

REPUBLIC OF KENYA



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**NYANDIWA LEVEL 4 HOSPITAL**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

**COUNTY GOVERNMENT OF HOMA BAY**

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**NYANDIWA LEVEL 4 HOSPITAL  
(Homa bay County Government)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

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

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## **1. Acronyms & Glossary of Terms**

|                      |   |
|----------------------|---|
| CSR                  | Corporate Social Responsibility   |
| OSHA                 | Occupational Health & Safety Act  |
| PFMA                 | Public Financial Management Act   |
| MED SUP              | Medical Superintendent  |
| Fiduciary Management | Key management personnel who have financial responsibility in the entity. |
| HBCSPA               | Homabay County Special Purpose Account                                    |
| SHIF                 | Social Health Insurance Fund  |
| NHIF                 | National Hospital Insurance Fund  |
| KEMSA                | Kenya Medical Supplies Authority  |
| MEDS                 | Mission for Essential Drugs and Supplies                                  |
| TB                   | Tuberculosis  |
| HIV                  | Human Immunodeficiency Virus  |
| CRF                  | County Revenue Fund   |
| USAID                | United States Agency for International Development                        |
| ICT                  | Information Communication Technology                                      |
| PHC                  | Primary Healthcare  |
| SHIF                 | Social Health Insurance Fund  |

## 2. Key Entity Information and Management

### (a) Background information

Nyandiwa Level 4 Hospital is a level 4 hospital established under gazette notice number 13505 and is domiciled in Homa Bay County under the Public Health and Medical Services Department. The hospital is governed by a Board of Management.

### (b) Principal Activities

The hospital pursues similar mission and vision as the Homabay County department of public health and medical services which is to provide sustainable, technologically driven, evidenced-based and client-centred healthcare services; and to become and remain a county free of preventable diseases and controllable ill health respectively.

The key principal activities or strategic objectives of the hospital are;

- i. To improve leadership, governance, management and operational systems
- ii. To strengthen hospital infrastructure by investing in modern, resilient, and sustainable facilities that enhance healthcare delivery, accommodate advanced medical technologies, and improve accessibility for all communities.
- iii. To ensure sustainable health financing through innovative resource mobilization, equitable allocation, and efficient utilization of funds to achieve Universal Health Coverage (UHC) and improve access to quality healthcare for all
- iv. To improve human resources management
- v. To increase utilization of health care services

### (c) Key Management

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

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

### (d) Fiduciary Management

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

| No. | Designation                   | Name                            |
|-----|-------------------------------|---------------------------------|
| 1.  | Medical Superintendent        | <b>Fredrick Odiwuor Owino</b>   |
| 2.  | Health Administrative Officer | <b>Kennan Owili</b>             |
| 3.  | Head of Finance/Accountant    | <b>Austine Odhiambo Ochieng</b> |
| 4.  | Nursing Officer In-Charge     | <b>Charles Jairo</b>            |

**(e) Fiduciary Oversight Arrangements**

In a rapidly changing healthcare landscape, hospitals along with the individuals serving on their committees and governing boards, are seeing the need for prudent oversight of their organizations. Due to a rising number of lawsuits, trustees need to ensure that their organizations are taking proactive steps to protect their organizations and themselves. Nyandiwa Level 4 Hospital, being a government entity has formed various committees to ensure robust fiduciary oversight.

**i. Quality Improvement Team**

Quality Improvement Team (QIT) is a team taking lead to implement quality improvement activities. Group of multi skilled employee charged with responsibilities of improving processes or services. The team include top and middle management members to coordinate initial planning and implementation.

The members include;

Mr. Fredrick Odiwuor – Chairperson

Kennan Owili - HAO

Mr. Charles Jairo - Nurse In charge (Secretary)

Ezborn Onyango- Pharm Tech

Isaiah Anuro – Lab Manager

Victor Agingu – HRIO

**ii. Emergency Response Team**

Hospital Emergency Response Teams (HERT) is comprised of multi disciplines and specialties that activate and respond during emergencies. The team is responsible for Security of the hospital facility and grounds. Registration, patient tracking, triage, treatment, decontamination, detection & monitoring and movement of patients into the facility or on to other definitive medical care. The members are;

Mr. Fredrick Odiwuor Owino– Chairperson

Kennan Owili - HAO – Secretary

Mr. Charles Jairo (Nurse In charge)

Mr. Isaiah Anuro- Lab Tech

**iii. Maternal and Perinatal Death and Surveillance Response (MPDSR)**

MPDSR is a committee that ensures that deaths of mothers or babies during pregnancy, childbirth and post-natal period are notified, information is collected, causes reviewed and responses identified to prevent unnecessary deaths in future. The members are;

Mr. Fredrick Odiwuor Owino– In-Charge

Mr. Ezborn Onyango- Pharm Tech

Mr. Kennan Owili - HAO

Mr. Charles Jairo- Nurse In charge (Chairperson)

Mr. Isaiah Anuro- Lab Tech

Victor Agingu – HRIO (Secretary)

**iv. Medicines and Therapeutic Committee**

This committee facilitate the rational use of medicines, policy development and the identification of cost-effective medications in the hospital.

The members are;

Mr. Ezborn Onyango – Pharm Tech (Secretary)

Mr. Fredrick Odiwuor Owino – In-Charge (Chairperson)

Mr. Charles Jairo – Nursing Officer In-charge

Mr. Kennan Owili – HAO

Mr. Isaiah Anuro – Lab Manager

**v. County Assembly**

The County Assembly through committees offers appropriate legislation and oversight over the facility board and management.

**Key Entity Information and Management (continued)**

**(f) Entity Headquarters**

P.O. Box 17 - 40333  
Nyandiwa Level 4 Hospital Building  
Sori - Kisegi Road  
NYANDIWA, GWASII KENYA

**(g) Entity Contacts**

Telephone: (+254) 740 035 328  
E-mail: [nyandiwalevel4@gmail.com](mailto:nyandiwalevel4@gmail.com)  
Nyandiwahc123@gmail.com

**(h) Entity Bankers**

Co-operative Bank of Kenya  
Ndhiwa Branch

**(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**

P.O. Box. 469  
Homabay, Kenya

### 3. The Board of Management

| Ref | Directors   | Details   |
|-----|---|---|
| 1.  | <br>Zaddock Otieno Aloo<br>ATS IV Teacher                                | Zaddock is a retired headteacher with vast administrative experience. He is an independent director and chairs the Finance and General-Purpose Committee. He is the Chairperson of the board of management. |
| 2.  | <br>Washington Omira<br>Bachelor Degree in Administration                | Member, Ward Administrator  |
| 3.  | Suleiman Jarabu<br>Kenya Certificate of Secondary Education   | Member  |
| 4.  | <br>Zilpa Awuor Aneya<br>Diploma in Community Development              | Member  |
| 5.  | <br>Fredrick Odiwuor Owino<br>Diploma in Clinical Medicine and Surgery | MED SUP, Secretary  |
| 6.  | <br>Kennedy John Abuya<br>Diploma in Social Work                       | Member  |

|    |   |        |
|----|---|--------|
| 7. | <br>Susan Mumbo<br>Diploma in Clinical Nutrition<br>Certificate in HTS | Member |
| 8. | <br>William Onditi<br>Kenya Certificate of Secondary Education         | Member |
| 9. | Michael Ben Ongombah<br>Master in Education   | Member |

4. Key Management Team

| Ref | Management  | Details                       |
|-----|---|-------------------------------|
| 1.  | <br>Fredrick Odiwuor Owino<br>Diploma in Clinical Medicine and Surgery | Medical Superintendent        |
| 2.  | <br>Charles Jairo<br>Diploma in Nursing                                | Nursing Officer in-charge     |
| 3.  | <br>Kennan Owili<br>Diploma in Accountancy                            | Health Administrative Officer |
| 4.  | <br>Austine Odhiambo Ochieng<br>Bachelor of Commerce – Finance       | Accountant                    |

## **5. Chairman's Statement**

It's my pleasure to present the Annual Report and financial statements of Nyandiwa Level 4 Hospital. The Hospital has demonstrated its commitment to centralized specialized health care services to all citizens in the region. Management and operations of the hospital is guided by the existing legal policies and institutional frameworks that govern the health sector to ensure efficient and effective delivery of services in the hospital. The hospitals operations are also influenced by various global, regional and national strategies aimed at promoting, restoring and maintaining the health care service delivery.

