

REPUBLIC OF KENYA



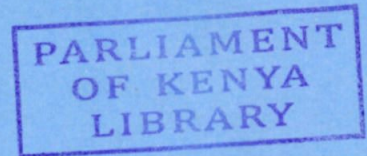
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REPORT

OF

THE AUDITOR-GENERAL

ON



NJORO LEVEL 4 SUB-COUNTY HOSPITAL

FOR THE YEAR ENDED

30 JUNE, 2025

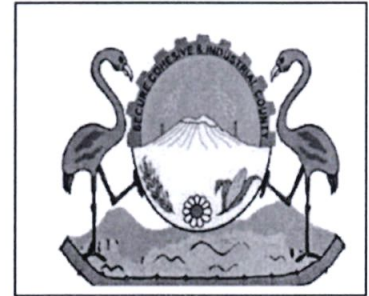
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COUNTY GOVERNMENT OF NAKURU

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Revised 30th June 2025



Njoro Level 4 HOSPITAL (Nakuru County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2025.

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

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

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management	vi
4. Key Management Team	ix
5. Chairman's Statement	xii
6. Report of The Medical Superintendent	xiii
7. Statement of Performance Against Predetermined Objectives	xv
8. Corporate Governance Statement	xvii
9. Management Discussion and Analysis	xviii
10. Environmental And Sustainability Reporting	xxi
11. Report of The Board of Management	xxiii
12. Statement of Board of Management's Responsibilities	xxiv
13. Report of the Independent Auditor (specify entity name)	xxv
14. Statement of Financial Performance for The Year Ended 30th June 2025	1
15. Statement of Financial Position As At 30th June 2025	3
16. Statement of Changes in Net Asset for The Year Ended 30th June 2025	5
17. Statement of Cash Flows for The Year Ended 30th June 2025	6
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June 2025	8
19. Notes to the Financial Statements	10
20. Appendices	56

1. Acronyms & Glossary of Terms

CPA	Certified Public Accountant
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss
Fiduciary Management	Key management personnel who had financial responsibility in the entity.
FY	Financial Year
GOK	Government of Kenya
HMT	Hospital Management Team
KCB	Kenya Commercial Bank
MAKL	Medical Administrator Kenya Limited
MED SUP	Medical Superintendent
N/A	Not Applicable
NHIF	National Hospital Insurance Fund
OSHA	Occupational Health & Safety Act
PAC	Parliamentary Accounts Committee
PFMA	Public Financial Management Act
PHC	Primary Health Care
PHCF	Primary Health Care Fund
SHA	Social Health Authority
SHIF	Social Health Insurance Fund
UHC	Universal Health Coverage

2. Key Entity Information and Management

(a) Background information

Njoro Sub County Hospital is a level (4) Hospital established under gazette notice number 7619, Vol.CXXIII-No.157 of 30th July 2021 and is domiciled in Nakuru County under the Department of health. The Hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity of the Hospital is to offer medical services ranging from,

- Curative services
- Immunization
- Maternity
- Imaging services (ultrasound)
- Medical outpatient clinics
- Diagnostic services
- Infection prevention services
- Youth friendly services

The mission of the Hospital is to promote and participate in the provision of integrated and High quality preventive, and curative health care services to all clients.

The mandate of the Hospital is to formulate policies, set standards, provide health services, create an enabling environment and regulate provision of health services delivery.

The vision of Njoro sub county Hospital is to provide efficient and high-quality healthcare system that is accessible, equitable and affordable for all Kenyans.

The core values of the facility include;

- Customer-focused,
- Professionalism
- Integrity,
- Equity and Equality,
- Transparency and Accountability,
- Teamwork,
- Creativity and Innovativeness.

(c) Key Management

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

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

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

(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/CEO	Dr.Lilian Muriithi
2.	Head of finance	CPA Alfred Kipsang
3.	Health Administrator	Ms.Cecilia Torome
4.	Nursing officer I/C	Mrs.Josephine Mwangi
5.	Health Records	Ms.Yvonne Njeri
6.	Comprehensive Care Centre	Mr.Harun Shamia
7.	Nutrition	Ms.Selina Kipkech
8.	Laboratory	Mr.Daniel Njenga
9.	Clinical Officers I/C	Mr.Jacob Chelimo
10.	Pharmacy	Ms.Lucy Gitonga
11.	Public Health	Mr.Joram Angote
12.	Dental	Mr.Pascal Ndula

(e) Fiduciary Oversight Arrangements

- Directorate of Internal Audit
- Directorate of Finance
- County Assembly
- Parliamentary Committee-Public accounts committee

Key Entity Information and Management.

(f) Entity Headquarters

P.O. Box 141-20107 ,
Njoro.
Njoro –Nessuit Road off Golf Club
Njoro, Kenya.

(g) Entity Contacts

Telephone: +254711-936-330.
E-mail: njorosch@gmail.com
Website: www.nakuru.go.ke

(h) Entity Bankers

Kenya Commercial Bank(KCB)
Kencom House
P. o. Box 48400-00100
Nairobi, Kenya.

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

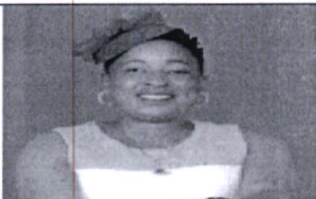
New County Hall Building,
Moi Road,
P.O. Box. 2870-20100
Nakuru, Kenya.

3. The Board of Management

Ref	Directors	Details
1.	 REV. JENNIFER NJERI MUCHEMI	Jennifer Muchemi serves as Chairperson of the Hospital management committee. she is 54 years old and holds master's degree in theological Seminary from Columbia University, United States of America with 33 years of work experience from various sectors. Currently she serves as a clergy at PCEA Church and a representative of the faith-based organization in the Board.
2.	 MR.STEPHEN KARANJA KIARIE	Stephen Kiarie is the management Board Vice chairman, he has a master of science in agronomy from Southern Illinois University, United States of America with over 50 years of work experience from various institutions and organizations. He is 77 years old.
3.	 MRS.JACKLINE ASEYO JUMBA	PWD REPRESENTATIVE She is 34 years old from Njoro with 4 years working experience as a businesswoman.

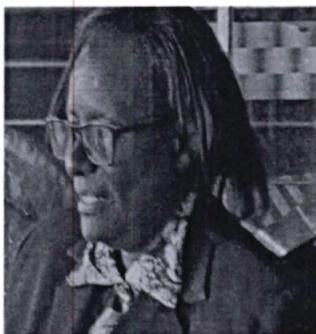
Njoro Sub County Hospital (Nakuru County Government)

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

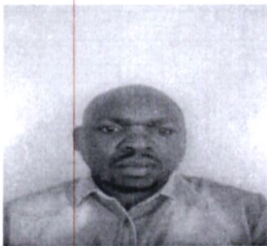
4.	 MRS. HELLEN WAMBUI	Hellen Wambui holds higher Diploma in Human resource Management from Nairobi Aviation College. She is 40 years old with 7 years' work experience as an entrepreneur.
5.	 MR. PAUL ODONGO OBIERO	Paul Obiero is an O level certificate holder; he is 31 years old with 5 years' work experience with parliamentary service commission. He is currently pursuing diploma in international relation.
6.	 MRS. ANCILLARH MONARI	Ancellar Monari is a public health professional with 21 years of work experience in public service in facilitating health promotion and disease prevention by providing individual and group support to meet diverse needs. She has a degree in public health from Kenyatta University. She is 45 years old.

7.	 DR.LILIAN MURIITHI.	She is the current medical superintendent at Njoro Subcounty Hospital. She is 36years old and a vast experience of 9 years in the medical field. She has an on-going- MSc. In Public Health – Epidemiology & Disease Control she holds a bachelor’s degree in medicine. She has a certificate on leadership and management in health from university of Washington, certificate in senior management course from Kenya school of government and a certificate in senior leadership and development Programme from Kenya school of government.
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4. Key Management Team

Ref	Management	Details
1.	DR.LILIAN MURIITHI. 	MEDICAL SUPERINTENDENT- She is currently undertaking MSc. in Public Health – Epidemiology and Disease Control which is On-going and has a Medical Degree with 9 years of Experience in the same field. She has a certificate on leadership and management in health from university of Washington, a certificate in senior management course from Kenya school of government and a certificate in senior leadership and development Programme from Kenya school of government.
2.	MS.MARGARET KANDIE 	NURSING OFFICER, I/C Diploma, Kenya Registered Community Health Nurse.
3.	CPA ALFRED KIPSANG 	HEAD OF ACCOUNTING UNIT Undergraduate degree Bachelor of Commerce and Registered Certified Public Accountant of Kenya.
4.	MR.JACOB CHELIMO 	HEAD OF CLINICIANS Diploma, Registered Clinical Medicine

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

5.	MR.DANIEL NJENGA 	LABORATORY I/C Diploma in Medical Laboratory Technologist
6.	MR.HARON SHAMIA 	IN-CHARGE OF COMPREHESIVE CARE CENTER(CCC) Diploma, Registered Clinical Medicine
7.	MR.JORAM ANGOTE 	PUBLIC HEALTH OFFICER Diploma in Environmental Health Sciences.
8.	MS.SELINA KIPKECH 	NUTRITIONIST I/C Diploma in Nutrition and Dietetic

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

9.	MS.LUCY GITONGA 	PHARMACIST In-charge
10.	MS.CECILIA TOROME 	HOSPITAL ADMINISTRATOR Diploma in Nutrition and Dietetic Higher Diploma in Health Administration(ongoing)
11.	MS.YVONNE NJERI 	HEALTH RECORDS OFFICER Diploma in health records and information technology

5. Chairman's Statement

Over the years Njoro Level 4 Sub-County Hospital has made a significant impact on the lives of the community celebrating many achievements while overcoming a multitude of challenges. The Hospital management committee has made relentless efforts to provide management insight and this enables a creation of a legacy lasting for decades. In the last couple of years, the Hospital has seen tremendous growth with the services expanding many folds. The services are now automated with the electronic medical system and a cashless method of payment making the process seamless. The ultramodern Hospital under construction will give the facility a chance to expand its infrastructure and serve the community better. In light of the expanding infrastructure Njoro Level 4 Sub-County Hospital will look forward to having more specialized consultants and services, additional human resource for health, thus reducing the number of patients being referred out for health care services. Njoro Level 4 Sub-County Hospital has been truly an incredible experience. I would like to place on record my appreciation for Health Management Team for providing exemplary leadership to this Institution. I would also like to express my gratitude to all other staff, and the Njoro Level 4 Sub- County Hospital team as a whole for their passion and unwavering support for the good course. Always assuring you of the best experience in giving back to mankind.

