the Cabinet Secretary within 15 days after the corporations end of each quarter to the County Executive Committee Member responsible for the county corporation with a copy to the County Treasury and the Auditor-General.

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 Segregation of Duties

Review of the Hospitals' staffing levels revealed that the Hospital has no segregation of duties in key departments. In the finance department, a single staff member is responsible for initiating payments, executing payments, maintaining the cash book, preparing bank reconciliation statements, and posting to the ledger. In the procurement department, the officer, is in charge of both procurement and store's management. The setup contravenes the principle of segregation of duties and exposes the Hospital to significant control risks.

In the circumstances, the principle of segregation of duties is violated and exposes the Hospital to significant control risks.

2. Hazardous Asbestos Roof in the Hospital Buildings

Physical inspection of the Hospital's buildings revealed that the administration block, maternity wards and servants' quarters have asbestos roof which is considered a health hazard. The more weathered the asbestos roof, the more the risk of deterioration, which might expose the Hospital and neighbors to harmful asbestos fibre.

In the circumstances, the health and safety of Hospital staff, patients and the surrounding community could not be confirmed.

3. Lack of Independence and Autonomy in Budget Execution of the Hospital

Note 14 to the financial statements reflects medical/clinical costs amount of Kshs.8,402,065. Included in the amount are pharmaceutical supplies amount of Kshs.5,610,420. However, review of payment vouchers revealed that procurement of the related pharmaceutical supplies was conducted centrally at the County Headquarters, without the involvement of the Hospital's Medical Superintendent, who is the designated Accounting Officer for the Hospital. Further, procurement files in which advertisements for tenders, quotations, tender minutes are filed were not provided for audit review.

In the circumstances, operational independence necessary for the Accounting Officer to direct the Hospital to achieve its mandate, Mission and Vision could not be confirmed.

4. Lack of Internal Audit Function

During the year under review, the Hospital did not have internal audit function. As a result, no audits were carried out in any of the Hospital activities and departments resulting to lack of independent oversight and potential exposure to financial, operational and compliance risks.

In the circumstances, the Hospital lacked oversight and faces potential exposure to financial, operational and compliance risks.

5. Lack of Debt Management Policy

Note 28 to the financial statements reflects receivables from exchange transactions balance of Kshs.27,445,275. However, the Hospital does not have a Debt Management Policy in place to guide the Hospital on failure by debtors to pay.

In the circumstances, effective internal controls in the management of receivables could not be confirmed.

6. Lack of ICT Policy and Risk Management Policy

Review of the Hospital Information System revealed that the Hospital does not have an approved ICT Policy and Procedures in place to guide ICT operations, data management, system access, security controls and disaster recovery. In addition, the Hospital lacks a formal Risk Management Policy to identify, assess, mitigate and monitor organizational risks. The absence of the policies and manuals presented weak controls over ICT and risk management activities.

In the circumstances, the Hospital's ability to mitigate risks could not be confirmed.

7. Lack of Stores Records and Drugs Status Report on Expired Drugs

Review of store's records on pharmaceuticals supplies at the Hospital revealed that there were units of various drugs of undetermined value that had expired and accumulated since 2018. Further, the drugs status report and method of disposal were not provided for audit review.

In the circumstances, adequacy of risk assessment and control against exposure to hazards associated with expired drugs and the disposal procedures could not be confirmed.

8. Lack of an Ambulance and a Hospital Vehicle

The Hospital does not have an ambulance nor a motor vehicle. This scenario poses a risk in case the Hospital is faced with emergency needs.

In the circumstances, the Hospital's ability to respond appropriately when faced with emergencies could not be confirmed.

9. Poor Maintenance of Buildings

Physical inspection of the Hospitals buildings in November 2025 revealed leaking ceilings, leaking toilets, cracked floors, un painted walls and congestion occasioned by small rooms. This is a sign that the facility has not received due attention from the County Government to have repairs done and expansion of the facility due to congestion

In the circumstances, the staff conducive working environment for better service delivery could not be confirmed.

10. Management of Pharmaceutical Supplies

Review of management of pharmaceuticals and non-pharmaceuticals supplies revealed that the County Government has a drug management system named Kiambu County Integrated Hospital Management Information System for Hospitals. However, the system does not produce crucial reports like a summary of all the drugs in store and the drugs out of stock.