During the period under review, the board working together with the management team realized notable milestones such as the construction of new outpatient block, modern kitchen, septic tank and capital repair of utility double cab pickup. The facility also witnessed astronomical revenue growth from user fees collections and insurance reimbursements.

### **Corporate governance**

The board of management carried out its mandate diligently and with focus to drive the Hospital towards achieving its mission. The Board of management is composed of the right balance of skills, experience and backgrounds to support the management team.

On behalf of the Board of management, I would like to extend my appreciation to Homabay County Government and all our stakeholders and development partners for the continued support that has enabled Nyandiwa Level 4 Hospital realize its mandate. I would also like to thank the management and staff for their commitment and dedication that ensured the highest quality service delivery and improved performance this financial year.

Finally, I would like to express my sincere gratitude to my fellow Board Members, for their dedication and hard work during the year. I would also like to take this opportunity to applaud the Facility In-Charge, for creating synergy and leading the management team and all staff to greater achievement.

Nyandiwa Level 4 Hospital (Homa Bay County Government)  
Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025

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NYANDIWA LEVEL 4 HOSPITAL  
MEDICAL SUPERINTENDENT  
Alo  
29 AUG 2025  
P. O. Box 17 - 40333,  
NYANDIWA, GWASSI-SUBA

.....  
Zaddock Otieno Aloo  
Chairman to the Board

## **6. Report of The Medical Superintendent**

I am pleased to present the Hospital's annual report and financial statements for the year ended 2024/2025. The report highlights the hospitals operational and financial performance as well as our strategic direction.

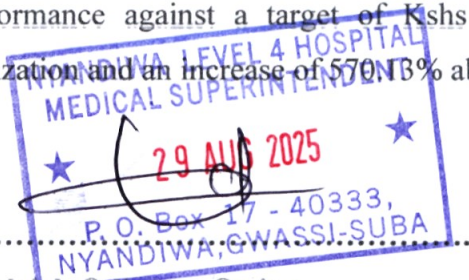
The Hospital realized a surplus of Kshs 31,499,604 during the year, an improvement from a surplus of Kshs 1,271,825 in the previous fiscal year. The key driver of this performance was the delivery by management of the key strategic pillars, with the support of the Board of Management.

### **Operational Performance**

The hospital provides specialized healthcare services. To meet our patients' needs, we have specialists of medical practice who ensure our patients receive safe, timely, equitable, efficient, effective and patient-centered services. In the period under review the hospital attended to a greater number of inpatients and outpatients in comparison to the previous period.

### **Financial Review**

In order to meet the cost of operations and maintenance, the hospital relies on internally generated revenue, the largest component being cost-sharing revenue. During the period under review, the hospital generated a total revenue of Kshs 112,749,537 as disclosed in the statement of financial performance against a target of Kshs 67,737,432. This represents 166.45% revenue target realization and an increase of 570.13% above the previous year's internally generated revenue.



**Fredrick Odiwuor Owino**  
**Secretary to the Board**

## 7. Statement of Performance Against Predetermined Objectives

Nyandiwa Level 4 Hospital has one strategic pillar/ theme/issue and Five objectives within the current Strategic plan/CIDP of Homabay County Government for the FY 2024 – 2025. This strategic pillar/ theme/ issue is:

Pillar/theme/issue: To Provide Integrated Accessible and Quality Healthcare Services Through Effective and Efficient Infrastructure and Partnership

Nyandiwa Level 4 Hospital develops its annual work plans based on the above pillar/Theme/Issue. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The hospital achieved its performance targets set for the FY 20224/2025 period for its strategic pillar, as indicated in the diagram below:

| <b>Strategic Pillar/Theme/Issues</b>   | <b>Objective</b>  | <b>Key Performance Indicators</b>   | <b>Activities</b>   | <b>Achievements</b>   |
|--|---|---|---|---|
| Pillar – To provide Integrated Accessible and Quality Healthcare Services Through Effective and Efficient Infrastructure and Partnership | 1. To offer quality Health Services under one roof in a most effective and efficient to the satisfaction of the customer. | - To reduce referrals to other facilities.<br>- To diversify range of services offered by the hospital.<br>-To fast-track efficiency and staff satisfaction with modern facility. | -Establish quality healthcare standards. (Accreditation)<br>-Strengthen client follow up mechanism and systems (Referral clinics established).<br>-Strengthened partnership with communities, | -Improved quality of healthcare.<br>-Expanded client base.<br>-Improved facility reputation.<br>Strengthened partnership with communities, public and private sector. |

|  |   |  |  |   |
|--|---|--|--|---|
|  |   |  | public and private sectors.<br>-Initiate provider driven insurance.  |   |
|  | 2.Modernise infrastructure, machinery and equipment | - To develop an infrastructure master plan.<br>- Fully equip the facility.                                   | - To develop a master plan.<br>- Obtain equipment and maintain through the MESS program.                         | - Master physical plan developed.<br>- Key infrastructures such as outpatient block and modern kitchen constructed. |
|  | 3. To attain financial sustainability               | - Cost rationalization.<br>- Institutionalize resource mobilization.<br>-Enhance internal control mechanism. | -Incorporating various modes of revenue generation; cash and NHIF/SHIF<br>-Install or upgrade health instruction | -All our clients are able to receive services irrespective of mode of healthcare financing.                         |

|  |  |   |   |   |
|--|--|---|---|---|
|  | <p>4. To strengthen the human resource capacity.</p> | <p>-Diversification of revenue generation streams.<br/>-Staff retention. Full potential and optimal utilization of staff.<br/>-To enhance hospital performance by training and motivation of staff.<br/>-Upscale leadership and management for increased performances.<br/>-Focus on partnership with other Health service providers for technical support.<br/>-Up scaling quick and</p> | <p>software to improve internal control and hence revenue collection.<br/>-Keep staff informed of any development in the hospital through circulars and holding regular meetings.<br/>-Holding weekly continuous medical education.<br/>-Staff appraisal system in place.</p> | <p>-Improved service delivery<br/>-Improved staff retention</p> |
|--|--|---|---|---|

|  |  |   |  |   |
|--|--|---|--|---|
|  | <p>5. To develop or install facility Health Management Information System.</p> | <p>efficient service delivery.</p> <ul style="list-style-type: none"> <li>-ICT systems in place.</li> <li>-Build staff ICT capacity.</li> <li>-Improve access to ICT materials</li> </ul> | <ul style="list-style-type: none"> <li>-Upgrade ICT systems.</li> <li>-Build staff ICT capacity by training.</li> <li>-Improve access to ICT materials.</li> </ul> | <ul style="list-style-type: none"> <li>-Efficient data collection, management and dissemination.</li> <li>-Improved diagnosis and treatment.</li> <li>-Improved access to relevant health infrastructure and data.</li> </ul> |
|--|--|---|--|---|

## **8. Corporate Governance Statement**

The Nyandiwa Level 4 Hospital has a board charter approved by the County Government to guide their operations in all level 4 hospitals within the County. The charter stipulates the board of management functions, roles, responsibilities, selection process, membership, composition of the board, organization of the board, how to conduct meetings, orientation and induction of new members, guidelines on remuneration, conflict resolution among members, process of removal of a member, reasons for termination of membership, performance evaluation and ethical conduct. In addition to this, their major priority is ensuring excellent service delivery to patients.