.....
Name *Rev Jemiter Muchom*

Chairman to the Board

6. Report of The Medical Superintendent

Njoro sub county Hospital is a level IV health facility located in Njoro Sub County and it has a catchment population of 55,495 with about a 1/2 of the population seeking services from the facility every year. It's also the referral facility for the level 1-3 facilities in the sub county. It sits on a 7-acre piece of land donated by the catholic diocese of Nakuru however, the title deed is yet to be processed. Services offered in the facility include outpatient services with one specialized outpatient clinic, inpatient services, laboratory, maternity, child welfare clinics, family planning, ultrasound and comprehensive care centre services among others. The health workforce lacks specialization attributed to the low level of infrastructure. Communicable diseases remain the top in disease burden attributed to poor hygiene and sanitation and high defaulter rates. Non-communicable diseases are on the rise owing to the sedentary lifestyle in the community. While the financial statements focus on the liquidity of the organization as to deliver on its financial obligations, on the other hand the Annual Work Plan (AWP) focuses on improving the infrastructure of the Hospital gearing towards a proper level 4 Hospital. It will also focus on improving primary health care through strengthening the quality of health service in the context of universal health care (UHC). Resource envelopes are majorly from the facility improvement fee; the facility head and the health management team aim to establish a resource mobilization strategy that will enable pool funds from partners and other stakeholders. Limitation of resources has remained the Hospital's biggest challenge. Njoro Sub County Hospital has the potential to be one of Nakuru County success stories from its growing demand of its services from the community, a dynamic catchment population and its pivotal role in health care in Njoro Sub County. Addressing the challenges of low infrastructure, low specialized workforce, the skills gap between market requirements for the different cadres, commodity stock outs; and leveraging good political will, other health related organizations, private sector and other potential stakeholders. Health care that will transform the lives of citizens from within and about, will be a major goal for the Hospital. We thank the Chief Officers, the County Directors and the entire County Management Team for their guidance throughout the process of coming up with financial statements. We are indebted to the Njoro Sub County Hospital health management team for their tireless work on the document and sharing into the Hospital mission and vision. We thank the staff of Njoro Sub County Hospital and our partners for their input, comments and commitment during the entire process. Njoro Sub County Hospital (Nakuru County Government) Annual Report and Financial Statements for The Year Ended 30th June 2025.

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

We acknowledge the valuable participation and input of the Njoro Sub-County Health Management Team (SCHMT). We also extend our gratitude to the Ministry of Health sister organizations and other hospitals within Nakuru County that we consulted during the development of these financial statements.

The financial performance of the facility has remained within a margin of safety, largely supported by strengthened revenue drivers. These include the automation of services, acquisition of income-generating equipment such as the radiology/ultrasound machine, and other advanced laboratory equipment. The facility still holds significant potential for further improvement, particularly if the current bed capacity for both inpatient and maternity wards is expanded.

Despite the increasing number of clients under SHA, delays in settling claims within the stipulated 90 days—contrary to the contract credit policy—have greatly constrained revenue collection. This challenge is compounded by NHIF's failure to settle overdue claims. Nevertheless, the significant increase in the number of clients capitated to the facility under the SHA scheme has led to a gain for the period under review, driven by a variance between capitation fees received and the actual cost of services rendered.

We also recognize the role of our internal policy on working capital management, which has enabled the facility to meet its financial obligations as they fall due.

Finally, we extend our appreciation to all individuals and stakeholders whose dedication and contributions were instrumental throughout the process and finalization of this document.

.....
Name **DR. MURITHI HLIAW**
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Njoro Sub County Hospital has Six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

1. Clinical Services and Products
2. Healthcare financing and Sustainability
3. Human Resource Development
4. Full utilization of SHA cover

Njoro Sub County Hospital develops its annual work plans based on the above three pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hospital achieved some of its performance targets set for the FY 2024/2025 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Clinical service delivery and infrastructure development	To establish and enhance good clinical governance To express workspace through infrastructural development. To ensure quality diagnostic services.	*Availability of drug formulary. *Infrastructural committee and evaluation *Updated SOPs *No. of stock out tracer drugs.	*Rational use of medications. *Provision of health products. * Clinical audits and mortality meetings. Installation of imaging equipment	*Reduction in mortality. *Essential medical supplies availability. *Ongoing Construction of OPD/Inpatient block.
Pillar/ theme/ issue 2 Healthcare financing and sustainability:	To increase revenue generation.	*Revenue reports. % in revenue	*Review user fees.	*Continuous user fee review.

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

Pillar/ theme/ issue 3 Human Resource Development	To attract and retain qualified and competent Human Resource	*Number of staff Transfer request *Number of resignations for hospital contracted staff	*Appraisal system	*Low staff Turnover *Reduced complains on service delivery
Pillar/ theme/ issue 4 Full utilizations of SHA Cover	To increase revenue from capitation and SHIF reimbursements	*Number of clients served using SHA	*Continuous registration of clients at the hospital help desk	*Increased revenue on capitation and SHIF

8. Corporate Governance Statement

Commitment to good corporate governance is fundamental to ensuring sustainable stakeholder value and meeting their expectations. The governance structures of Njoro Sub-County Hospital are anchored on the principles of accountability, transparency, responsibility, and fairness, which are the pillars of sound corporate governance.

Through its Board of Management, Njoro Sub-County Hospital remains steadfast in complying with all statutory requirements. During the year under review, there were no new board appointments by the County Government of Nakuru, as the current members' term of office had not yet expired. The Board convened four meetings during the year, held on a quarterly basis, in line with its governance obligations.

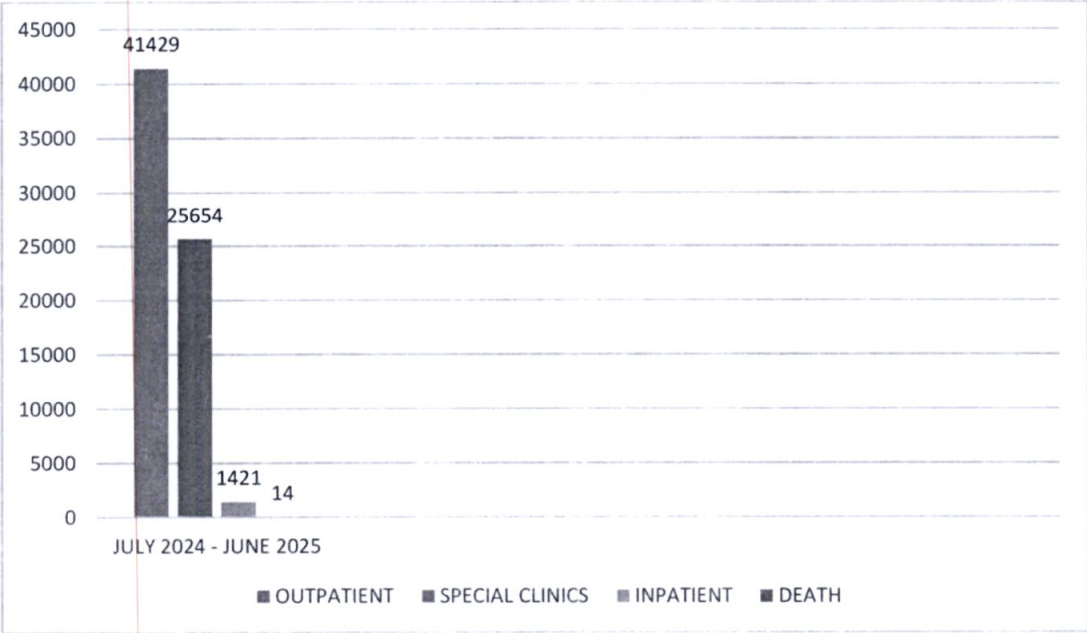
The core mandate of the Hospital and their roles and functions which include the following;

- Providing strategic direction
- Monitoring performance
- Safeguarding Hospital assets
- Ensuring Hospital complies with all relevant laws
- Approving Hospital budget
- Resource mobilization

9. Management Discussion and Analysis

Njoro sub county Hospital is a level IV hospital domiciled in Nakuru County, Njoro sub county. It sits on a seven-acre piece of land donated by catholic diocese of Nakuru.