In the circumstances, value for money on the information system which manages drugs distribution could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

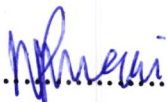
17 December, 2025

Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025

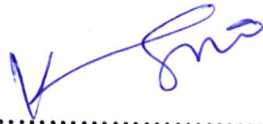
14. Statement of Financial Performance for The Year Ended 30 June 2025

Description	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
In-kind contributions from the County Government	7	5,173,241	95,102,580
		5,173,241	95,102,580
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	11,445,153	12,866,426
Revenue from exchange transactions		11,445,153	12,866,426
Total revenue		16,618,394	107,969,006
Expenses			
Medical/Clinical costs	15	8,402,065	5,882,462
Employee costs	16	2,809,608	95,192,768
Board of Management Expenses	17	119,000	58,000
Repairs and maintenance	19	273,815	421,900
Grants and subsidies	20	2,289,030	2,573,285
General expenses	21	1,775,720	2,383,395
Total expenses		15,669,238	106,511,810
Net Surplus / (Deficit) for the year		949,156	1,457,196


The Hospital's financial statements were approved by the Board on 06.12.2025 and signed on its behalf by:



Mr Peter Njau Mungai
 Chairman
 Board of Management



Mr Francis N Kagwi
 Head of Finance
 ICPAK No:10023



Dr. John M Kariuki
 Medical Superintendent

Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025

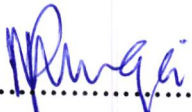
15. Statement of Financial Position As At 30 June 2025

Description	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	5,658,608	3,363,567
Prepayments	28	-	-
Receivables from exchange transactions	29	27,445,275	16,691,768
Receivables from non-exchange transactions	30	-	-
Inventories	31	4,152,898	4,449,894
Total Current Assets		37,256,781	24,505,229
Non-current assets			
Property, plant, and equipment	32	2,480,967	2,480,967
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		
Total Non-current Assets		2,480,967	2,480,967
Total assets		39,737,748	26,986,196
Liabilities			
Current liabilities			
Trade and other payables	36	7,570,502	3,316,654
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		7,570,502	3,316,654
Non-current liabilities			
Provisions	38	-	-


Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025

Description	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
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		7,570,502	3,316,654
Total Liabilities		-	-
Net assets		32,167,246	23,669,542
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		32,167,246	23,669,542
Capital Fund		-	-
Net Assets		32,167,246	23,669,542

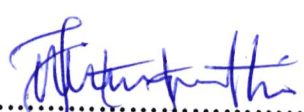
The Hospital's financial statements were approved by the Board on 04.12.2025 and signed on its behalf by:



Mr Peter Njau Mungai
 Chairman
 Board of Management



Mr Francis N Kagwi
 Head of Finance
 ICPAK No:10023



Dr. John M Kariuki
 Medical Superintendent

Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 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, 2024 (previous year)	-	22,212,346	-	22,212,346
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,457,196	-	1,457,196
Capital/Development grants	-	-	-	-
As at June 30, 2024 (previous year)	-	23,669,542	-	23,669,542
At July 1, 2025 (current year)	-	31,218,090	-	31,218,090
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	949,156	-	949,156
Capital/Development grants	-	-	-	-
At June 30, 2025 (current year)	-	32,167,246	-	32,167,246

Lari Sub County Level 4 Hospital (Kiambu County Government)
Annual Report and Financial Statements for The Year Ended 30 June 2025

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		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		15,094,390	9,625,570
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts		-	-
Total Receipts		15,094,390	9,625,570
Payments			
Medical/Clinical costs		2,469,892	3,639,762
Employee costs		3,272,164	1,563,632
Board of Management Expenses		119,000	58,000
Repairs and maintenance		95,120	279,300
Grants and subsidies		5,497,000	-
General expenses		1,346,173	2,092,376
Finance costs		-	-
Refunds paid out		-	-
Total Payments		12,799,349	7,633,070
Net cash flows from operating activities	42	2,295,041	1,992,500
Cash flows from investing activities			
Purchase of property, plant, equipment		-	(527,243)
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	(527,243)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,295,041	1,465,257
Cash and cash equivalents as at 1 July	27	3,363,567	1,898,310
Cash and cash equivalents as at 30 June	27	5,658,608	3,363,567