### **Appointment and Induction of Board Members**

Appointment of Board members is as prescribed under the Homabay County Health Services Act, 2020 Section 36 (2), (3) and section 38. Induction of the members is as prescribed in the board charter.

### **Role of the Board**

The responsibility of driving good corporate governance and stewardship of the Hospital is vested in the board of management. The board through its Finance and General-Purpose, Quality of Healthcare and Audit committees provide strategic direction while the Facility in-charge assisted by the Executive Management Committee is accountable to the Board for implementing the strategy. The functions of the board are spelt out in the charter as well as the Homa Bay County Health Services Act, 2020 section 41 (1).

### **Board Meetings Attendance**

In the financial year ended 2024/2025, Board meetings were held strictly as per the Board Almanac for committees and full Board. There were no special meetings.

### **Board Committees**

- a) Finance and General-Purpose committee
- b) Quality of Healthcare committee
- c) Audit Committee

**Conflict of interest**

Declaration of conflict of interest is a standing agenda in all meetings of the Board and its committees.

## **9. Management Discussion and Analysis**

The management used tables to make the information as understandable as possible. The information does show a comparative figure for the previous years.

### **Clinical Performance**

Nyandiwa Level 4 Hospital continues to provide a wide range of highly specialized healthcare services to Kenyans and patients from Homabay County and across the counties. Specialized services include specialized outpatient clinics and inpatient care amongst other services. The hospital also provides clinical support services that include laboratory and pharmacy.

### **Overall patient attendance**

The average patient attendance for the period under review generally indicated an improvement both in outpatient and inpatient. There was a general increase in outpatient attendance of 2.2% and 135.4% in the inpatients in the financial year under review. This was attributed to the effect of the consistent medical supplies and other commodities.

### **Average Length of Stay**

The average length of stay (ALOS) is an indicator of efficiency in the provision of inpatient health care in the hospital. Generally, the average length of stay in the hospital has been falling (between FY 2023/2024 to 2024/2025).

### **Bed occupancy rate.**

For financial year ended 2024/25, the bed occupancy rate averaged 95%. This was attributed to the specialized and quality healthcare services offered in the hospital that attract clients from across the region and beyond. The other side of this is the overstretching of the hospital facilities and the congestion of patients in the wards. Notably, there was an increase in the period under review due to consistent medical supplies and commodities in the hospital.

### **Mortality Rate**

During the period under review, the death rate averaged 2%. This is attributed to the critically ill patients referred to and managed in the hospital.

*Nyandiwa Level 4 Hospital (Homa Bay County Government)*  
*Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025*

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NYANDIWA LEVEL 4 HOSPITAL  
MEDICAL SUPERINTENDENT  
29 AUG 2025  
P.O. BOX 1740333,  
NAIROBI/NAIROBI-KASSI-SUBA

.....  
Fredrick Odiwuor Owino  
Secretary to the Board

## **10. Environmental And Sustainability Reporting**

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

### **i) Sustainability strategy and profile**

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

### **ii) Environmental performance**

The organization has environmental policy in the county environment department guiding the facility. The hospital also manages its waste within the facility through public health in collaboration with the department of environment and transports others to Suba Sub County Hospital for incineration.

### **iii) Employee welfare**

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

### **Policy guiding hiring process**

Every department prepares Human Resource Plans to support achievement of goals and objectives in their strategic plans. The plans are based on comprehensive job analysis and are reviewed every year to address emerging issues and staffing needs.

On the basis of these Human resource plans, departments develop annual recruitment plans which is forwarded to the County Public Service Board at the beginning of each financial year to enable

it plan to fill vacancies. Departments through the County Public Service Board will advertise all vacant posts in a manner that reaches the widest pool of potential applicants.

Recruitment is undertaken on the basis of fair competition and merit, representation of Kenyans diverse communities, adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

### **Efforts made in improving skills and managing careers**

Training and capacity building in the County's Public Service is key towards improving skills and managing career progression. Training Needs Assessment is a performance audit that generates and provides information to assess the inadequacy of knowledge and skills which inhibits an organisation from attaining its objectives.

Training in the County's Public Service is based on Training Needs Assessment which are conducted in each department. Departments are required to prepare training projections based on Training Needs Assessment to guide in the nomination of officers for training.

Selection of trainees for all training programmes are based on identified needs and normally emphasises on training for performance improvement. Training programmes comprise both short- and long-term courses in specific professions that are intended to impart required knowledge, skills and attitudes to enhance staff performance.

The County continually develops its employee's professional knowledge and skills and encourage them to join relevant professional bodies. The County establishes mechanisms for supporting employees where the career guidelines require them to be members of a professional body.

For new staff who have joined the County, Induction Training is expected to help them familiarise with the work environment and requirements. Departments are expected to conduct induction training within three (3) months for newly recruited officers and those joining the departments on transfers, promotions and re-designation.

### **Appraisal and reward system**

Staff Performance Appraisal System is predicated upon the principles of work planning, setting of agreed performance targets, feedback and reporting. Appraisal systems are also linked to other human resource systems and processes including staff development, career progression, placement, rewards and sanctions.

Prior to the beginning of the performance appraisal period, departments prepare work plans based on their strategic plans. The departments work plans include the departmental priorities objectives from which individual performance targets will be derived.

Employee's individual work plans will be derived from the departmental work plans and officers job description. The appraisals period covers one (1) year starting 1<sup>st</sup> July to 30<sup>th</sup> June of the following year. The performance appraisal reflects the summation of the year's performance including quarterly and mid-year reviews.

### **Reward System**

Exemplary performance is rewarded through incentives, promotions, recognition of major improvements, training.

### **Policy on safety and compliance with occupational safety and health Act of 2007, (OSHA)**

Employees are protected from accidents and occupational hazards arising at the work place. Measures to prevent and mitigate against accidents at work place, explosions, fire, floods, earthquakes, both threats. Through provision of First aid kits, fire protection, firefighting and demonstration, providing fire assembly areas, emergency preparedness in such events.

- Fire protection and protection in buildings
- No hazardous or highly inflammable materials should be stored in buildings
- Firefighting equipment should be placed in strategic places
- Provision of protective equipment and clothing
- Medical examination
- Compensation of officers in case of injury at work

**iv) Market place practices-**

**a) Responsible competition practice.**

The organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors by competitively awarding contract. The management has departmental service charters in all service centres to ensure improved service delivery.