Njoro Hospital serves as referral facility to 25 Gok level II and III, Private and faith-based facilities within Njoro. The Hospital has been implementing the UHC, MAKL and SHA programmes in line with the national government directive and this has been a relief to a number of clients considered as indigents the burden of medical bills. During the quarter under review, we had 41429 outpatient clients, with a bed capacity of 27 in the hospital for the inpatient clients where the average length of stay is 2 days (Maternity ward, medical ward and pediatrics) we had a total of 1421 clients in this quarter of which 123 were under 5 and 1298 were over 5. Our specialized outpatient clinics have shown steady patient attendance this include, TB clinic, Medical clinic, Nutrition clinic and Comprehensive care clinic which had a total of 25654 clients. Inpatient services have also maintained a consistent bed occupancy rate of 41%. We had 14 mortalities out of 1421 inpatients attendance making the mortality rate to be 1%. We have noted a growing demand in specialized services, necessitating future expansion in certain medical departments to meet patient needs.



Staff establishments,

As of the third quarter, Njoro Sub County Hospital has approximately 66 staff members across various departments, including doctor, clinicians, nurses, laboratory and pharmacy technicians, nutritionist, support staff, administrative personnel, and public health officers. The hospital strives to ensure that staff numbers meet patient care demands while maintaining a high standard of service provision.

Financial analysis,

The Hospital's actual cumulative budget allocation for the year was **KSh. 26,360,850**, with revenue generated primarily from NHIF reimbursements, SHA reimbursements, and direct payments by patients for services rendered.

As at the close of the fourth quarter, hospital payables stood at **KSh. 1,008,330**, representing **14% of the Quarter 1 FY 2025/2026 budget**. A payment plan has already been put in place to address these obligations and ensure the continuity of smooth hospital operations.

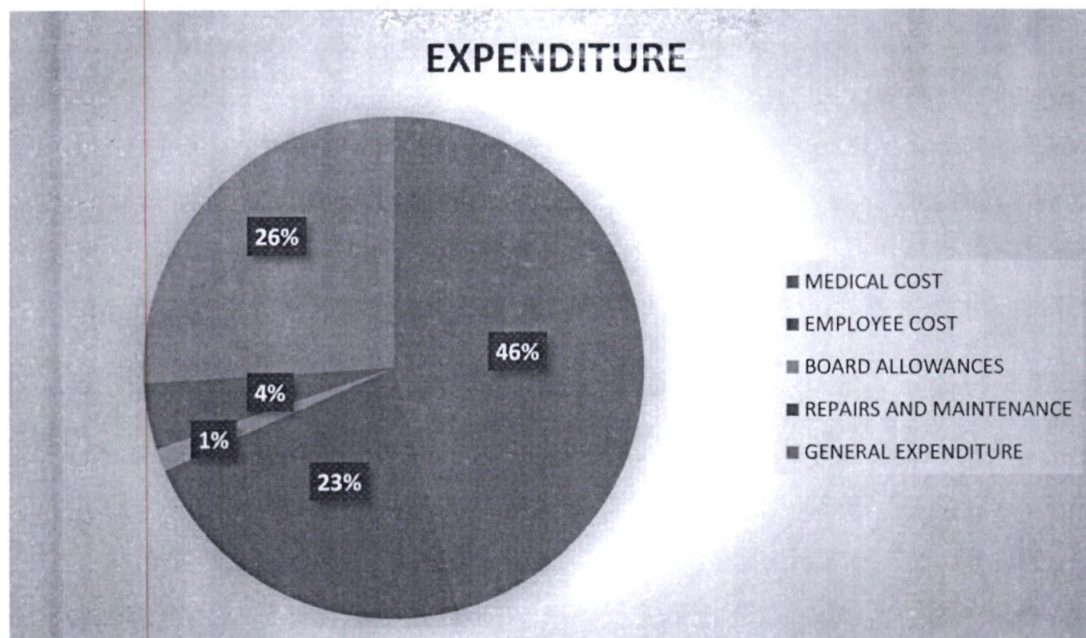
Looking ahead, the Hospital remains committed to enhancing financial efficiency to guarantee that all areas of service delivery continue to receive adequate and sustainable funding.

During the year under review, the Hospital's expenditure was primarily directed toward core service delivery areas. **Medical and clinical costs accounted for the largest share of 46%**, reflecting the Hospital's continued investment in quality healthcare services, including medicines, medical supplies, and clinical operations.

General expenses represented about 26% of the total expenditure, covering utilities and operational support services necessary for the smooth running of the Hospital. **Employee costs followed at 23%**, underscoring the importance of staffing and human resource management in sustaining healthcare delivery.

Expenditure on **repairs and maintenance stood at 4%**, demonstrating the Hospital's efforts to preserve its infrastructure and equipment. The **Board of Management expenses accounted for 1%** of the total expenditure.

Overall, the resource allocation reflects a strong alignment with the Hospital's mandate of providing efficient, reliable, and patient-cantered healthcare, with a clear prioritization of clinical service delivery and staff support.



Opportunities,

To enhance service delivery and diversify revenue streams, Njoro Sub County Hospital is exploring several key opportunities:

- **Engaging Private Insurance:** The hospital is actively working to integrate private insurance options to increase access to healthcare for a broader segment of the population, improve revenue collection, and ease patient financial burdens.
- **Establishing a Physiotherapy Department:** There is an identified need for physiotherapy services, particularly for post-surgical recovery and musculoskeletal conditions. Establishing this department would not only meet patient needs but also provide an additional revenue stream for the hospital.
- **Continuous enrolment of clients under social health authority;** This will enable facility leverage both on capitation under primary health care fund as well as reimbursement of claims made under social health insurance fund (SHIF) and emergency and chronic illness fund.

Name.....DR. MURITHI NJAN.....

Medical Superintendent/CEO.

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The mandate of the Hospital is to formulate policies, set standards, provide health services, create an enabling environment and regulate provision of health services delivery.

ii) Environmental performance

As the national government calls for a concerted effort towards environmental protection and sustainability, the Hospital has since jointed the move by planting trees both within the Hospital and other health centres within the Njoro sub county. This will ensure the improvement of the forest cover and attainment of a target of 15 billion trees in the next ten years and hence reducing deforestation and degradation and countering emissions as trees act as carbon sinks thus cleaning our air. Moreover, the Hospital has a suitable waste management framework and has since taken a supervisory role to make sure other facilities within its environs adopt the same practice.

iii) Employee welfare

The Hospital is committed to promoting staff welfare by providing various benefits and ensuring a conducive working environment. As part of its staff welfare policy, the Hospital offers catering services, organizes annual team-building activities, provides equal opportunities for training and professional development, and maintains proper working conditions for all employees.

In addition, the Hospital strictly adheres to all legal requirements and safety measures designed to safeguard the well-being of its workforce. Recruitment and appointment of employees remain the mandate of the County Public Service Board, in line with applicable laws and regulations.

iv) Market place practices-

a) Responsible competition practice.

The Hospital has created an enabling environment for the business community by procuring supplies from locally prequalified suppliers. This approach not only ensures compliance with procurement regulations but also promotes local economic growth and sustainability.

b) Responsible Supply chain and supplier relations

The Hospital upholds sound business practices in its dealings with suppliers by fostering relationships built on fairness, integrity, and accountability. It treats all suppliers responsibly by honouring contractual obligations and ensuring timely payment of dues.

c) Responsible marketing and advertisement or Responsible engagement with citizens

The Hospital upholds ethical marketing practices by ensuring fairness and transparency in all supplier engagements. All prequalified suppliers are given equal opportunities to showcase their products during designated forums. The Hospital also avoids false or exaggerated claims, provides accurate and sufficient information, and upholds respect for diversity in all marketing and procurement-related activities.

d) Product stewardship or Awareness Creation

The Hospital is committed to ensuring that all supplies delivered meet the required quality standards. In this regard, compliance with Kenya Bureau of Standards (KEBS) specifications is strictly observed. Additionally, the Hospital has established an Inspection and Acceptance Committee, mandated to review and inspect all deliveries before acceptance, thereby safeguarding the integrity of its supply chain.

v) Corporate Social Responsibility / Community Engagements

The Hospital actively gives back to the community by extending essential health services to the local population. These initiatives include vaccination campaigns, free breast and cervical cancer screening, training on prevention of communicable diseases, and facilitating SHA registration services.

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;

- Curative services
- Immunization
- Maternity
- Imaging services(ultrasound)
- Medical outpatient clinics
- Diagnostic services
- Infection prevention services

Results

The results of the entity for the year ended June 30th 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 VI to VIII.

Auditors

The Auditor General is responsible for the statutory audit of the Njoro Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....
Name **DR. MURITHI LIHAN.**

Secretary to the Board

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that Njoro Sub County Hospital, which give a true and fair view of the state of affairs of the Njoro Sub County Hospital at the end of the financial year 2024/2025 and the operating results of the Njoro Sub County Hospital for that year/period. The Board of Management is also required to ensure that the Njoro Sub County Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the Njoro Sub County Hospital. The council members are also responsible for safeguarding the assets of the Njoro Sub County Hospital.

The Board of Management is responsible for the preparation and presentation of the Njoro Sub County Hospital's financial statements, which give a true and fair view of the state of affairs of the Njoro Sub County Hospital for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Njoro Sub County Hospital, (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 Njoro Sub County 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 Njoro Sub County 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. The Board members are of the opinion that the Njoro Sub County Hospital's financial statements give a true and fair view of the state of Njoro Sub County Hospital's transactions during the financial year ended June 30, 2025, and of the Njoro Sub County Hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the Njoro Sub County Hospital, which have been relied upon in the preparation of the Njoro Sub County Hospital's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern. Nothing has come to the attention of the Board of management to indicate that the Njoro Sub County Hospital will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 28/08/2025 and signed on its behalf by:

.....
Name: Rev Jenniter Muchemi
Chairperson
Board of Management

.....
Name: DR. MURITHI LIJAN
Accounting Officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure that 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 Njoro Level 4 Sub-County Hospital – County Government of Nakuru set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial

Report of the Auditor-General on Njoro Level 4 Sub-County Hospital for the year ended 30 June, 2025-County Government of Nakuru

performance, statement of changes in net assets, statement of cash flows and the 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 Njoro Level 4 Sub-County Hospital – County Government of Government as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Employees Cost

The statement of financial performance and note 16 to the financial statements reflects employee costs totaling Kshs.42,211,454 as disclosed in Note 16 to the financial statements. Included in the amount is an expenditure of Kshs.5,638,381 in respect of payments to temporary staff and casual wages as per the employee costs expenditure schedules. However, the payrolls maintained did not capture critical employee bio data and other important details such as, pay date, Tax PIN, ethnic code, month of salary increment and contract periods.

