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REPORT

OF

THE AUDITOR-GENERAL

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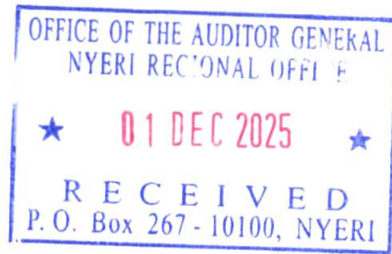
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KANDARA SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF MURANG'A

172



KANDARA SUB-COUNTY HOSPITAL (MURANG'A COUNTY GOVERNMENT)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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



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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the hospital.
NCDS	Non-Communicable Diseases
CDS	Communicable Diseases
ADA	American Diabetes Association
KEMSA	Kenya Medical Supplies Authority
MEDS	Mission for Essential Drugs and Supplies
I/C	In - Charge
IPC	Infection Prevention Control
HR	Human Resource
MYS	Murang'a Youth Service
HTPS	Health Products and Technologies
DANIDA	Danish International Development Agency

2. Key Hospital Information and Management

(a) Background information

Kandara The hospital is a level IV the hospital established under gazette notice number 4945 and is domiciled in Murang'a County under the Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

Vision

To be a healthy, reproductive and nationally competitive the hospital.

Mission

To deliberately build a progressive and sustainable technologically driven evidence based and client centred health system so as to attain the highest standard of health for citizens.

Goal

Good health for all

(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 period ended June 30th, 2024 and who had direct fiduciary responsibility were:

SN	Designation	Name
1.	Medical Superintendent	Dr. Lina Gakera
2.	Head of finance	Lillian Mwangi
3.	Head of supply chain	Susan Gitau
4.	Nursing Officer I/C	George Ngari
5.	Health Administrative Officer	Julliet Mumbi

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Key Hospital Information and Management (continued)

(e) Fiduciary Oversight Arrangements

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

(f) The hospital Headquarters

P.O. Box 98-01034
Kandara Town
Thika-Kangari Road
KANDARA, KENYA

(g) The hospital Contacts

Telephone: (+254) 60- 2030271
E-mail: kandarahc@gmail.com

(h) The hospital Bankers

Kenya Commercial Bank
Murang'a 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. 52-10200
Murang'a, Kenya



3. The Board of Management

Ref	Directors	Details
1.	<p>Mr. Edward Warui</p>  <p>Certified public accountant of Kenya (CPA-K)</p>	<ul style="list-style-type: none"> - Board Chairman - 66 Years Old - Certified Public Accountant of Kenya - Former Director of Kenya Red Cross - Independent Director
2.	<p>Dr. Lina Gakera</p>  <p>Bachelors of Pharmacy.</p>	<ul style="list-style-type: none"> - Secretary to the Board - 34 Years Old - Medical Superintendent - Masters in Pharmacy, Pharmacoepidemiology and Pharmacovigilance.
3.	<p>Ms. Jacinta Njambi</p> 	<ul style="list-style-type: none"> - Member - 57 Years Old - Medic - Bachelor of Science in Medical Lab Sciences



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4.	<p>Mr. Samuel Ndung'u</p>  <p>Bachelors of Commerce - Finance Option</p>	<ul style="list-style-type: none"> - Member - 38 Years Old - Financial Expert - Principal Financial Consultant at Ngosi Investment Limited
5.	<p>Ms. Paul Muturi</p>  <p>Diploma in Electronics</p>	<ul style="list-style-type: none"> - Member - 35 Years Old - NGO
6.	<p>Mr. Julius Mungai</p>  <p>BSC in Biochemistry</p>	<ul style="list-style-type: none"> - Member - 38 Years Old - CEC Representative - Sub-County Administrator at Kigumo Sub-County
7.	<p>Ms. Caroline Waweru</p>	<ul style="list-style-type: none"> - Member - 43 Years Old



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		- Representative of Persons Living With Disabilities
8	<p>Ms. Ann Muhaha</p>  <p>Business Expert</p>	<ul style="list-style-type: none"> - Member - 38 Years Old - Woman Representative
9	<p>Mr. John Kamithi</p>  <p>Electrical Expert</p>	<ul style="list-style-type: none"> - Member - 61 Years old - Faith-Based Health Representative