**b) Responsible Supply chain and supplier relations**

The management maintains good business practices, and treats its own suppliers responsibly by honouring contracts and respecting payment practices. Suppliers of commodities and other contractors are promptly paid to maintain good business relations.

**c) Responsible marketing and advertisement or Responsible engagement with citizens**

The hospital maintains responsible engagement with citizens through consultative forums, avoiding false or exaggerated promises, giving adequate information, respecting diversity.

**d) Product stewardship or Awareness Creation**

The hospital management endeavours to protect and safeguard patients' rights and interests. This is achieved through protection of health and safety, providing adequate product information, consumer data and privacy protection. Furthermore, the hospital, safeguards patients' rights and interests particularly by providing adequate service information in relation to SHIF and PHC.

**v) Corporate Social Responsibility / Community Engagements**

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

## 11. Report of The Board of Management

The board members submit their report together with the audited financial statements for the year that ended June 30, 2025, which show the state of Nyandiwa Level 4 Hospital affairs.

### Principal activities

The principal activities of the entity are;

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

### Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 to 7

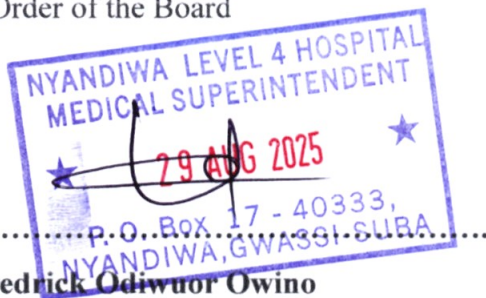
### Board of Management

The members of the Board who served during the year are shown on page VIII. During the year, no board member retired or resigned.

### Auditors

The Auditor General is responsible for the statutory audit of the Nyandiwa Level 4 Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Fredrick Odiwuor Owino

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 Nyandiwa Level 4 Hospital, which give a true and fair view of the state of affairs of Nyandiwa Level 4 Hospital at the end of the financial year and the operating results of Nyandiwa Level 4 Hospital for that year. The Board of Management is also required to ensure that Nyandiwa Level 4 Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the hospital. The council members are also responsible for safeguarding the assets of Nyandiwa Level 4 Hospital.


The Board of Management is responsible for the preparation and presentation of Nyandiwa Level 4 Hospital financial statements, which give a true and fair view of the state of affairs of the hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Nyandiwa Level 4 Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Board of Management accepts responsibility for the 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. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of Nyandiwa Level 4 Hospital transactions during the financial year ended June 30, 2025, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of Nyandiwa Level 4 Hospital financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of management to indicate that the 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 29/08/2025 and signed on its behalf by:

  
.....  
**Zaddock Otieno Aloo**  
Chairperson  
Board of Management

  
.....  
**Fredrick Odiwuor Owino**  
Accounting Officer

**NYANDIWA LEVEL 4 HOSPITAL  
MEDICAL SUPERINTENDENT**  
**29 AUG 2025**  
P. O. Box 1740333  
NYANDIWA, GWASSI-SUBA

**13. Report of the Independent Auditor on Nyandiwa Level 4 Hospital**

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


| Description                                   | Note | 2024-2025          | 2023-2024         |
|---|------|--------------------|-------------------|
|   |      | Kshs               | Kshs              |
| <b>Revenue from non-exchange transactions</b> |      |                    |                   |
| In-kind contributions from USAID              | 6    | 12,139,932         | -                 |
|   |      | <b>12,139,932</b>  | -                 |
| <b>Revenue from exchange transactions</b>     |      |                    |                   |
| Rendering of services- Medical Service Income | 7    | 1,090,420          | 1,545,157         |
| Miscellaneous Income                          | 8    | 99,519,185         | 15,562,676        |
| <b>Revenue from exchange transactions</b>     |      | <b>100,609,605</b> | <b>17,107,833</b> |
| <b>Total revenue</b>                          |      | <b>112,749,537</b> | <b>17,107,833</b> |
|   |      |                    |                   |
| <b>Expenses</b>                               |      |                    |                   |
| In Kind Contribution from USAID               | 6    | 12,139,932         |                   |
| Medical/Clinical costs                        | 9    | 40,139,887         | 7,781,900         |
| Employee costs                                | 10   | 1,933,972          | 1,525,400         |
| Board of Management Expenses                  | 11   | 319,500            | 88,500            |
| Depreciation and amortization expense         | 12   | 577,078            | 84,917            |
| Repairs and maintenance                       | 13   | 4,016,500          | 1,348,000         |
| Grants and subsidies                          | 14   | 8,279,130          | -                 |
| General expenses                              | 15   | 13,843,934         | 5,007,291         |
| <b>Total expenses</b>                         |      | <b>81,249,933</b>  | <b>15,836,008</b> |
|   |      |                    |                   |
| <b>Net Surplus for the year</b>               |      | <b>31,499,604</b>  | <b>1,271,825</b>  |

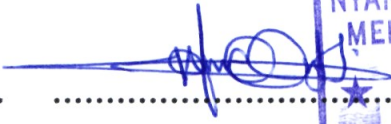
The notes set out on pages 8 to 38 form an integral part of the Annual Financial Statements.


**Nyandiwa Level 4 Hospital (Homa Bay County Government)**  
**Annual Report and Financial Statements for The Year Ended 30<sup>th</sup> June 2025**

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The Hospital's financial statements were approved by the Board on 29/08/2025 and signed on its behalf by:

  
.....  
**Chairman**  
**Board of Management**

  
.....  
**Accountant**

  
.....  
**Medical Superintendent**

NYANDIWA MEDICAL  
P. O. Box 17  
NYANDIWA, GWASSI

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28/08/2025

**15. Statement of Financial Position As At 30<sup>th</sup> June 2025**

| Description                            | Note | 2024-2025         | 2023-2024        |
|--|------|-------------------|------------------|
|  |      | Kshs              | Kshs             |
| <b>Assets</b>                          |      |                   |                  |
| <b>Current assets</b>                  |      |                   |                  |
| Cash and cash equivalents              | 16   | 11,168            | 6,880            |
| Receivables from exchange transactions | 17   | 33,250,747        | 1,281,000        |
| Inventories                            | 18   | 1,220,810         | 245,083          |
| <b>Total Current Assets</b>            |      | <b>34,482,724</b> | <b>1,532,963</b> |
|  |      |                   |                  |
| <b>Non-current assets</b>              |      |                   |                  |
| Property, plant, and equipment         | 19   | 12,706,569        | 426,142          |
| <b>Total Non-current Assets</b>        |      | <b>12,706,569</b> | <b>426,142</b>   |
|  |      |                   |                  |
| <b>Total assets (A)</b>                |      | <b>47,189,293</b> | <b>1,959,105</b> |
|  |      |                   |                  |
| <b>Liabilities</b>                     |      |                   |                  |
| <b>Current liabilities</b>             |      |                   |                  |
| Trade and other payables               | 20   | 1,185,315         | 161,300          |
| <b>Total Current Liabilities</b>       |      | <b>1,185,315</b>  | <b>161,300</b>   |
|  |      |                   |                  |
| <b>Total Liabilities (B)</b>           |      | <b>1,185,315</b>  | <b>161,300</b>   |
|  |      |                   |                  |
| <b>Net assets (A-B)</b>                |      | <b>46,003,978</b> | <b>1,797,805</b> |
|  |      |                   |                  |
| <b>Represented by:</b>                 |      |                   |                  |
| Accumulated surplus                    |      | 32,871,267        | 1,371,663        |
| Capital Fund                           |      | 13,132,711        | 426,142          |
|  |      | <b>46,003,978</b> | <b>1,797,805</b> |
|  |      |                   |                  |
| <b>Net Assets</b>                      |      | <b>47,189,293</b> | <b>1,959,105</b> |

The notes on pages 8 to 38 form an integral part of the Annual Financial Statements.