In the circumstances, the accuracy and completeness of the employee costs amounting to Kshs.5,638,381 for the year ended 30 June, 2025 could not be confirmed.

2. Unsupported Fuel and Lubricants Expenditure

The statement of financial performance reflects general expenses amounting to Kshs.6,676,370 which as disclosed in note 21 to the financial statements includes an amount of Kshs.1,050,000 in respect of fuel and lubricants. Review of records revealed that during the year under review, the Hospital procured fuel worth Kshs.1,050,000 from a local fuel supplier. However, the respective framework contracts for supply of fuel were not provided for audit, therefore, it is not clear how the supplier was identified and contracted to supply fuel to the hospital.

In the circumstances, the accuracy, completeness and propriety of fuel and lubricants expenditure of Kshs.1,050,000 for the year ended 30 June, 2025 could not be confirmed.

3. Unsupported Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.102,536,130 as disclosed in Note 32 to the financial statements. The balance includes amounts of Kshs.79,072,000 and Kshs.4,406,250 in respect of land and motor vehicles respectively. However, the Hospital did not have ownership documents for the land and motor vehicles.

In addition, the fixed asset register provided did not indicate details on the purchase price of the assets, asset tag numbers, status of the assets, class and category as well as location/department in charge of the assets. Further, there was no evidence of valuation for the Hospital's assets including land, buildings and civil works, motor vehicles, furniture fittings and office equipment and plant and medical equipment to confirm the correct market values.

In the circumstances, the accuracy, completeness, existence and valuation of property, plant and equipment balance of Kshs.102,536,130 as at 30 June, 2025 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Njoro Level 4 Sub-County Hospital–County Government of Nakuru 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 receipts budget and actual on comparable basis amount of Kshs.37,096,563 and Kshs.24,398,148 respectively, resulting to underfunding of Kshs.12,698,415 or 34% of the budget. Further, the statement reflects that the Hospital spent an amount of Kshs.25,095,881 against actual receipts of Kshs.24,398,148 resulting to over absorption of Kshs.700,733 or 3% of the actual receipts.

The underfunding affected the planned activities of the Hospital and may have impacted negative 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, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital for the financial year 2024/2025 revealed that the following fourteen (14) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in the Financial Statements
2	2023/2024	Unsupported Employee Costs Paid in Kind by Nakuru County Executive
3	2023/2024	Unsupported Payments to Technical, Non-Technical and Casual Employees
4	2023/2024	Unsupported Capital Fund Balance
5	2023/2024	Unsupported Property Plant and Equipment Balance
6	2023/2024	Lack of an Approved Budget
7	2023/2024	Unsupported Procurements on Fuel, Oil and Lubricants
8	2023/2024	Lack of Approved Tariff Structure for Hospital Services
9	2023/2024	Failure to Transfer Revenue to the County Revenue Fund Account
10	2023/2024	Non-Compliance with Requirements on Universal Health Care (UHC)
11	2023/2024	Irregular Engagement of Casual Employees
12	2023/2024	Lack of Approved Staff Establishment
13	2023/2024	Weak Internal Controls in Inventory Management
14	2023/2024	Long Outstanding Trade and Other Receivables

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Financial Reporting Template on Employee Costs

The statement of financial performance and note 16 to the financial statements reflects employee costs of Kshs.42,211,454. However, the Hospital only reported on salaries, wages and allowances and contributions to pension schemes. This is contrary to the requirements of recommended reporting template for the year under review which requires the Hospital to report on service gratuity, performance and other bonuses, staff medical expenses, insurance cover, group personal accident insurance, WIBA and social contribution as well as other employee costs if any.

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

2. Irregular Engagement of Casual Employees

The statement of financial performance and note 16 to the financial statements reflects employee costs of Kshs.42,211,454. Review of records revealed that a total of Kshs.5,638,381 was paid to temporary or casual staff. However, available information revealed that there were cases of casual employees being engaged continuously for more than three (3) months contrary to Section 37 (1) of the Employment Act, 2007.

Further, there were no needs assessment reports, indicating the understaffed departments, were provided to justify the need for casuals. In addition, there were eight (8) casual employees who were paid below the minimum wage of Kshs.15,902.

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

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

Review of County revenue records for level 4 and 5 hospitals revealed that Njoro Level 4 Sub County Hospital collected an amount of Kshs.26,715,734 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.26,715,734 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.24,348,148 as having been received from the FIF account resulting in an unexplained undisbursed amount of Kshs.2,367,586. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

4. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by eighty-five (85) staff requirements or 84% of the authorized establishment. The details are as shown in the table below;

Staffing of health workers				
Type of Coverage	Level 4 standard	Observation	Variance	Adequate/ Inadequate
Medical officers	16	1	15	Inadequate
Anesthesiologists	2	0	2	Inadequate
General surgeons	2	0	2	Inadequate
Gynecologists	2	0	2	Inadequate
Pediatrics	2	0	2	Inadequate
Radiologists	2	0	2	Inadequate
Kenya Registered Community Health nurses	75	15	60	Inadequate
Total	101	16	85	

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

Services Offered in the Hospital				
Service Offered	Requirement	Observation	Variance	Status
Surgical,	Should be present	Absent	N/A	Inadequate
Pediatric	Should be present	Present	N/A	Inadequate
Gynecological	Should be present	Present	N/A	Inadequate
In-patients,	Should be present	Present	N/A	Inadequate
Radiology	Should be present	Present	N/A	Inadequate
Renal dialysis,	Should be present	Absent	N/A	Inadequate
Tuberculosis management	Should be present	Present	N/A	Inadequate
Mortuary and autopsy services.	Should be present	Absent	N/A	Inadequate
Advanced life support	Should be present	Present	N/A	Inadequate
Caesarian sections and surgical operations	Should be present	Absent	N/A	Inadequate
Land Size (Acres)	5	7	-2	Adequate
Beds	150	38	112	Inadequate
Resuscitative (2 in labour ward and one in theatre)	3	1	2	Inadequate
New Born Unit - Incubators and five (5) cots	5	1	4	Inadequate
New Born Unit cots	5		5	Inadequate
Functional intensive care unit - Beds	6	0	6	Inadequate
High dependency Unit - Beds	6	0	6	Inadequate
Renal unit with at least 5 dialysis machines	5	0	5	Inadequate
Two functional operating theaters Maternity and general	2	0	2	Inadequate

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

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

5. Lack of Approved Tariff Structure for Hospital Services

The statement of financial performance for the year ended 30 June, 2025 reflects total revenue from exchange transaction of Kshs.25,028,857. However, there was no evidence of approval of the price list used to charge for services rendered. This was contrary to Regulation 65 (1) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to obtain from the County Treasury the proposed tariff structure.

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

6. Procurements Without Valid Contracts- Medical Costs and Security Services

Review of documents revealed that an expenditure of Kshs.2,953,537 was incurred on procurement of medical supplies from various suppliers. However, procurement records indicated that the procurement process, award and signing of the contract was done by Nakuru County Department of Health Services and the Accounting Officer of the Hospital was not involved in the signing of the contracts. No explanation was provided as to why the procurement department of the Hospital did not contract the suppliers directly and liability to the county in-case of default thus the competitiveness of the procurement process could not be confirmed.

This is contrary to Regulation 102(4) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall not procure using a framework agreement of another procuring entity except for those concluded under institutional frameworks prescribed in the Act and the Regulations.

Further, review of documents revealed that an expenditure of Kshs.1,192,282 was incurred on procurement of security services from two local security companies. However, review of procurement records revealed that the procurement process and award of the contract was done by Naivasha Sub County Hospital. The contract agreement provided was signed between Naivasha Sub County Hospital and the security firms and not with Njoro Level 4 Sub-County Hospital. No explanation was provided as to why the procurement department of the Hospital did not contract the suppliers directly. It is also not clear why the Hospital is working with the security firms without a valid contract.

This was contrary to Section 56 (1) of the Public Procurement and Assets Disposal Act, 2015 which states that to identify qualified persons, a State organ or public entity may seek, in writing, to use another State organ's, public entity's or regulated professional body's registration list of all registered persons in the category, provided that the list is valid and developed through a competitive process in accordance with the relevant provisions of this Act or, in the case of regulated professional bodies, developed through

a process in accordance with relevant provisions of the legislation regulating the particular profession.

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

7. Long Outstanding Receivables from Exchange Transactions Balance

The statement of financial position reflects receivables from exchange transactions balance of Kshs.19,815,981 as disclosed in Note 29 to the financial statements. Review of the aging analysis revealed that debtors totaling Kshs.16,814,141 or 85% of the total receivables had been outstanding for more than two (2) years with debtors amounting to Kshs.7,966,640 outstanding for over three (3) years. Management did not explain the measures being undertaken to collect the long outstanding debts.