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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	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	25,500,000	-	25,500,000	11,445,153	14,054,847	55%
Revenue from rent of facilities	-	-	-	-	-	%
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts	-	-	-	-	-	%
Total receipts	25,500,000	-	25,500,000	11,445,153	14,054,847	55%
Payments						
Medical/Clinical costs	9,664,200	-	9,664,200	2,469,892	7,194,308	74%
Employee costs	3,564,000	-	3,564,000	3,272,164	291,836	8%
Remuneration of directors	350,000	-	350,000	119,000	231,000	66%
Repairs and maintenance	1,679,000	-	1,679,000	95,120	1,583,880	94%
Grants and subsidies	5,100,000	-	5,100,000	5,497,000	397,000	8%
General expenses	4,482,800	-	4,482,800	1,346,173	3,136,627	70%
Finance costs	-	-	660,000	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	24,840,000	-	24,840,000	12,799,349	12,040,651	48%
Capital Expenditure paid	660,000	-	660,000	-	-	%
Surplus	-	-	-	958,703	298,703	%

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:
Budget Reconciliation

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

19. Notes to the Financial Statements

1. General Information

Lari level 4 Hospital is established by and derives its authority and accountability from Kiambu County Health Services Act no 2 of 2019. The entity is wholly owned by the Kiambu County Government and is domiciled in Kiambu County in Kenya. The entity's principal activity is providing health services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 45. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the hospital. The financial statements have been prepared in accordance with the PFM Act, and Kiambu County Health Services Act no 2 of 2019 and International Public Sector Accounting Standards (IPSAS)-Accrual basis. The accounting policies adopted have been consistently applied to all the years presented.

3. 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.

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on *24th August 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the hospital recorded additional appropriations of on the FY 2024/2025 budget following the Board's approval. The hospital's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a

Notes to the Financial Statements (Continued)

Classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value

through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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. **Changes in accounting policies and estimates**

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

Notes to the Financial Statements (Continued)

q. Employee benefits

Retirement benefit plans

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

r. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. 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.

s. Borrowing costs

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

t. Related parties

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

u. Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, 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.

v. Cash and cash equivalents

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

w. Comparative figures

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

x. Subsequent events

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

4. 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.

Notes to Financial Statements Continued

5. Transfers from the County Government

Description	FY	FY
	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Operational grant	-	-
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	-	-

6 b Transfers from The County Government

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
Kiambu County Government	-	-	-	-	-
Total	-	-	-	-	-

Notes to Financial Statements Continued

6. In Kind Contributions from The County Government

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Salaries and wages	-	93,166,580
Medical supplies-Drawings Rights (KEMSA)	3,457,055	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	1,716,186	1,936,000
Utility bills	-	-
Total grants in kind	5,173,241	95,102,580

7. 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	-	-
Total grants from development partners	-	-

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

Name of the Entity issuing 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	-	-	-	-	-

Notes to Financial Statements Continued

8. Transfers From Other Government Entities

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

9. 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	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	-	-

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	-	-

Lari Sub County level 4 Hospital (Kiambu County Government)
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Notes to Financial Statements Continued

10. Rendering of Services-Medical Service Income

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	-	-
Non-Pharmaceuticals	-	-
Laboratory	-	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income (<i>specify</i>)	-	-
Total revenue from the rendering of services	11,445,153	12,866,426

Notes to the Financial Statements (Continued)

11. Revenue From Rent of Facilities

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

12. 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	-	-

13. 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	-	-

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Notes to the Financial Statements (Continued)

14. Medical/ Clinical Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	511,795	-
Public health activities	-	-
Food and Ration	259,140	-
Uniform, clothing, and linen	-	-
Dressing and non-pharmaceuticals	1,747,125	-
Pharmaceutical supplies	5,610,420	-
Health information stationery	110,000	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	3,035	-
Purchase of Medical gases	160,550	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (<i>specify</i>)	-	-
Total medical/ clinical costs	8,402,065	5,882,462

15. Employee Costs

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	-	93,166,580
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (<i>Facility Casuals</i>)	2,809,608	2,026,188
Employee costs	2,809,608	95,192,768

Notes to the Financial Statements (Continued)

16. Board of Management Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	119,000	58,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	119,000	58,000

17. Depreciation and Amortization Expense

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property, plant and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

18. Repairs And Maintenance

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Property- Buildings	174,195	239,600
Medical equipment	-	160,800
Office equipment	99,620	-
Furniture and fittings	-	17,500
Computers and accessories	-	-
Motor vehicle expenses	-	4,000
Maintenance of civil works	-	-
Total repairs and maintenance	273,815	421,900

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Notes to the Financial Statements (Continued)

19. 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 (20% Revenue transfer to fif)	2,289,030	2,573,285
Total grants and subsidies	2,289,030	2,573,285