The Hospital's financial statements were approved by the Board on 29/05/2025 and signed on its behalf by:

*[Handwritten signature]*

.....  
**Chairman**  
**Board of Management**

*[Handwritten signature]*

.....  
**Accountant**



.....  
**Medical Superintendent**

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

| <b>Description</b>         | <b>Accumulated surplus</b> | <b>Capital Fund</b> | <b>Total</b>      |
|----------------------------|----------------------------|---------------------|-------------------|
|                            | <b>Kshs</b>                | <b>Kshs</b>         | <b>Kshs</b>       |
| <b>As at July 1, 2023</b>  | <b>99,838</b>              |                     | <b>99,838</b>     |
| Surplus for the year       | 1,271,825                  | -                   | 1,271,825         |
| Capital/Development grants | -                          | 426,142             | 426,142           |
| <b>As at June 30, 2024</b> | <b>1,371,663</b>           | <b>426,142</b>      | <b>1,797,805</b>  |
|                            |                            |                     |                   |
| <b>At July 1, 2024</b>     | <b>1,371,663</b>           | <b>426,142</b>      | <b>1,797,805</b>  |
| Surplus for the year       | 31,499,604                 | -                   | 31,499,604        |
| Capital                    | -                          | 12,706,569          | 12,706,569        |
| <b>At June 30, 2025</b>    | <b>32,871,267</b>          | <b>13,132,711</b>   | <b>46,003,978</b> |

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

| Description   | Note | 2024 – 2025         | 2023 – 2024       |
|---|------|---------------------|-------------------|
|   |      | Kshs                | Kshs              |
| <b>Cash flows from operating activities</b>                 |      |                     |                   |
| <b>Receipts</b>   |      |                     |                   |
| Rendering of services- Medical Service Income               | 7    | 1,090,420           | 1,545,157         |
| Miscellaneous receipts (NHIF & SHIF)                        | 8A   | 66,268,438          | 14,281,676        |
| <b>Total Receipts</b>                                       |      | <b>67,358,858</b>   | <b>15,826,833</b> |
|   |      |                     |                   |
| <b>Payments</b>   |      |                     |                   |
| Medical/Clinical costs                                      | 9    | 27,814,955          | 7,781,900         |
| Employee costs  | 10   | 1,933,972           | 1,404,100         |
| Board of Management Expenses                                | 11   | 319,500             | 88,500            |
| Repairs and maintenance                                     | 13   | 4,016,500           | 1,348,000         |
| Grants and subsidies  | 14   | 8,279,130           | -                 |
| General expenses  | 15   | 12,133,009          | 4,967,291         |
| <b>Total Payments</b>                                       |      | <b>54,497,066</b>   | <b>15,589,791</b> |
|   |      |                     |                   |
| <b>Net cash flows from operating activities</b>             | 21   | <b>12,861,792</b>   | <b>237,043</b>    |
|   |      |                     |                   |
| <b>Cash flows from investing activities</b>                 |      |                     |                   |
| Purchase of property, plant, equipment                      | 19   | 12,857,505          | (330,000)         |
| <b>Net cash flows used in investing activities</b>          |      | <b>(12,857,505)</b> | <b>(330,000)</b>  |
|   |      |                     |                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>4,287</b>        | <b>(92,958)</b>   |
|   |      |                     |                   |
| Cash and cash equivalents as at 1 July                      | 16   | 6,880               | 99,838            |
|   |      |                     |                   |
| <b>Cash and cash equivalents as at 30 June</b>              | 16   | <b>11,168</b>       | <b>6,880</b>      |



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

| Description                                   | Original budget   | Adjustments  | Final budget      | Actual on comparable basis | Performance difference | % of utilization |
|---|-------------------|--------------|-------------------|----------------------------|------------------------|------------------|
|   | a                 | b            | c=(a+b)           | d                          | e=(c-d)                | f=d/c%           |
|   | Kshs              | Kshs         | Kshs              | Kshs                       | Kshs                   |                  |
| Budget carryovers from the previous year      | -                 | 6,880        | 6,880             | 6,880                      | -                      | 100%             |
| <b>Receipts</b>                               |                   |              |                   |                            |                        |                  |
| Rendering of services- Medical Service Income | 660,000           | -            | 660,000           | 1,090,420                  | (430,420)              | 165%             |
| Miscellaneous receipts (NHIF, PHC & SHIF)     | 67,077,432        | -            | 67,077,432        | 66,268,438                 | 808,994                | 99%              |
| <b>Total receipts</b>                         | <b>67,737,432</b> | <b>6,880</b> | <b>67,744,312</b> | <b>67,365,738</b>          | <b>378,574</b>         | <b>99%</b>       |
| <b>Payments</b>                               |                   |              |                   |                            |                        |                  |
| Medical/Clinical costs                        | 28,513,290        | -            | 28,513,290        | 27,814,955                 | 698,335                | 98%              |
| Employee costs                                | 1,873,472         | -            | 1,873,472         | 1,933,972                  | (60,500)               | 103%             |
| Remuneration of directors                     | 354,000           | -            | 354,000           | 319,500                    | 34,500                 | 90%              |
| Repairs and maintenance                       | 4,725,300         | -            | 4,725,300         | 4,016,500                  | 708,800                | 85%              |
| Grants and subsidies                          | -                 | -            | -                 | 8,279,130                  | (8,279,130)            |                  |
| General expenses                              | 11,728,370        | -            | 11,728,370        | 12,133,009                 | (404,639)              | 103%             |
| <b>Total Operational Expenditure paid</b>     | <b>47,194,432</b> |              | <b>47,194,432</b> | <b>54,497,066</b>          | <b>(7,302,634)</b>     | <b>115%</b>      |
| <b>Capital Expenditure paid</b>               | <b>20,543,000</b> |              | <b>20,543,000</b> | <b>12,857,505</b>          | <b>7,685,495</b>       | <b>63%</b>       |
| <b>Surplus</b>                                |                   |              |                   | <b>11,168</b>              |                        |                  |

**Budget notes**

The hospital revenue from rendering of medical services during the year under review was 65% over and above the set target of Kshs 660,000. This is due to income receivable from the previous year of Kshs 480,000 which was received during the year.

Operational expenditure paid was in excess of 115% resulting from revenue retained at the common pool account and disclosed as grants and subsidies.



## **19. Notes to the Financial Statements**

### **1. General Information**

Nyandiwa Level 4 Hospital is established by and derives its authority and accountability from County Government Act. The entity is wholly owned by the Homa Bay County Government and is domiciled in Homa Bay County in Kenya. The entity's principal activity is to provide affordable and accessible universal health coverage.