In the circumstances, the recoverability of the trade and other receivables balance of Kshs.16,814,141 as at 30 June, 2025 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls in Inventory Management

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

It was also observed that there are no adequate shelves to store pharmaceutical drugs which resulted in keeping them in boxes.

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

2. Lack of Approved Staff Establishment

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

Further, it was observed that the Hospital had not established key departments such as procurement and human resource departments.

In the circumstances, Management may not be able to determine if the Hospital is operating with an optimal number of staff for effective service delivery to the public.

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

Responsibilities of Management and the Board of Management

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

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

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

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

The Board of Management 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

05 December, 2025

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

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

Description	Note	FY 2024/2025.	Comparative FY 2023/2024.
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0.00	0.00
In- kind contributions from the County Government	7	39,593,640.00	66,110,945.00
Grants from donors and development partners	8	0.00	0.00
Transfers from other Government entities	9	0.00	0.00
Public contributions and donations	10	0.00	0.00
		39,593,640.00	66,110,945.00
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	25,028,857.00	28,185,904.00
Revenue from rent of facilities	12	50,000.00	0.00
Finance /Interest Income	13	0.00	0.00
Miscellaneous Income	14	0.00	0.00
Revenue from exchange transactions		25,078,857.00	28,185,904.00
Total revenue		64,672,497.00	94,296,849.00
Expenses			
Medical/Clinical costs	15	14,921,405.00	25,364,152.00
Employee costs	16	42,211,454.00	55,468,757.00
Board of Management Expenses	17	359,900.00	646,000.00
Depreciation and amortization expense	18	1,289,854.00	258,567.00
Repairs and maintenance	19	1,138,205.00	1,054,453.00
Grants and subsidies	20	0.00	0.00
General expenses	21	6,676,370.00	4,357,638.00
Finance costs	22	0.00	0.00
Total expenses		66,597,188.00	87,149,567.00
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0.00	0.00

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

Description	Note	FY 2024/2025.	Comparative FY 2023/2024.
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0.00	0.00
Medical services contracts Gains/Losses	25	1,939,048.00	(2,232,113.00)
Impairment loss	26	0.00	0.00
Gain on foreign exchange transactions		0.00	0.00
Total other gains/(losses)		1,939,048.00	(2,232,113.00)
Net Surplus / (Deficit) for the year		14,357.00	4,915,169.00

(The notes set out on pages 10 to 64 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 28/08/2025 and signed on its behalf by:



Chairman

Board of Management



Head of Finance

ICPAK No: 26826



Medical Superintendent

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

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

Description	Note	FY 2024/2025.	Comparative FY 2023/2024.
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	7,130,975.00	8,778,259.00
Prepayments	28	0.00	0.00
Receivables from exchange transactions	29	19,815,981.00	17,196,225.00
Receivables from non-exchange transactions	30	0.00	0.00
Inventories	31	2,984,460.00	2,900,563.00
Total Current Assets		29,931,416.00	28,875,047.00
Non-current assets			
Property, plant, and equipment	32	102,536,130.00	102,476,434.00
Intangible assets	33	0.00	0.00
Investment property	34	0.00	0.00
Biological Assets	35	0.00	0.00
Total Non-current Assets		102,536,130.00	102,476,434.00
Total assets (A)		132,467,546.00	131,351,481.00
Liabilities			
Current liabilities			
Trade and other payables	36	1,008,330.00	2,734,053.00
Refundable deposits from Patients/Prepayments	37	0.00	0.00
Provisions	38	0.00	0.00
Finance lease obligation	39	0.00	0.00
Current portion of deferred income	40	0.00	0.00
Current portion of borrowings	41	0.00	0.00
Total Current Liabilities		1,008,330.00	2,734,053.00
Non-current liabilities			
Provisions	38	0.00	0.00
Non-Current Finance lease obligation	39	0.00	0.00
Non-Current portion of deferred income	40	0.00	0.00
Non - Current portion of borrowings	41	0.00	0.00

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

Description	Note	FY 2024/2025.	Comparative FY 2023/2024.
		Kshs	Kshs
Service concession Arrangements	42	0.00	0.00
Total non-current liabilities		0.00	0.00
Total Liabilities (B)		1,008,330.00	2,734,053.00
Net assets (A-B)		131,459,216.00	128,617,428.00
Represented by:			
Revaluation reserve		0.00	0.00
Accumulated surplus/Deficit		23,020,373.00	23,006,016.00
Capital Fund		108,438,843.00	105,611,412.00
Net Assets		131,459,216.00	128,617,428.00

(The notes on pages 10 to 60 form an integral part of the Annual Financial Statements.)

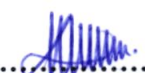
The Hospital's financial statements were approved by the Board on 28/08/2025 and signed on its behalf by:



Chairman
Board of Management



Head of Finance
ICPAK No: 26826



Medical Superintendent

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	0.00	18,090,847.00	5,336,480.00	23,472,327.00
Revaluation gain	0.00	-	-	0.00
Surplus/(deficit) for the year	-	4,915,169.00	-	4,915,169.00
Capital/Development grants	-	-	100,274,932.00	100,274,932.00
As at June 30, 2024 (previous year)	0.00	23,006,016.00	105,611,412.00	128,617,428.00
At July 1, 2024 (current year)	0.00	23,006,016.00	105,611,412.00	128,617,428.00
Revaluation gain	0.00	-	-	0.00
Surplus/(deficit) for the year	-	14,357.00	-	14,357.00
Capital/Development grants	-	-	2,827,431.00	2,827,431.00
At June 30, 2025 (current year)	0.00	23,020,373.00	108,438,843.00	131,459,216.00

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

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

Description	Note	FY 2024/2025.	Comparative FY 2023/2024.
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0.00	0.00
Grants from donors and development partners		0.00	0.00
Transfers from other Government entities		0.00	0.00
Public contributions and donations		0.00	0.00
Rendering of services- Medical Service Income		24,348,148.00	21,310,814.00
Revenue from rent of facilities		50,000.00	0.00
Finance / interest income		0.00	0.00
Miscellaneous receipts(<i>specify</i>)		0.00	0.00
Total Receipts		24,398,148.00	21,310,814.00
Payments			
Medical/Clinical costs		11,515,610.00	7,404,064.00
Employee costs		5,638,381.00	5,329,975.00
Board of Management Expenses		359,900.00	583,500.00
Repairs and maintenance		1,074,205.00	990,453.00
Grants and subsidies		0.00	0.00
General expenses		6,507,785.00	3,738,012.00
Finance costs		0.00	0.00
Refunds paid out		0.00	0.00
Total Payments		25,095,881.00	18,046,004.00
Net cash flows from operating activities	43	(697,733.00)	3,264,810.00
Cash flows from investing activities			
Purchase of property, plant, equipment		(949,550.00)	(0.00)
Purchase of intangible assets		0.00	0.00
Proceeds from the sale of PPE		(0.00)	(0.00)
Acquisition of investments		0.00	(0.00)
Net cash flows used in investing activities		(949,550.00)	(0.00)
Cash flows from financing activities			
Proceeds from borrowings		0.00	0.00
Repayment of borrowings		(0.00)	(0.00)

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

Capital grants received		0.00	0.00
Net cash flows used in financing activities		(0.00)	(0.00)
Net increase/(decrease) in cash and cash equivalents		(1,647,283.00)	3,264,810.00
Cash and cash equivalents as at 1 July	27	8,778,258.00	5,513,449.00
Cash and cash equivalents as at 30 June	27	7,130,975.00	8,778,259.00

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

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30th June 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	-	0.00	0.00	0.00	0.00	0%
Receipts						
Transfers from the County Government	0.00	0.00	0.00	0.00	0.00	0.00
Grants from donors and development partners	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from other Government entities	0.00	0.00	0.00	0.00	0.00	0.00
Public contributions and donations	0.00	0.00	0.00	0.00	0.00	0.00
Rendering of services- Medical Service Income	28,318,304.00	8,778,259.00	37,096,563.00	24,348,148.00	12,698,415.00	66%
Revenue from rent of facilities	0.00	0.00	0.00	50,000.00	0.00	0.00
Finance / interest income	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous receipts (<i>specify</i>)	0.00	0.00	0.00	0.00	0.00	0.00
Total receipts	28,318,304.00	8,778,259.00	37,096,563.00	24,398,148.00	12,698,415.00	66%
Payments						
Medical/Clinical costs	12,657,197.00	5,503,615.00	18,160,812.00	11,515,610.00	6,645,202.00	63%
Employee costs	6,019,480.00	565,224.00	6,584,704.00	5,638,381.00	946,323.00	86%
Remuneration of directors	278,000.00	228,000.00	506,000.00	359,900.00	146,100.00	71%
Repairs and maintenance	1,180,000.00	484,000.00	1,664,000.00	1,074,205.00	589,795.00	65%
Grants and subsidies	0.00	0.00	0.00	0.00	0.00	0.00%
General expenses	6,059,754.00	1,817,420.00	7,877,174.00	6,507,785.00	1,369,389.00	83%
Finance costs	0.00	0.00	0.00	0.00	0.00	0.00%
Refunds	0.00	0.00	0.00	0.00	0.00	0.00%
Total Operational Expenditure paid	26,194,431.00	8,598,259.00	34,792,690.00	25,095,881.00	9,696,809.00	72%
Capital Expenditure paid	2,123,873.00	180,000.00	2,303,873.00	949,550.00	1,354,323.00	41%
Surplus	0.00	0.00	0.00	(1,647,283.00)	1,647,283.00	0.00%

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

The actual revenue for the year fell short of the final budget, representing a 34% underperformance, which translates to an absolute shortfall of KSh. 12,698,415. This variance was primarily attributable to the non-settlement of overdue claims by NHIF amounting to KSh. 16,814,141.