4. Key Management Team

Ref	Management	Details
1.	<p>Dr. Lina Gakera</p>  <p>Bachelors of Pharmacy. Masters in Pharmacy, Pharmacoepidemiology and Pharmacovigilance.</p>	<ul style="list-style-type: none"> - Medical Superintendent - Overall hospital supervisor, Hospital Accounting Officer
2.	<p>Ms. Juliet B. Mumbi</p>  <p>Governance and Policy Analysis Specialist Masters in Arts Governance and Ethics</p>	<ul style="list-style-type: none"> - Health Administrative Officer - To oversee Human Resource affairs and Revenue Management -

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Ref	Management	Details
3.	<p>Mr. George Ngari</p>  <p>Bachelor of Science in Nursing Nursing Department</p>	<ul style="list-style-type: none"> - Nursing Officer In-Charge - In charge of Nursing services
4.	 <p>Ms. Susan Gitau Diploma in Supply Chain Management</p>	<ul style="list-style-type: none"> - Procurement Officer - In-Charge of procurement, supplies and stores management

Kandara Sub-County Hospital (Murang'a County Government)
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Ref	Management	Details
5.	<p data-bbox="491 360 746 394">Ms. Lillian Mwangi</p>  <p data-bbox="491 725 970 824">Bachelors of Commerce Finance option Certified Public Accountant of Kenya (CPA-K)</p>	<ul data-bbox="1059 562 1353 629" style="list-style-type: none">- Hospital Accountant- Head of Finance

5. Chairman's Statement

The financial year 2024-2025 has been good and we thank Almighty God for his grace that has carried us through all along. The year however had its own fair share of highs and lows as highlighted below.

There has a functional phase I of Bildad Kagia building which houses male ward, female ward and paediatric ward. This has helped the community greatly because prior to completion of the phase I, patients used to be referred to other facilities and this translates to loss of revenue. The phase building II of Bildad Kagia is in its fitting Stage. Though it is yet to be equipped it will greatly benefit the patients because it will help as it will house casualty, OPD, records, pharmacy departments, ward and a theatre.

During the year the facility was lucky to receive an ambulance from MOH

During the year we were able to have Phase II of Bildad Kagia construction ongoing. This will house consultation room and casualty departments.

Again, during the year, we were proud to have revived psychiatry clinic, dermatology clinic and reproductive health clinic which are run by specialised clinical officers.

However, we experienced numerous challenges in these said areas during the year.

Lack of consultants in areas of Paediatric and physician departments and as a result the medical ward was under-utilised.

During the year we experienced a strike affecting several cadres; clinical officers, nurses, pharm technicians, Health records officers and even physiotherapists, which translated to interruption in service delivery.

The facility does not have a security fence posing the risk of insecurity.

Though, we had a fair share of the ups and downs we are still hopeful that the future is always brighter than the past. We look forward to have another surgical theatre for surgical cases and a surgical ward. Again, to have a new born unit so as to reduce referrals for premature babies. Again, to have a completed phase II of Bildad Kagia building that will increase number of consultation rooms as well as reducing patient waiting time.



.....
Name Mr. Edward Gakumo

Chairman to the Board

6. 5. Report of The Medical Superintendent

The financial year 2024-2025 has been good and we thank Almighty God for his grace that has carried us through all along. The year however had its own fair share of highs and lows as highlighted below.

There has a functional phase I of Bildad Kagia building which houses male ward, female ward and paediatric ward. This has helped the community greatly because prior to completion of the phase I, patients used to be referred to other facilities and this translates to loss of revenue. The phase building II of Bildad Kagia is in its fitting Stage. Though it is yet to be equipped it will greatly benefit the patients because it will help as it will house casualty, OPD, records, pharmacy departments, ward and a theatre.

During the year the facility was lucky to receive a donation of an ambulance from MOH registration number GKC 768B.

During the year we were able to have Phase II of Bildad Kagia construction ongoing. This will house consultation room and casualty departments.

However, we experienced numerous challenges in these said areas during the year.