### **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 hospital's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed appropriately. 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**

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

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

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

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

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

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

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

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

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

**c. Taxes**

**Sales tax/ Value Added Tax**

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

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

*Notes to the Financial Statements (Continued)*

**d. Investment property**

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of one year. 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.

It's important to note that Plant, Property and Equipment recognized in these financial statements include ICT depreciated at 30%, medical equipment and furniture and fittings depreciated at 12.5% respectively. Buildings such as Outpatient block, Kitchen and Septic tank constructed during the year under review are disclosed appropriately but shall be depreciated in the subsequent fiscal year. Land and other buildings were not measured and disclosed according to regulations pending subdivision and acquisition of title deed. Other furniture and fittings, and equipment were not measured and disclosed pending valuation.

*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 were not made by management in determining the expected credit loss (ECL) in the year under review.

## **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 create and 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 hospital, or vice versa. Members of key management are regarded as related parties and comprise the directors, the medical superintendent 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 hospital 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 hospital 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 were not made. 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. In Kind Contributions from the USAID**

| Description                                | 2024 – 2025       | 2023 – 2024 |
|--|-------------------|-------------|
|  | Kshs              | Kshs        |
| Medical Supplies-Family Planning (KEMSA)   | 279,154           | -           |
| Medical Supplies-Family Planning (MEDS)    | 9,931             | -           |
| Medical Supplies-TB Program (KEMSA)        | 207,423           | -           |
| Medical Supplies-HIV (KEMSA)               | 4,554,361         | -           |
| Medical Supplies-HIV (MEDS)                | 5,054,315         | -           |
| Mosquito Nets (MEDS)                       | 246,238           | -           |
| Medical Supplies - Malaria Program (KEMSA) | 1,748,766         | -           |
| Medical Supplies - Malaria Program (MEDS)  | 39,745            | -           |
| <b>Total grants in kind</b>                | <b>12,139,932</b> | <b>-</b>    |

Note: The management could not access details of payments made directly by the County Government for staff salaries.

**7. Rendering of Services-Medical Service Income**

| Description   | 2024 – 2025      | 2023 – 2024      |
|---|------------------|------------------|
|   | Kshs             | Kshs             |
| Pharmaceuticals                                     | 158,370          | 216,843          |
| Laboratory  | 166,050          | 252,348          |
| Inpatient   | 193,490          | 254,296          |
| Accident and Emergency Service                      | 45,290           | -                |
| Medical Records service                             | 47,220           | 21,670           |
| Other medical services income (Revenue from SPA)    | 480,000          | 800,000          |
| <b>Total revenue from the rendering of services</b> | <b>1,090,420</b> | <b>1,545,157</b> |

**8. Miscellaneous Income**

| Description                       | 2024 – 2025       | 2023 – 2024       |
|-----------------------------------|-------------------|-------------------|
|                                   | Kshs              | Kshs              |
| Insurance recoveries (NHIF)       | 4,517,730         | 14,281,676        |
| Insurance Recoveries (SHIF)       | 61,750,708        | -                 |
| Receivables (NHIF)                | 5,653,500         | 1,281,000         |
| Receivables (SHIF)                | 27,597,247        | -                 |
| <b>Total Miscellaneous income</b> | <b>99,519,185</b> | <b>15,562,676</b> |

Notes to the Financial Statements (Continued)

8A Miscellaneous Income

| Description   | 2024 – 2025       | 2023 – 2024       |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>Amount as per Statement of Financial Performance</b> | 99,519,185        | 15,562,676        |
| Less Accrued Receivables (NHIF)                         | (5,653,500)       | (1,281,000)       |
| Less Accrued Receivables (SHIF)                         | (27,597,247)      | -                 |
| <b>Amount as per Cash flow Statement</b>                | <b>66,268,438</b> | <b>14,281,676</b> |

9. Medical/ Clinical Costs

| Description                          | 2024 – 2025       | 2023 – 2024      |
|--------------------------------------|-------------------|------------------|
|                                      | Kshs              | Kshs             |
| Laboratory chemicals and reagents    | 1,649,660         | 899,000          |
| Food and Ration                      | 5,050,103         | 1,243,000        |
| Uniform, clothing, and linen         | -                 | 160,000          |
| Dressing and Non-Pharmaceuticals     | 6,195,000         | 1,590,000        |
| Pharmaceutical supplies              | 3,791,542         | 3,230,000        |
| Health information stationery        | 4,529,400         | -                |
| In-kind Contribution from USAID      | 12,139,932        | -                |
| Sanitary and cleansing Materials     | 6,591,250         | 530,200          |
| Purchase of Medical gases            | 8,000             | 129,700          |
| Accrued Medical/Clinical Costs       | 185,000           | -                |
| <b>Total medical/ clinical costs</b> | <b>40,139,887</b> | <b>7,781,900</b> |

9A Medical/Clinical Costs

| Description   | 2024 – 2025       | 2023 – 2024      |
|---|-------------------|------------------|
|   | Kshs              | Kshs             |
| <b>Amount as per Statement of Financial Performance</b> | 40,139,887        | 7,781,900        |
| Less In-Kind Contributions                              | (12,139,932)      | -                |
| Less Accrued Medical/Clinical Costs                     | (185,000)         | -                |
| <b>Amount as per statement of Cash flow</b>             | <b>27,814,955</b> | <b>7,781,900</b> |

10. Employee Costs

| Description                                | 2024 – 2025      | 2023 – 2024      |
|--|------------------|------------------|
|  | Kshs             | Kshs             |
| Salaries, wages, and allowances            | 1,886,336        | 1,355,700        |
| Staff medical expenses and Insurance cover | 47,636           | 48,400           |
| Accrued Salaries and Wages                 | -                | 121,300          |
| <b>Employee costs</b>                      | <b>1,933,972</b> | <b>1,525,400</b> |

Notes to the Financial Statements (Continued)

11. Board of Management Expenses

| Description       | 2024 – 2025    | 2023 – 2024   |
|-------------------|----------------|---------------|
|                   | Kshs           | Kshs          |
| Sitting allowance | 319,500        | 88,500        |
| <b>Total</b>      | <b>319,500</b> | <b>88,500</b> |

12. Depreciation and Amortization Expense

| Description                                | 2024 – 2025    | 2023 – 2024   |
|--|----------------|---------------|
|  | Kshs           | Kshs          |
| Property, plant and equipment              | 577,078        | 84,917        |
| <b>Total depreciation and amortization</b> | <b>577,078</b> | <b>84,917</b> |

13. Repairs And Maintenance

| Description                          | 2024 – 2025      | 2023 – 2024      |
|--------------------------------------|------------------|------------------|
|                                      | Kshs             | Kshs             |
| Property- Buildings                  | 3,733,500        | 963,000          |
| Office equipment                     | 43,000           | -                |
| Computers and accessories            | 240,000          | 65,000           |
| Maintenance of civil works           | -                | 320,000          |
| <b>Total repairs and maintenance</b> | <b>4,016,500</b> | <b>1,348,000</b> |

14. Grants And Subsidies

| Description                       | 2024 – 2025      | 2023 – 2024 |
|-----------------------------------|------------------|-------------|
|                                   | Kshs             | Kshs        |
| 20% Revenue Retention (HBCSPA)    | 8,279,130        | -           |
| <b>Total grants and subsidies</b> | <b>8,279,130</b> | <b>-</b>    |