The revenue shortfall adversely affected the absorption rate of both recurrent and capital expenditures, thereby constraining full implementation of the Hospital's overall budget for the year.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	(1,647,283.00)
1	Opening balance of cash and cash equivalents as at July 1 st 2024	8,778,259.00
2	Reason for differences	0.00
3	Reason for differences	0.00
4	Reason for differences	0.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	7,130,975.00

19. Notes to the Financial Statements

1. General Information

Njoro Sub County Hospital is established by and derives its authority and accountability from primary health care act and public health act. The entity is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. The entity's principal activity is to offer medical 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 Hospitals accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. 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 International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

There new and amended standard did not have significant adjustments in the Hospitals financial statements.

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard has no impact on Hospitals financial statements.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The standard has no impact on Hospitals financial statements.
IPSAS 45- Property	<i>Applicable 1st January 2025</i>

Standard	Effective date and impact:
Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The management is in the process of accessing the impact on the Hospitals financial statements.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The standard has no impact on Hospitals financial statements.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users

Standard	Effective date and impact:
	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The management is in the process of accessing the impact on the Hospitals financial statements.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The standard has no impact on Hospitals financial statements.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. The standard has no impact on Hospitals financial statements.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: - Limited improvements to existing accounting practices for exploration and evaluation expenditures. - Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. - Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. The standard has no impact on Hospitals financial statements.

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board on the 1st quarter. 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 Hospitals recorded additional appropriations of ksh.8,778,259 on the FY 2024/2025 budget following the Board's approval. The Hospitals budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

The income tax act cap 470 under paragraph 10 of the first schedule exempts taxation of public hospitals that are established solely for charitable purposes such as relief of poverty, medical care, or other public benefit services.

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.

Depreciation of assets is charged from the date of acquisition over their estimated useful life, in accordance with the guidelines issued by the National Assets and Liabilities Management framework 2020. The prescribed depreciation rates and methods are consistently applied to ensure accurate valuation and accountability of the Hospital's asset base.

Buildings.....	2%
Motor vehicles.....	12.5%
Furniture and fittings.....	12.5%
ICT Equipment's.....	30%
Plant & Medical Equipment's.....	12.5%

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.

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that

is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity does not creates or maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Unconditional grants		
Operational grant	0.00	0.00
Level 4/5 grants	0.00	0.00
Unconditional development grants	0.00	0.00
Other grants (<i>specify</i>)	0.00	0.00
	0.00	0.00
Conditional grants	0.00	0.00
User fee forgone	0.00	0.00
Transforming health services for Universal care project (THUCP)	0.00	0.00
DANIDA	0.00	0.00
Wards Development grant	0.00	0.00
Paediatric block grant	0.00	0.00
Administration block grant	0.00	0.00
Laboratory grant	0.00	0.00
Total government grants and subsidies	0.00	0.00

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
xx County Government	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Salaries and wages	36,573,073.00	50,138,784.00
Medical supplies-Drawings Rights (KEMSA)	0.00	0.00
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	3,020,567.00	15,972,161.00
Utility bills	0.00	0.00
Total grants in kind	39,593,640.00	66,110,945.00

8. Grants From Donors and Development Partners

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Cancer Centre grant- DANIDA	0.00	0.00
World Bank grants	0.00	0.00
Paediatric ward grant- JICA	0.00	0.00
Research grants	0.00	0.00
Other grants (<i>specify</i>)	0.00	0.00
Total grants from development partners	0.00	0.00

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	0.00	0.00	0.00	0.00	0.00
JICA	0.00	0.00	0.00	0.00	0.00
World Bank	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Transfer from National Government (Ministry of Health)	0.00	0.00
Transfer from xxx National Hospital	0.00	0.00
Transfer from xxx Institute	0.00	0.00
Total Transfers	0.00	0.00

10. Public Contributions and Donations

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Public donations	0.00	0.00
Donations from local leadership	0.00	0.00
Donations from religious institutions	0.00	0.00
Donations from other international organisations and individuals	0.00	0.00
Other donations(<i>specify</i>)	0.00	0.00
Donations in kind-amortised	0.00	0.00
Total donations and sponsorships	0.00	0.00

10 (a)Reconciliations of amortised grants

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Balance unspent at beginning of year	0.00	0.00
Current year receipts	0.00	0.00
Amortised and transferred to revenue	0.00	0.00
Conditions to be met – remain liabilities	0.00	0.00

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025.	Comparative FY 2023/2024
	Kshs	Kshs
Pharmaceuticals	7,027,389.00	9,276,796.00
Non-Pharmaceuticals	8,438,129.00	2,135,929.00
Laboratory	3,230,482.00	6,191,352.00
Radiology	3,270,450.00	1,941,582.00
Orthopedic and Trauma Technology	0.00	0.00
Theatre	0.00	0.00
Accident and Emergency Service	0.00	0.00
Anesthesia Service	0.00	0.00
Ear Nose and Throat service	0.00	0.00
Nutrition service	11,991.00	5,123.00
Cancer centre service	0.00	0.00
Dental services	180,372.00	70,420.00
Reproductive health	236,719.00	293,918.00
Paediatrics services	0.00	0.00
Farewell home services	0.00	0.00
Ambulance services	0.00	0.00
Other medical services income (<i>consultation</i>)	2,633,325.00	8,270,784.00
Total revenue from the rendering of services	25,028,857.00	28,185,904.00

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Residential property	0.00	0.00
Commercial property	50,000.00	0.00
Total Revenue from rent of facilities	50,000.00	0.00

13. Finance /Interest Income

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0.00	0.00
Interest income from short- term/ current deposits	0.00	0.00
Interest income from Treasury Bills	0.00	0.00
Interest income from Treasury Bonds	0.00	0.00
Interest from outstanding debtors	0.00	0.00
Total finance income	0.00	0.00

14. Miscellaneous Income

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Insurance recoveries	0.00	0.00
Income from sale of tender	0.00	0.00
Services concession income	0.00	0.00
Sale of goods (water, publications, containers etc)	0.00	0.00
Write backs (Deposits, payments in advance etc)	0.00	0.00
Bad debts recovered	0.00	0.00
<i>Others (Specify)</i>	0.00	0.00
Total Miscellaneous income	0.00	0.00

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Dental costs/ materials	0.00	70,000.00
Laboratory chemicals and reagents	1,479,986.00	938,300.00
Public health activities	0.00	0.00
Food and Ration	2,209,811.00	2,076,955.00
Uniform, clothing, and linen	68,000.00	0.00
Dressing and non-pharmaceuticals	1,714,250.00	1,006,130.00
Pharmaceutical supplies	8,687,468.00	4,691,156.00
Health information stationery	0.00	0.00
Reproductive health materials	0.00	0.00
Sanitary and cleansing Materials	606,960.00	269,970.00
Purchase of Medical gases	0.00	321,480.00
X-Ray/Radiology supplies	154,930.00	18,000.00
Other medical related clinical costs (<i>specify</i>)	0.00	15,972,161.00
Total medical/ clinical costs	14,921,405.00	25,364,152.00

16. Employee Costs

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Salaries, wages, and allowances	41,831,666.00	5,329,973.00
Contributions to pension schemes	379,788.00	0.00
Service gratuity	0.00	0.00
Performance and other bonuses	0.00	0.00
Staff medical expenses and Insurance cover	0.00	0.00
Group personal accident insurance and WIBA	0.00	0.00
Social contribution	0.00	0.00
Other employee costs (<i>specify</i>)	0.00	50,138,784.00
Employee costs	42,211,454.00	55,468,757.00

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Chairman's Honoraria	0.00	0.00
Sitting allowance	359,900.00	646,000.00
Mileage	0.00	0.00
Insurance expenses	0.00	0.00
Induction and training	0.00	0.00
Travel and accommodation allowance	0.00	0.00
Airtime allowances	0.00	0.00
Total	359,900.00	646,000.00

18. Depreciation and Amortization Expense

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Property, plant and equipment	1,289,854.00	258,567.00
Intangible assets	0.00	0.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	1,289,854.00	258,567.00

19. Repairs And Maintenance

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Property- Buildings	449,550.00	369,895.00
Medical equipment	112,320.00	172,223.00
Office equipment	0.00	0.00
Furniture and fittings	0.00	98,590.00
Computers and accessories	215,000.00	100,000.00
Motor vehicle expenses	361,335.00	313,745.00
Maintenance of civil works	0.00	0.00
Total repairs and maintenance	1,138,205.00	1,054,453.00

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Community development and social work	0.00	0.00
Education initiatives and programs	0.00	0.00
Free/ subsidised medical camp	0.00	0.00
Disability programs	0.00	0.00
Free cancer screening	0.00	0.00
Social benefit expenses	0.00	0.00
Other grants and subsidies(<i>specify</i>)	0.00	0.00
Total grants and subsidies	0.00	0.00

21. General Expenses

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Advertising and publicity expenses	0.00	0.00
Catering expenses	294,994.00	199,190.00
Waste management expenses	0.00	0.00
Insecticides and rodenticides	65,860.00	0.00
Audit fees	0.00	0.00
Bank charges	108,061.00	149,560.00
Conferences and delegations	0.00	0.00
Consultancy fees	0.00	0.00
Contracted services	1,192,282.00	657,843.00
Electricity expenses	1,262,889.00	692,773.00
Fuel and Lubricants	1,050,000.00	783,570.00
Insurance	0.00	0.00
Research and development expenses	0.00	0.00
Travel and accommodation allowance	454,600.00	621,700.00
Industrial Gases	253,760.00	0.00
Licenses and permits	0.00	0.00
Courier and postal services	9,450.00	9,450.00
Printing and stationery	1,000,144.00	628,852.00
Hire charges	0.00	0.00
Rent expenses	0.00	0.00