20. General Expenses

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	7,976	67,157
Waste management expenses	-	-
Insecticides and rodenticides	-	-
Audit fees	-	-
Bank charges	38,391	2,770
Conferences and delegations	-	23,519
Consultancy fees	-	-
Contracted services	630,000	667,500
Electricity expenses	275,740	380,000
Other Fuel	108,920	74,040
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	25,010	86,785
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
stationery	78,720	268,724
Printing	284,000	412,900
Rent expenses	-	-

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Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Water and sewerage costs	151,463	210,000
Skills development levies	-	-
Telephone and mobile phone services	175,500	190,000
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	1,775,720	2,383,395

21. 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	-	-

22. 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	-	-

23. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

24. 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	-	-
Total Gain/Loss	-	-

25. Impairment Loss

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

26. Cash And Cash Equivalent

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	5,658,608	3,363,567
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	5,658,608	3,363,567

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	1157607691	4,610,520	1,484,250
Kenya Commercial bank	1266695311	1,048,088	1,295,200
Family Bank	001000054766	-	14,105
Sub- total		-	-
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		5,658,608	3,363,567

27. Prepayments

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

28. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	27,445,275	16,691,768
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	27,445,275	16,691,768

Analysis of Receivables From 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	2,744,527	%	1,383,328	0%
Between 1- 2 years	7,684,677	%	4,358,052	28%
Between 2-3 years	9,880,299	%	5,502,233	36%
Over 3 years	7,135,772	%	5,448,155	36%
Total (a+b)	27,445,275	%	16,691,768	100%

29. Receivables From Non-Exchange Transactions

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

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

Analysis of Receivables From Non-Exchange Transactions

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

30. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	2,905,154	2,905,153
Maintenance supplies	-	-
Food supplies	11,920	52,318
Non-Pharm supplies	1,081,257	1,268,375
Laboratory materials supplies	,136,757	136,757
General supplies	17,810	87,290
Less: provision for impairment of stocks	-	-
Total	4,152,898	4,449,894

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

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Notes to the Financial Statements (Continued)

31. 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	Ksh
Cost									
At 1 July 2024 (previous year)	-	375,310	-	290,100	342,114	946,200	-	-	1,953,724
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	375,310	-	290,100	342,114	946,200	-	-	1,953,724
At 1 July 2024 (current year)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	290,000	237,243	-	-	527,243
Disposals	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2025	-	375,310	-	290,100	632,114	1,183,443	-	-	2,480,967
Depreciation and impairment									
At 1 July 2024 (previous year)	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	xxx

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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fixtures and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (Specify)	Capital Work in progress	Total
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2024	-	-	-	-	-	-	-	-	-
At July 2025 (current year)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	-	-	-	-	-	-	-	-
Net book values									
At 30 th Jun 2024 (previous)	-	375,310	-	290,100	342,114	946,200	-	-	1,953,724
At 30 th Jun 2025 (current)	-	375,310	-	290,100	632,114	1,183,443	-	-	2,480,967

Notes to the Financial Statements (Continued)

32. Intangible Assets-Software

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
Additions-Internal development	-	-
Disposal	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization for the period	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

33. 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	-	-
Impairment	-	-
At end of the year	-	-

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Notes to the Financial Statements (Continued)

34. Biological Assets

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

35. Trade and other Payables

Description	FY 2024/2025	FY 2023/2024		
	KShs	KShs		
Trade payables	7,570,502	3,316,654		
Employee dues	-	-		
Third-party payments (e.g. unremitted payroll deductions)	-	-		
Audit fee	-	-		
Doctors' fee	-	-		
Total trade and other payables	7,570,502	3,316,654		
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	75,705	1%	90,771	1%
1-2 years	4,542,301	60%	1,959,034	60%
2-3 years	1,135,575	15%	508,772	15%
Over 3 years	1,816,921	24%	798,848	24%
Total	7,570,502	100%	3,316,654	100%

36. 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 (specify)	-	-
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	-	%	-	%

37. Provisions

Description	Leave provision KShs	Bonus provision KShs	Other provision KShs	Total 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	-	-	-	-

38. Finance Lease Obligation

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

39. Deferred Income

Description	FY 2024/2025 Kshs	FY 2023/2024 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	-	-	-	-

40. 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	-	-

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Notes to the Financial Statements (Continued)

41. Service Concession Arrangements

Description	TY 2024/2025	TY 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	=	=