15. General Expenses

| Description                        | 2024 – 2025 | 2023 – 2024 |
|------------------------------------|-------------|-------------|
|                                    | Kshs        | Kshs        |
| Advertising and publicity expenses | 10,000      | 115,000     |
| Catering expenses                  | 1,130,000   | 246,200     |
| Insecticides and rodenticides      | 1,437,000   | 270,700     |
| Bank charges                       | 109,989     | 58,403      |
| Contracted services                | -           | 80,000      |

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| Description   | 2024 – 2025       | 2023 – 2024      |
|---|-------------------|------------------|
|   | Kshs              | Kshs             |
| Electricity expenses  | 350,300           | 80,000           |
| Fuel and Lubricants   | 540,000           | 252,000          |
| Purchase of Household & Office Appliances                   | 300,000           | -                |
| Training Expenses   | 54,000            | -                |
| Travel and accommodation allowance                          | -                 | 129,600          |
| Purchase of Staff Uniforms & Clothing                       | 477,100           | -                |
| Other fuel- charcoal and Firewood                           | 2,221,900         | 56,100           |
| Printing and stationery                                     | -                 | 677,000          |
| Contracted Guard Services                                   | 480,000           | 280,000          |
| Daily Subsistence Allowance                                 | 490,300           | -                |
| Water and sewerage costs                                    | 504,920           | 219,760          |
| Domestic Travel Costs                                       | 908,500           | 342,000          |
| Telephone and mobile phone services                         | 174,200           | 147,800          |
| Internet expenses   | 28,500            | 80,000           |
| General Office Supplies                                     | 2,916,300         | 365,500          |
| Other Voluntary Transfers (Homabay Special Purpose Account) | -                 | 600,000          |
| 20% Retention on Revenue (HCSPA)                            | -                 | 967,228          |
| Accrued General Expense                                     | 1,710,925         | 40,000           |
| <b>Total General Expenses</b>                               | <b>13,843,934</b> | <b>5,007,291</b> |

**15A General Expenses**

| Description  | 2023-2024         | 2022-2023        |
|--|-------------------|------------------|
|  | Kshs              | Kshs             |
| General Expense as per the Statement of Comprehensive Income | 13,843,934        | 5,007,291        |
| Less Accrued expense   | (1,710,925)       | (40,000)         |
| <b>General Expense as per the Statement of Cash flows</b>    | <b>12,133,009</b> | <b>4,967,291</b> |

**16. Cash And Cash Equivalents**

| Description                            | 2024 – 2025   | 2023 – 2024  |
|--|---------------|--------------|
|  | Kshs          | Kshs         |
| Current accounts                       | 11,168        | 6,880        |
| <b>Total cash and cash equivalents</b> | <b>11,168</b> | <b>6,880</b> |

Notes to the Financial Statements (Continued)

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

| Description                |                | 2024 – 2025   | 2023 – 2024  |
|----------------------------|----------------|---------------|--------------|
| Financial institution      | Account number | Kshs          | Kshs         |
| <b>Current account</b>     |                |               |              |
| Co-operative Bank of Kenya | 01141330322600 | 11,168        | 6,880        |
|                            |                |               |              |
| <b>Grand total</b>         |                | <b>11,168</b> | <b>6,880</b> |

17. Receivables From Exchange Transactions

| Description                         | 2024 – 2025       | 2023 – 2024      |
|-------------------------------------|-------------------|------------------|
|                                     | Kshs              | Kshs             |
| Medical services receivables (NHIF) | 5,653,500         | 1,281,000        |
| Medical services receivables (SHIF) | 27,597,247        | -                |
| <b>Total receivables</b>            | <b>33,250,747</b> | <b>1,281,000</b> |

Analysis of Receivables From Exchange Transactions

| Description        | 2024 – 2025       |                | 2023 – 2024      |                |
|--------------------|-------------------|----------------|------------------|----------------|
|                    | Kshs              |                | Kshs             |                |
|                    | 2024-2025         | % of the total | 2023-2024        | % of the total |
| Less than 1 year   | 27,597,247        | 84%            | 1,281,000        | 100%           |
| Between 1- 2 years | 5,653,500         | 16%            | -                | -              |
| <b>Total (a+b)</b> | <b>33,250,747</b> | <b>100%</b>    | <b>1,281,000</b> | <b>100%</b>    |

18. Inventories

| Description                 | 2024 – 2025      | 2023 – 2024    |
|-----------------------------|------------------|----------------|
|                             | Kshs             | Kshs           |
| Pharmaceutical supplies     | 469,318          | 86,124         |
| Laboratory supplies         | 432,250          | 52,150         |
| Food supplies               | 8,170            | -              |
| Non-Pharmaceutical supplies | 161,862          | 106,808        |
| General supplies            | 149,210          | -              |
| <b>Total</b>                | <b>1,220,810</b> | <b>245,083</b> |

**Notes to the Financial Statements (Continued)**

**Detailed disclosure on inventories**

|                                  | <b>2024 – 2025</b> | <b>2023 – 2024</b> |
|----------------------------------|--------------------|--------------------|
|                                  | <b>Kshs</b>        | <b>Kshs</b>        |
| Opening balance                  | 245,083            | 392,655            |
| Additional Inventory in the year | 19,602,605         | -                  |
| Inventory expensed in the year   | (18,626,878)       | -                  |
| Closing balance                  | 1,220,810          | 245,083            |

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*Notes to the Financial Statements (Continued)*

**19. Property, Plant and Equipment**

| Description                         | Motor vehicles | Furniture, fittings, & office equipment | ICT Equipment  | Plant and medical equipment | Capital Work in progress | Total             |
|-------------------------------------|----------------|---|----------------|-----------------------------|--------------------------|-------------------|
|                                     | Kshs           | Kshs                                    | Kshs           | Kshs                        | Kshs                     | Kshs              |
| <b>Cost</b>                         | <b>25%</b>     | <b>12.5%</b>                            | <b>30%</b>     | <b>12.5%</b>                |                          |                   |
| At 1 July 2023                      | -              | 42,109                                  | 60,200         | 78,750                      | -                        | 181,059           |
| Additions                           | -              | -                                       | 60,000         | 270,000                     | -                        | 330,000           |
| <b>At 30<sup>th</sup> Jun 2024</b>  | <b>-</b>       | <b>42,109</b>                           | <b>120,200</b> | <b>348,750</b>              | <b>-</b>                 | <b>511,059</b>    |
| At 1 July 2024                      | -              | 36,845                                  | 84,140         | 305,156                     | -                        | 426,141           |
| Additions                           | 953,700        | 192,225                                 | 238,775        | 1,400,000                   | 10,072,805               | 12,857,505        |
| <b>At 30<sup>th</sup> Jun 2025</b>  | <b>953,700</b> | <b>229,070</b>                          | <b>322,915</b> | <b>1,705,156</b>            | <b>10,072,805</b>        | <b>13,283,646</b> |
| <b>Depreciation and impairment</b>  |                |   |                |                             |                          |                   |
| At 1 July 2023                      | -              | -                                       | -              | -                           | -                        | -                 |
| Depreciation for the year           | -              | 5,264                                   | 36,060         | 43,594                      | -                        | 84,918            |
| <b>At 30 June 2024</b>              | <b>-</b>       | <b>5,264</b>                            | <b>36,060</b>  | <b>43,594</b>               | <b>-</b>                 | <b>84,918</b>     |
| At July 2024                        | -              | -                                       | -              | -                           | -                        | -                 |
| Depreciation                        | 238,425        | 28,634                                  | 96,875         | 213,145                     | -                        | 577,079           |
| <b>At 30<sup>th</sup> June 2025</b> | <b>238,425</b> | <b>28,634</b>                           | <b>96,875</b>  | <b>213,145</b>              | <b>-</b>                 | <b>577,079</b>    |
| <b>Net book values</b>              |                |   |                |                             |                          |                   |
| At 30 <sup>th</sup> Jun 2024        | -              | 36,845                                  | 84,140         | 305,156                     | -                        | 426,141           |
| At 30 <sup>th</sup> Jun 2025        | 715,275        | 200,437                                 | 226,041        | 1,492,012                   | 10,072,805               | 12,706,570        |