Lack of consultants in areas of Paediatric and physician departments and as a result the medical ward was under-utilised.

During the year we experienced a strike affecting several cadres; clinical officers, nurses, pharm technicians, Health records officers and even physiotherapists, which translated to interruption in service delivery.

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Revenue during the year, showed a positive increment which was attributed by automation of the facility, courtesy of the county government in force, as highlighted in the table below;

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

MONTH	CASH COLLECTION(KSHS)
July	904,109
August	1,226,643
September	1,444,953
October	1,374,130
November	1,567,371
December	1,212,623
January	1,092,341
February	1,283,903
March	1,824,749
April	1,918,889
May	1,532,917
June	1,316,177
TOTAL	16,698,805



.....
Name Dr. Lina Gakera
Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Kandara Sub-County Hospital has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2024- FY 2025. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: Financial Stewardship
- Pillar/theme/issue 2: Service Delivery
- Pillar/theme/issue 3: Institutional Transformation
- Pillar/theme/issue 4: Core Mandate
- Pillar/theme/issue 5: Cross-cutting issues

Kandara Sub-County Hospital develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. Kandara Sub-County Hospital achieved its performance targets set for the FY 2024/2025 period for its 5 strategic pillars, as indicated in the diagram below:

S/N O.	Financial Year 2024-2025					Cumulative Achievement (Total Achievement to date)
	Strategic Pillar/Them e/Issue	Objective	Achievem ent	Perform ance Indicato rs	Achievements	
1.	Financial stewardship	<ul style="list-style-type: none"> • Asset management • Absorption of funds 	Absorption of funds	- Financial statements for FIF bank account.	Absorption of funds	- Financial statements for FIF bank account.
2	Service Delivery	<ul style="list-style-type: none"> • Service Charter Business 	-4 Resolved public complaints	- Grievance redress mechanism register	-4 Resolved public complaints	- Grievance redress mechanism register

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		<p>process reengineering</p> <ul style="list-style-type: none"> Public complaints resolution 				
3	Institutional Transformation	<ul style="list-style-type: none"> Planning frameworks Competence development Knowledge management Work environment Cascading PC 	<p>-Annual procurement plan developed.</p> <p>-Staff performance appraisal done and forwarded to heads of departments.</p> <p>- Data and information from Afya KE workload captured annually.</p>	<p>-Annual procurement plan</p> <p>-Staff appraisals forwarded to County departmental heads.</p> <p>- Workload data sheet from Afya KE.</p>	<ul style="list-style-type: none"> Development of the hospital quarterly procurement plan. Undertake Staff Performance Appraisal and compile the appraisal report. Capture, organize and process data and information from AfyaKE and workload to request for extra staff in departments. 	<p>-Annual procurement plan</p> <p>-Staff appraisals forwarded to County departmental heads.</p> <p>- Workload data sheet from AfyaKE.</p>
4	Core Mandate	<ul style="list-style-type: none"> Health Insurance Curative/rehabilitative health service Essential medicines/supplies Revenue collection Automation Customer satisfaction Statutory obligations 	<p>-Healthcare services provided to Kang'ata care clients/SHA. (KES 5,070,645 SHA claims)</p> <p>SHA registration and means testing ongoing.</p> <p>-patients admitted in the wards.</p>	<p>-AfyaKE payment channel report.</p> <p>-SHA portal dashboard</p> <p>-Afya KE medical wards</p>	<ul style="list-style-type: none"> To provide health care services to households under Kang'ata Care./SHA To offer admission for patients in the 	<p>-AfyaKE payment channel report.</p> <p>-SHA portal dashboard</p> <p>-Afya KE medical</p>