42. Cash Generated from Operations

Description	TY 2024/2025	TY 2023/2024
	KShs	KShs
Surplus for the year before tax	2,568,499	1,465,257
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	296,996	-
Increase in receivables	10,753,507	-
Increase in deferred income	-	-
Increase in payables	3,396,077	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	2,295,041	1,465,257

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Notes to the Financial Statements (Continued)

43. 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	16,691,798	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	16,691,798	-	-	-
At 30 June 2025 (current year)	27,445,275			
Receivables from exchange transactions	-	-	-	-
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	27,445,275	-	-	-

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				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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%	-	-
2025 (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 (A rate increase/decrease of 5% would result in a decrease/increase in surplus of

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	FY	
	2024/2025	2023/2024
	Ken	Ken
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/	-	-
Gearing	-%	-%

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Notes to the Financial Statements (Continued)

44. 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.

Kiambu County Government is the principal shareholder of the *Hospital*, holding 100% of the *hospital'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 N/A	-	-
Sales of services to N/A	-	-
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 N/A employees	-	-
Payments for goods and services for N/A	-	-
Total	-	-

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Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
d) Key management compensation		
Directors' emoluments	-	-
Compensation to the medical Sup	-	-
Compensation to key management	-	-
Total	-	-

45. Segment Information

The hospital is in one geographical area Lari- Kirenga ward in Kiambu County but oversees administration management of 16 other rural facilities in Lari sub-county.

The Financial management and support of the facilities is done by the County government.

46. Contingent Liabilities

Contingent liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
No Court case against the hospital	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

47. Capital Commitments

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

48. Events after the Reporting Period

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

49. Ultimate and Holding Entity

The Hospital is a County Government Hospital under the Department of Health. Its ultimate parent is the County Government of Kiambu.

50. 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)	Time frame (Put a date when you expect the issue to be resolved)
Financial year 2023/2024	Inaccuracies in Opening Balances		Not Resolved	
	Notes to the Financial Statements			
	Non-Provision of Trial Balance			
	Variances Between Water Bill Amount and Recorded Payment Amount			
	Variances in Recorded FIF Amounts Fund Payables and Lari Level 4 Receivables			
	Understatement of Receivables from Exchange Transactions			
	Unbilled Revenue Collection			
	Unsupported NHIF Receipts			
	Trade and Other Payables			
	Unsupported Trade and Other Payables			
	Inaccuracies in Trade and Other Payables			
	Failure to Depreciate Property, Plant and Equipment			
	Cash and Cash Equivalent			
	Variance in Reported Revenue Receipts			
	Overstated In Kind Contribution from the County Government			
	Non-Compliance With Public Sector Accounting Standards Board Reporting Template			
	Irregular Procurement of Stationery			
Long Outstanding Receivables				

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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)
	Irregular Procurement for Repairs and Maintenance			
	Long Outstanding Trade and Other Payables			
	Incompleteness of Asset Register			
	Purchase of Property, Plant and Equipment			
	Non-Provision of Procurement Files and Documents			
	Irregularities in Supply of Food Stuff			
	Non-Compliance with Remittance of Statutory Dues and Other Deductions			
	Irregular Engagement of Contractual Employees			
	Deficiencies in Implementation of Universal Health Coverage (UHC)			
	Irregular Payment for Security Services			
	Non-Compliance With Fiscal Responsibility Principles			
	Lack of Debt Policy			
	Lack of Policies and Manuals			
	Lack of Internal Audit Function			
	Irregularities in Board Composition and Governance			



Accounting Officer

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Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of transferring entity *Kiambu County Government (Health Department)*

Name of Beneficiary entity *Lari level 4 Hospital*

Confirmation of amounts received by Lari level 4 Hospital as at 30 June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	12/7/2024	1,383,328	-	1,383,328	
	18/10/2024	631,218	-	631,218	
	5/11/2024	930,560	-	930,560	
	7/2/2025	4,223,264	-	4,223,264	
	20/5/2025	2,821,584	-	2,821,584	
Total		9,989,954	-	9,989,954	

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

Head of Accounts Department - Disbursing Entity:
 Name *Alex wane* Sign *AW* Date *10.12.25*

Head of Accounts Department - Beneficiary Entity:
 Name *Francis Kigwa* Sign *FK* Date *4.12.25*

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Appendix IV Reporting of Climate Relevant Expenditures

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

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Appendix V: Disaster Expenditure Reporting Template

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

No disaster has been reported in the financial year.