Notes to the Financial Statements (Continued)

20. Trade and other Payables

| Description                           | 2024 – 2025      |                       | 2023 – 2024      |                       |
|---------------------------------------|------------------|-----------------------|------------------|-----------------------|
|                                       | Kshs             |                       | Kshs             |                       |
| Trade payables                        | 1,185,315        |                       | 40,000           |                       |
| Employee dues                         | -                |                       | 121,300          |                       |
| <b>Total trade and other payables</b> | <b>1,185,315</b> |                       | <b>161,300</b>   |                       |
| <b>Ageing analysis:</b>               | <b>2024-2025</b> | <b>% of the Total</b> | <b>2023-2024</b> | <b>% of the total</b> |
| Under one year                        | 1,185,315        | 100%                  | 161,300          | 100%                  |
| <b>Total</b>                          | <b>1,185,315</b> | <b>100%</b>           | <b>161,300</b>   | <b>100%</b>           |

21. Cash Generated from Operations

| Description                                    | 2024 – 2025      | 2023 – 2024  |
|--|------------------|--------------|
|  | Kshs             | Kshs         |
| Surplus for the year before tax                | 31,499,604       | 1,271,825    |
| <b>Adjusted for:</b>                           |                  |              |
| Depreciation                                   | 577,078          | 84,917       |
| Non-cash grants received                       | -                | (1,363,623)  |
| <b>Working Capital adjustments</b>             |                  |              |
| Increase in inventory                          | (975,727)        | (147,573)    |
| Increase in receivables                        | (31,969,747)     | 70,650       |
| Increase in payables                           |                  | 90,683       |
| <b>Net cash flow from operating activities</b> | <b>(868,792)</b> | <b>6,880</b> |

**Notes to the Financial Statements (Continued)**

**22. 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  |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| At 30 June 2024                        |                   |                   |
| Receivables from exchange transactions | 1,281,000         | 1,281,000         |
| Bank balances                          | 6,880             | 6,880             |
| <b>Total</b>                           | <b>1,287,880</b>  | <b>1,287,880</b>  |
| At 30 June 2025                        |                   |                   |
| Receivables from exchange transactions | 33,250,747        | 33,250,747        |
| Bank balances                          | 11,168            | 11,168            |
| <b>Total</b>                           | <b>33,261,915</b> | <b>33,261,915</b> |

**Notes to the Financial Statements (Continued)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk. 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            | Between 1-3 months | Total            |
|------------------------|--------------------|------------------|
|                        | Kshs               | Kshs             |
| <b>At 30 June 2024</b> |                    |                  |
| Trade payables         | 161,300            | 161,300          |
| <b>Total</b>           | <b>161,300</b>     | <b>161,300</b>   |
| <b>At 30 June 2025</b> |                    |                  |
| Trade payables         | 1,185,315          | 1,185,315        |
| <b>Total</b>           | <b>1,185,315</b>   | <b>1,185,315</b> |

**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 no 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.

**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)**

**23. 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.

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

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

**24. Events after the Reporting Period**

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

**25. Ultimate and Holding Entity**

The entity is a County Corporation under the Department of Public Health and Medical Services. Its ultimate parent is the County Government of Homabay.

**26. Currency**

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



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**20. Appendices**

**Appendix 1: Progress on Follow Up of Auditor Recommendations**

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

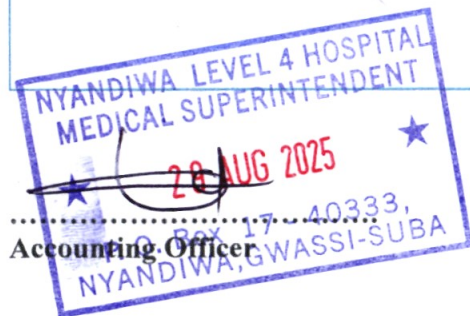
| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b> | <b>Management comments</b>   | <b>Status:<br/>(Resolved /<br/>Not Resolved)</b> | <b>Timeframe:</b> |
|---|--|--|--|-------------------|
| OAG/HEALTH/NYANDIWAL4H/2022/2023(21)              | Inadequate staffing                      | The hospital primary human resources for health falls below the recommended level according to Kenya Quality Model for Health Checklist designed for level 4 hospitals. The facility does not have General Surgeons, Gynaecologist and radiologists. This negatively impacts the delivery of quality services to members of the public. However, as recommended in the management letter, recruitment and training of personnel are core functions and responsibilities of the County Government | Not Resolved                                     | Uncertain (CPSB)  |
| OAG/HEALTH/NYANDIWAL4H/2022/2023(21)              | Lack of policy documents, risk           | The management has taken note and is in consultation with the  | Not Resolved                                     | 30/06/2026        |

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| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>  | <b>Management comments</b>  | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:</b>             |
|---|---|---|--|-------------------------------|
|   | management policies and strategies  | department of Public Health and Medical Services to assist the hospital develop a comprehensive Risk Management Policy and Strategies covering all the areas of concern according to the Public Finance Management regulations 2015 section 110 (1) to ensure robust business operations and continuity.  |  |                               |
| OAG/HBRO/MBITASCH/2023/2024(11)                   | Non-disclosure of Land due to delayed transfer of parcel to the hospital by Nyandiwa Vocational Training Centre | The management has taken steps to conclude the subdivision and acquisition of the hospital land and tittle deed respectively. However, these efforts have been thwarted by the board of management of Nyandiwa Vocational and Training Centre on whose name the land is registered. Therefore, this matter can only be settled by the responsible departments of the county government which are equally privy to the contestations | Not Resolved                                 | Uncertain (County Government) |
| OAG/HBRO/MBITA SCH/2023/2024(11)                  | Conflicting laws on upgrading of the  | The management has taken note and shall initiate consultation   | Resolved                                     |                               |

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| Reference No. on the external audit Report | Issue / Observations from Auditor   | Management comments  | Status: (Resolved / Not Resolved) | Timeframe: |
|--|-------------------------------------|--|-----------------------------------|------------|
|  | hospital to level 4 health facility | with the County Executive Committee member for health and Chief Officer to facilitate the review of registration details by the Kenya Medical Practitioners and Dentists Council to reflect the true status and level of the hospital according to Gazette Notice 130505 of 04th November 2022 and rule (5) of the Kenya Medical Practitioners and Dentists Council. |                                   |            |


 NYANDIWA LEVEL 4 HOSPITAL  
 MEDICAL SUPERINTENDENT  
 28 AUG 2025  
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 NYANDIWA, GWASSI-SUBA  
 Accounting Officer