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		<ul style="list-style-type: none"> Audits 	<ul style="list-style-type: none"> -Annual orders for pharmaceutical and non-pharmaceuticals ordered and received. - Revenue raised annually - Collaboration between County ICT department ensuring minimal downtimes with AFYAKE/revenue dashboard. - 10 customer satisfaction surveys done. 	<ul style="list-style-type: none"> inpatient report. - KEMSA and MEDS LPOs and delivery notes. - Revenue dashboard reports, financial statements for OPS account. - Muranga 157 HMIS-AFYAKE WhatsApp group. - Customer satisfaction surveys. 	<ul style="list-style-type: none"> paediatric , maternity , female and male medical wards. • To make an order for pharmaceuticals and non-pharmaceuticals from KEMSA and MEDS. • To raise revenue collection • To collaborate with the County/Sub county ICT department to ensure AfyaKE/revenue dashboard and e-procurement have minimal downtimes and operate efficiently. • Undertake 10 customer satisfaction surveys at the facility in the quarter and implement 	<ul style="list-style-type: none"> wards inpatient report. - KEMSA and MEDS LPOs and delivery notes. - Revenue dashboard reports, financial statements for OPS account. - Muranga 157 HMIS-AFYAKE WhatsApp group. - Customer satisfaction surveys.
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Kandara Sub-County Hospital (Murang'a County Government)
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					the recommendations from the surveys.	
5	Cross cutting issues	<p>Youth attachments/internship/ Apprenticeship</p> <ul style="list-style-type: none"> • Prevention of alcohol and drug abuse • Prevention of NCDs/CDs • Disability mainstreaming • Environmental sustainability • Safety and security measures • Road safety mainstreaming • Corruption prevention 	<p>- Departmental supervisor and internship center provided.</p> <p>-No staff with substance use disorder identified in the period</p> <p>-Staff sensitized on ADA through posters.</p> <p>-Posters and health talks offered to all clients seeking care in the hospital on prevention of NCDs and CDs.</p> <p>-1 IPC meeting held in the quarter.</p> <p>-Ambulance service done.</p> <p>-No claim of corruption involving</p>	<p>-Arrival letters for the youth attached for internship at Kandara Hospital.</p> <p>-Posters on ADA.</p> <p>-Posters on NCDs and CDs.</p> <p>-IPC minutes</p> <p>-Service report.</p>	<ul style="list-style-type: none"> • Provide an internship centre and departmental supervisor for every youth attached to the hospital. • Recommend to the Department of Public Service Management Establish staff with substance use disorders for support mechanisms • Sensitize staff on ADA in collaboration with Public Service Management. • Health talks and posters display in hospital sensitizing clients on prevention of NCDs and CDs. • Increase easy and equal access to healthcare services for Persons living with disability. 	<p>Arrival letters for the youth attached for internship at Kandara Hospital.</p> <p>-Posters on ADA.</p> <p>-Posters on NCDs and CDs.</p> <p>-IPC minutes</p> <p>-Service report.</p>

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			staff identified in the quarter.		<ul style="list-style-type: none"> • To hold 1 IPC meeting in the quarter. • Undertake annual motor vehicle service for the hospital ambulance. • Collaborate with County HR department on any hospital staff claims of corruption. 	
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8. Corporate Governance Statement

During the year 2024/2025, four board meetings were held and were distributed in all quarters.

The process of appointment and removal of a board member is done at the county level and once a member is appointed, a gazette notice is made at the Kenya Gazette. Upon appointment an induction and trainings were done on June 19th-20th, 2023 at Sunstar Hotel in Thika to enlighten them on their duties, ethics as well as code of conduct.

Conflict of interest rarely will it occur due to hospital automation even including in areas of procurement whereby Murang'a county government has an E-procurement system that fights the challenges of a manual procurement system.

The hospital board is well remunerated as stated in their letters of appointment, and this is done on time.

Roles and Functions of the Board

1. To oversee hospital performance improvement.
2. Participate in planning of the hospital.
3. Mobilize resources for hospital improvement.
4. Oversee the financial operations of the hospital.
5. Ensure development of the hospital human resource.
6. Ensure communities rights are fulfilled and their needs are adequately met.
7. Maintain a positive public image.
8. Ensure compliance with environmental regulations and standards.
9. Enhance relationships and partnerships.
10. Mitigate potential conflict of interest.
11. Risk management.
12. Regulate compliance.