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

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Water and sewerage costs	337,130.00	204,500.00
Skills development levies	0.00	0.00
Telephone and mobile phone services	235,000.00	153,000.00
Internet expenses	149,500.00	111,000.00
Staff training and development	225,000.00	126,200.00
Subscriptions to professional bodies	0.00	0.00
Subscriptions to newspapers periodical, magazines, and gazette notices	0.00	0.00
Library books/Materials/staff uniform	37,700.00	20,000.00
Parking charges	0.00	0.00
Total General Expenses	6,676,370.00	4,357,638.00

22. Finance Costs

Description	Current FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Borrowings (amortized cost) *	0.00	0.00
Finance leases (amortized cost)	0.00	0.00
Interest on Bank overdrafts/Guarantees	0.00	0.00
Interest on loans from commercial banks	0.00	0.00
Total finance costs	0.00	0.00

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

Description	Current FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Property, plant, and equipment	0.00	0.00
Intangible assets	0.00	0.00
Other assets not capitalised (<i>specify</i>)	0.00	0.00
Total gain on sale of assets	0.00	0.00

24. Unrealized Gain on Fair Value Investments

Description	FY 2024/2025.	Insert Comparative FY
	KShs	KShs
Investments at fair value	0.00	0.00
Total gain	0.00	0.00

25. Medical Services Contracts Gains /Losses

Description	FY 2024/2025.	Insert Comparative FY
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0.00	0.00
Non- Comprehensive contracts care with NHIF/SHA	1,939,048.00	(2,232,113.00)
Linda Mama Program	0.00	0.00
Waivers and Exemptions	0.00	0.00
Total Gain/Loss	1,939,048.00	(2,232,113.00)

26. Impairment Loss

Description	FY 2024/2025.	Insert Comparative FY
	KShs	KShs
Property, plant, and equipment	0.00	0.00
Intangible assets	0.00	0.00
Investments	0.00	0.00
Total impairment loss	0.00	0.00

27. Cash And Cash Equivalents

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Current accounts	4,166,330.00	8,778,259.00
On - call deposits	0.00	0.00
Fixed deposits accounts	0.00	0.00
Cash in hand	0.00	0.00
Others(<i>specify</i>)- FIF Pool Account	2,964,645.00	0.00
Total cash and cash equivalents	7,130,975.00	8,778,259.00

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

Description		FY 2024/2025.	Comparative FY 2023/2024.
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1101880465	4,166,330.00	8,778,259.00
Equity Bank, etc		0.00	0.00
Sub- total		4,166,330.00	8,778,259.00
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Equity Bank – etc		0.00	0.00
Sub- total		0.00	0.00
c) Fixed deposits account			
Bank Name	-	-	-
Sub- total		0.00	0.00
d) Others(specify)		0.00	0.00
cash in hand		0.00	0.00
FIF Pool Account (CFOMS)		2,964,645.00	0.00
Sub- total		2,964,645.00	0.00
		0.00	0.00
Grand total		7,130,975.00	8,778,259.00

28. Prepayments

Description	FY 2024/2025.	Insert Comparative FY
	Kshs	Kshs
Insurance	0.00	0.00
Rent	0.00	0.00
Water	0.00	0.00
Internet	0.00	0.00
Others specify	0.00	0.00
Total	0.00	0.00

29. Receivables From Exchange Transactions

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Medical services receivables	19,815,981.00	17,196,225.00
Rent receivables	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total receivables	19,815,981.00	17,196,225.00

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025.		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,001,840.00	15%	0.00	0%
Between 1- 2 years	0.00	0%	8,847,501.00	51.45%
Between 2-3 years	8,847,501.00	45%	8,348,724.00	48.55%
Over 3 years	7,966,640.00	40%	0.00	0%
Total (a+b)	19,815,981.00	100%	17,196,225.00	100%

30. Receivables From Non-Exchange Transactions

Description	FY 2024/2025.	Insert Comparative FY
	KShs	KShs
Transfers from the County Government	0.00	0.00
Undisbursed donor funds	0.00	0.00
Other debtors (<i>non-exchange transactions</i>)	0.00	0.00
Less: impairment allowance	0.00	0.00
Total	0.00	0.00

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024/2025.		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	0.00	0%	0.00	0%
Between 1- 2 years	0.00	0%	0.00	0%
Between 2-3 years	0.00	0%	0.00	0%
Over 3 years	0.00	0%	0.00	0%
Total (a+b)	0.00	0%	0.00	0%

31. Inventories

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Pharmaceutical supplies	2,232,618.00	1,848,300.00
Maintenance supplies	0.00	0.00
Food supplies	45,992.00	22,633.00
Linen and clothing supplies	433,000.00	929,100.00
Cleaning materials supplies	272,850.00	100,530.00
General supplies	0.00	0.00
Less: provision for impairment of stocks	0.00	0.00
Total	2,984,460.00	2,900,563.00

Detailed disclosure on inventories

	Current FY 2024/2025	Comparative FY 2023/2024.
Opening balance	2,900,563.00	0.00
Additional Inventory in the year	15,005,302.00	0.00
Inventory expensed in the year	(14,921,405.00)	0.00
Write-downs in the year	0.00	0.00
Others specify	0.00	0.00
Closing balance	2,984,460.00	2,900,563.00

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023(previous year)	79,072,000.00	16,702,828.00	4,500,000.00	550,000.00	0.00	1,910,173.00	0.00	0.00	102,735,001.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revaluation Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th Jun 2024	79,072,000.00	16,702,828.00	4,500,000.00	550,000.00	0.00	1,910,173.00	0.00	0.00	102,735,001.00
At 1 July 2024 (current year)	79,072,000.00	16,702,828.00	4,500,000.00	550,000.00	0.00	1,910,173.00	0.00	0.00	102,735,001.00
Additions	0.00	621,600.00	0.00	15,000.00	0.00	712,950.00	0.00	0.00	0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Transfer/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00
Revaluation Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
At 30th Jun 2025	79,072,000.00	17,324,428.00	4,500,000.00	565,000.00	0.00	2,623,123.00	0.00	0.00	104,084,551.00

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Depreciation and impairment									
At 1 July 2023 (previous year)		0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
Depreciation for the year		(139,190.00)	(93,750.00)	(5,729.00)	0.00	(19,898.00)	0.00	-	(258,567.00)
Disposals		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Impairment		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
At 30th June 2024.		(139,190.00)	(93,750.00)	(5,729.00)	0.00	(19,898.00)	0.00	-	(258,567.00)
At July 2024 (current year)		(139,190.00)	(93,750.00)	(5,729.00)	0.00	(19,898.00)	0.00	-	(258,567.00)
Depreciation		(343,705.00)	(550,781.00)	(69,965.00)	0.00	(325,403.00)	0.00	-	(1,289,854.00)
Disposals		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	(0.00)
Impairment		(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	-	(0.00)
Transfer/adjustment		0.00	-	0.00	-	-	0.00		0.00
At 30th June 2025.		(482,895.00)	(644,531.00)	(75,694.00)	0.00	(345,301.00)	0.00	-	(1,548,421.00)
Net book values									
At 30 th Jun 2024 (previous)	79,072,000.00	16,563,638.00	4,406,250.00	544,271.00	0.00	1,890,275.00	0.00	0.00	102,476,434.00
At 30 th Jun 2025 (current)	79,072,000.00	16,841,533.00	3,855,469.00	489,306.00	0.00	2,277,822.00	0.00	0.00	102,536,130.00

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

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
Additions-Internal development	0.00	0.00
Disposal	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization for the period	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

34. Investment Property

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
At beginning of the year	0.00	0.00
Additions	0.00	0.00
Disposals during the year	0.00	0.00
Fair value gain	0.00	0.00
Depreciation (<i>where investment property is at cost</i>)	0.00	0.00
Impairment	0.00	0.00
At end of the year	0.00	0.00

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

Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Trees in a plantation forest	0.00	0.00
Animals: Dairy Cattle, Pigs, Sheep	0.00	0.00
Others specify	0.00	0.00
Total	0.00	0.00

36. Trade and other Payables

Description	FY 2024/2025.		Comparative FY 2023/2024.	
	KShs		KShs	
Trade payables	1,008,330.00		2,734,053.00	
Employee dues	0.00		0.00	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	0.00		0.00	
Audit fee	0.00		0.00	
Doctors' fee	0.00		0.00	
Total trade and other payables	1,008,330.00		2,734,053.00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	944,330.00	94%	2,670,053.00	98%
1-2 years	64,000.00	6%	64,000.00	2%
2-3 years	0.00	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total	1,008,330.00	100%	2,734,053.00	100%

37. Refundable Deposits from Customers/Patients

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Medical fees paid in advance	0.00	0.00
Credit facility deposit	0.00	0.00
Rent deposits	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
Total deposits	0.00	0.00

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

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	0.00	0%	0.00	0%
1-2 years	0.00	0%	0.00	0%
2-3 years	0.00	0%	0.00	0%
Over 3 years	0.00	0%	0.00	0%
Total	0.00	0%	0.00	0%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	0.00	0.00	0.00	0.00
Change due to discount & time value for money	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00
Current Provisions	0.00	0.00	0.00	0.00
Non-Current Provisions	0.00	0.00	0.00	0.00
Total Provisions	0.00	0.00	0.00	0.00

39. Finance Lease Obligation

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Current Lease obligation	0.00	0.00
Long term lease obligation	0.00	0.00
Total	0.00	0.00

40. Deferred Income

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Current Portion	0.00	0.00
Non-Current Portion	0.00	0.00
Total	0.00	0.00

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

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	0.00	0.00	0.00	0.00
Additions during the year	0.00	0.00	0.00	0.00
Transfers to Capital fund	0.00	0.00	0.00	0.00
Transfers to statement of financial performance	0.00	0.00	0.00	0.00
Other transfers (<i>Specify</i>)	0.00	0.00	0.00	0.00
Balance C/F	0.00	0.00	0.00	0.00

41. Borrowings

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Balance at beginning of the period	0.00	0.00
External borrowings during the year	0.00	0.00
Domestic borrowings during the year	0.00	0.00
Repayments of external borrowings during the year	0.00	0.00
Repayments of domestic borrowings during the year	0.00	0.00
Balance at end of the period	0.00	0.00

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

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Current Obligation	0.00	0.00
Non-Current Obligation	0.00	0.00
Total	0.00	0.00

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Fair value of service concession assets recognized under PPE	0.00	0.00
Accumulated depreciation to date	0.00	0.00
Net carrying amount	<u>0.00</u>	<u>0.00</u>
Service concession liability at beginning of the year	0.00	0.00
Service concession revenue recognized	0.00	0.00
Service concession liability at end of the year	<u>0.00</u>	<u>0.00</u>

43. Cash Generated from Operations

Description	FY 2024/2025.	Comparative FY 2023/2024.
	KShs	KShs
Surplus for the year before tax	14,357.00	4,915,169.00
Adjusted for:		
Depreciation	1,289,854.00	258,567.00
Non-cash grants received	0.00	(0.00)
Impairment	0.00	0.00
Gains and losses on disposal of assets	0.00	0.00
Contribution to provisions	0.00	0.00
Contribution to impairment allowance	(0.00)	0.00
Working Capital adjustments		
Increase in inventory	(0.00)	(0.00)
Increase in receivables	(2,619,757.00)	(4,642,977.00)
Increase in deferred income	0.00	0.00
Increase in payables	617,813.00	2,734,053.00
Increase in payments received in advance	0.00	0.00
Net cash flow from operating activities	(697,733.00)	3,264,812.00

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30th June 2024. (previous year)				
Receivables from exchange transactions	17,196,225.00	0.00	17,196,225.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	8,778,259.00	8,778,259.00	0.00	0.00
Total	25,974,484.00	8,778,259.00	17,196,225.00	0.00
At 30th June 2025. (current year)				
Receivables from exchange transactions	19,815,981.00	3,001,840.00	16,814,141.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	7,130,975.00	7,130,975.00	0.00	0.00
Total	26,946,956.00	10,132,815.00	16,814,141.00	0.00

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 no allowance for uncollectible amounts has been made for irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due from NHIF. 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 30th June 2024.				
Trade payables	2,670,053.00	64,000.00	0.00	2,734,053.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	2,670,053.00	64,000.00	0.00	2,734,053.00
At 30th June 2025.				
Trade payables	944,330.00	64,000.00	0.00	1,008,330.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	944,330.00	64,000.00	0.00	1,008,330.00

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 30th June 2025.			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities			
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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.

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30th June 2025.			
Financial assets (investments, cash, debtors)	0.00	0.00	0.00
Liabilities	0.00	0.00	0.00
Trade and other payables	0.00	0.00	0.00
Borrowings	0.00	0.00	0.00
Net foreign currency asset/(liability)	0.00	0.00	0.00

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%	0.00	0.00
USD	10%	0.00	0.00
2025 (current year)		0.00	0.00
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

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.

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.

No detailed sensitivity analysis was undertaken during the year under review, other than a comparative analysis of the previous financial year against the current financial year 2024/2025.

iv) Capital Risk Management

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

Description	Current FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Revaluation reserve	0.00	0.00
Retained earnings	0.00	0.00
Capital reserve	0.00	0.00
Total funds	0.00	0.00
Total borrowings	0.00	0.00
Less: cash and bank balances	0.00	0.00
Net debt/ (<i>excess cash and cash equivalents</i>)	0.00	0.00
Gearing	0%	0%

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

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

Nakuru County Government is the principal shareholder of the Njoro Sub County Hospital, holding 100% of the Hospitals 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.	Comparative FY 2023/2024.
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to Related party	0.00	0.00
Sales of services to Related party	0.00	0.00
Total	0.00	0.00
b) Grants from the Government		
Grants from County Government	0.00	0.00
Grants from the National Government Entities	0.00	0.00
Donations in kind	0.00	0.00
Total	0.00	0.00
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	0.00	0.00
Payments for goods and services	0.00	0.00
Total	0.00	0.00
d) Key management compensation		

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

Description	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Directors' emoluments	0.00	0.00
Compensation to the medical Sup	0.00	0.00
Compensation to key management	0.00	0.00
	0.00	0.00
Total	0.00	0.00

46. Segment Information

The Hospital does not prepare segmental information, as it has no branches operating in different geographical regions or autonomous departments. Consequently, the provisions of IPSAS 18: Segment Reporting has no impact on Hospitals financial statements.

47. Contingent Liabilities

Contingent liabilities	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Court case against the hospital	0.00	0.00
Bank guarantees in favour of subsidiary	0.00	0.00
Total	0.00	0.00

48. Capital Commitments

Capital Commitments	FY 2024/2025.	Comparative FY 2023/2024.
	Kshs	Kshs
Authorised For	0.00	0.00
Authorised And Contracted For	0.00	0.00
Total	0.00	0.00

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

The entity is a County Government entity under the Department of health services. Its ultimate parent is the County Government of Nakuru.

51. Currency

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

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in the financial statements involving variance in revenue and expenditure between statement of performance against Budget actual amounts and variance between opening balance in the statement of changes in net assets FY 2022/20233 against statement of changes in net assets FY 2023/2024.	The management presented a budget reconciliation to address the variance between Budget actual revenue and actual expenditure against revenue and expenditure in the statement of performance FY 2023/2024. The management additionally acknowledges the erroneous omission of a capital figure in the statement of changes in net assets which was corrected in the FY 2023/2024 statement.	Resolved	Resolved
2.	Unsupported employee cost paid in kind by Nakuru county executive	The management acknowledges the gaps in the data provided by the county as non-comprehensive and agrees to follow up for a comprehensive information of relating to staff paid by the county executive.	Resolved	Resolved

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.2	Unsupported payments to technical, non-technical and casual employees	The management acknowledges the information provided for audit as not sufficient and has since provided all the data of employees paid by the Hospital	Resolved	Resolved
3.	Unsupported Capital fund balance	The Management acknowledges the disclosures made in the financial statements and concurs with the audit findings. The figures reported were based on changes in net assets which then has a corresponding variation in the capital fund balances as it adjusts proportionately to shifts in the asset base.	Not resolved	30/06/2026.
4.	Unsupported property plant and Equipment	The Management acknowledges the disclosures made in the financial statements and concurs with the audit findings. The figures reported were based on valuations provided by the County Valuer. However, the formal valuation report had not been finalized at the time of the audit and was therefore not presented.	Not resolved	30/06/2026.
5.	Lack of approved Budget	The management acknowledges the concerns raised regarding budget extracts; however, the matter has been	Resolved	Resolved

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

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)
		addressed in the FY 2024/2025 going forward.		
6.	Unsupported Procurement of fuel and lubricants	The management concurs with the findings and has since provided a treasury circular No.4 of 26 th June 2023 pertaining to the fuel management system.	Resolved	Resolved
1.	Lack of approved tariff structure for Hospital services	The management clarified the existence of a service charter with details of applicable charges per service	Resolved	Resolved
2.	Failure to transfer revenue to the county revenue fund account	The management concurs with findings and made clarifications that the non-transfer of funds was occasioned by the operationalization of FIF act 2023 which mandates public health facilities to retain all monies received or raised by opening a facility improvement financing account which can be utilize upon obtaining an authority to incur. Additionally the county has introduced a pool account of all monies that are collected by Hospitals.	Resolved	Resolved
3.	Non compliance with requirements on universal health care	The management acknowledges the gaps in implementation of universal health care due to human resource and infrastructural deficiencies.	Not Resolved	-

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

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)
4.	Irregular engagement of casuals	Management affirms that the Hospital has no mandate to engage casual employees directly. Recruitment, termination, and extension of contracts are matters handled by the County Public Service Board.	Not Resolved	
5.	Lack of approved staff establishment	Management notes the absence of an approved staff establishment for the Hospital. In the interim, staffing needs are guided by the annual work plan, which serves as the basis for planning and allocation of human resources.	Not Resolved	30/06/2026.
1	Weak internal controls in inventory management	Management emphasizes the existence of a robust inventory management system within the Hospital. The system ensures effective control from the point of receiving supplies to their issuance to respective user departments, thereby promoting accountability, efficiency, and proper utilization of resources.	Resolved	Resolved
2.	Long outstanding trade and other receivables	Management acknowledges the existence of overdue claims that remain unsettled by NHIF. No provision for doubtful debts has been recognized, as there is no objective evidence to indicate impairment. This position is based on the fact that the principal	Not Resolved	30/06/2026

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

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)
		debtor is a public institution wholly owned by the Government.		

Guidance Notes:

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

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Accounting Officer

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

Appendix II: Projects Implemented by The Hospital

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							

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....N/A.....

Name of Beneficiary entity.....N/A.....

Confirmation of amounts received as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
None	None	None	-	-	None
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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

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		
None	None	None	None	-	-	-	-	None	None

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

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
None	None	None	None	None	-	None