9. Management Discussion and Analysis

KANDARA SUB-COUNTY HOSPITAL OPERATIONS

S/NO	OPERATION	2023-2024	2024-2025
1.	Bed Capacity	Maternity Ward- 16 Medical Ward- 15 Paediatric Ward-5	Maternity Ward- 16 Medical Ward- 22 Paediatric Ward-8
2.	Inpatient Attendance	1,286	2,026
3.	Outpatient Attendance	42,100	42,311
4.	Accident and Emergency Attendance	232	243
5.	Specialised Clinics Attendance	Psychiatric clinic-260 Physiotherapy Clinic- 2208 Orthopaedic clinic- 1156 Occupational Therapy- 765 Dermatology-296	Psychiatric clinic-455 Physiotherapy Clinic- 1340 Orthopaedic clinic-2104 Occupational Therapy- 647 Dermatology-1011
6.	Average length of Stay for In-patient	3 days	3 days
7.	Bed Occupancy Rate	Maternity Ward- 95% Medical Ward- 50%	Maternity Ward- 95% Medical Ward- 50%
8.	Mortality Rate	$5 / (42100 + 1286) * 100 = 0.012\%$	$8 / (42311 + 2026) * 100 = 0.011\%$
9.	Surgical Theatre Utilisation	Caesarean Section cases done= 152	164
10.	Sponsorship and Partnership	G-to-G Partnership for CCC in areas of staffing, care and treatment	G-to-G Partnership for CCC in areas of staffing, care and treatment

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

FINANCIAL PERFORMANCE

REVENUE

MONTH	2023-2024	2024-2025
July	348,181	904,109
August	362,565	1,226,643
September	346,452	1,444,953
October	402,767	1,374,130
November	384,355	1,567,371
December	350,355	1,212,623
January	411,036	1,092,341
February	895,292	1,283,903
March	678,001	1,824,749
April	266,365	1,918,889
May	564,250	1,532,917
June	669,417	1,316,177
TOTAL	5,679,036	16,698,805

Kandara Sub-County Hospital (Murang'a County Government)
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REVENUE UTILISATION

S/NO	VOTE	2023-2024	2024-2025
1	Electricity	698,628	721,706
2	Water	1,888,053	953,420
3	Telephone	30,264	38,500
4	Board Allowances	104,000	221,200
5	Hospitality	13,470	42,700
6	Medical Drugs	660,861	3,401,085
7	Non-Pharmaceuticals	1,775,210	5,108,574
8	Cooking Gas	193,500	188,800
9	Lab Reagents	401,510	2,872,175
10	Food and Rations	725,525	1,268,645
11	X-Ray Supplies	93,500	772,691
12	Sanitary and Cleaning	35,780	191,000
13	General Office Supplies	69,678	320,455
14	Fuel	783,692	1,266,477
15	Maintenance of buildings	77,880	254,365
16	Maintenance of motor vehicles	169,430	148,900
17	Purchase of Equipment	-	2,778,620
18	Withholding Tax	-	99,970
19	Printing and Publishing	-	26,000
20	Purchase of Dental Supplies	-	20,000
21	Domestic Travel Allowance	-	244,960
22	Maintenance of Machinery	-	405,400
23	Medical Oxygen	-	115,800
24	Purchase of Linen	-	1,649,000
25	Maintenance of Computers	-	4,000
26	Temporary Wages	-	40,000
	TOTAL	7,721,131	20,396,053

10. Environmental And Sustainability Reporting

i) Sustainability strategy and profile

The hospital's main mandate is provision of health services through preventive and curative services. To be able to provide this even in the foreseeable future, the hospital raises revenue from charges levied on services to patients as well as support from the County Government.

ii) Environmental performance

As Kandara hospital waste management is dealt with regarding its nature. Solid waste from kitchen is put in a compost pit, liquid waste is drained in a septic tank. With the help of the county government, we have Murang'a Youths through the initiative of Murang'a Youth Service who clean the environment by slashing, sweeping and burning waste. Again, we get officers on probation who join hands with MYS officers.

We get assistance from the department of Environment where it comes to matters of environmental policy

iii) Employee welfare

The employee welfare regarding hiring process is done by the Public Service Board which is situated at the county level. Skills and managing careers are done by the County Human Resource Administration Committee situated at the county level. Appraisal of employees is done at the facility but rewarding is done at the county level. No policy on safety and compliance with Occupational Safety and Health Act of 2007 in place

iv) Market place practices-

a) Responsible competition practice.

To ensure responsible competition practices regarding anti-corruption, responsible political involvement, fair competition and respect for competitors, the hospital gets support at the county level through Human Resource department and county Public Service Board.

b) Responsible Supply chain and supplier relations

The county government of Murang'a has put in place an E-Procurement system where the procurement process for health product and technologies are regulated through. The system also ensures free and fair competition amongst the bidders which prevents corruption. Every supplier is paid within 90 days after supply of commodity.

c) Responsible marketing and advertisement

The hospital does not do marketing nor advertising because the county government takes care of these.

d) Product stewardship

KEMSA and MEDS are the two main entities given first priority in procuring of Health Products and Technologies. KEMSA is a government hospital authority that ensures that all HTPs are of quality and are affordable.

v) Corporate Social Responsibility / Community Engagements

There were no community engagements carried out during the financial statements.

11. Report of The Board of Management

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

Principal activities

The principal activities of the hospital are and continue to be provision of health care through preventive and curative services

Results

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

Board of Management

The members of the Board who served during the year are shown on page (v) to (ix). During the year no director(s) retired/ resigned, and no director (s) was appointed.

Auditors

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



.....
Name

Dr. Lina Gakera

Medical Superintendent

12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Board of Management to prepare financial statements in respect of that *hospital*, which give a true and fair view of the state of affairs of the *hospital* at the end of the financial year/period and the operating results of the *hospital* for that year/period. The Board of Management is also required to ensure that the *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 the *hospital*.

The Board of Management is responsible for the preparation and presentation of the *hospital's* financial statements, which give a true and fair view of the state of affairs of the *hospital* for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *hospital*, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *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, 2012. The Board members are of the opinion that the *hospital's* financial statements give a true and fair view of the state of *hospital's* transactions during the financial year ended June 30, 2025, and of the *hospital's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *hospital*, which have been relied upon in the preparation of the *hospital's* financial statements as well as the adequacy of the systems of internal financial control.

going 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.

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 24th July 2025 and signed on its behalf by:



.....
Name: Mr. Edward Gakumo
Chairperson
Board of Management



.....
Name: Dr. Lina Gakera
Accounting Officer

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KANDARA SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF MURANG'A

PREAMBLE

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

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

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kandara Sub County Hospital set out on pages 1 to 72, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kandara Sub County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Health Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0. Inaccuracies in the financial statements

The financial statements had the following inaccuracies.

1.1. The Statement of Cashflows

The statement of cashflows for the year ended 30 June, 2025 reflects cash and cash equivalents balance of Kshs.645,973. However, on casting down, the balance is Kshs.513,199 resulting to unexplained and unreconciled variance of Kshs.132,774. In addition, the comparative amount of the statement of cashflows is overcast by Kshs.740. Further, the cashflows from investing activities includes Kshs.9,090,000 being a donation of a motor vehicle that did not involve actual cash movement.

1.2. Variances Between the Audited and Amended Financial Statements

The amended/revised financial statements after audit had variances with the set that had been submitted within the statutory period on 29 August, 2025. However, the amendments were not supported with journal entries and schedules in the items shown below. In addition, the revised financial statements amounts were not supported with revised accounting ledgers.

Financial Statements Items	Audited Financial Statements (Kshs)	Amended Financial Statements (Kshs)	Variance
Transfers from County Government	Nil	5,844,000	(5,844,000)
Public Contributions and Donations	10,574,500	9,090,000	1,484,500
Rendering of Services	22,542,805	21,155,285	1,387,520

Financial Statements Items	Audited Financial Statements (Kshs)	Amended Financial Statements (Kshs)	Variance
Medical/Clinical Costs	15,398,970	15,048,470	350,500
Board of Management Expenses	232,000	300,000	68,000
General Expenses	3,912,418	4,413,200	(500,782)
Receivables from Exchange Transactions	Nil	4,456,480	(4,456,480)
Property, Plant and Equipment	62,652,620	61,088,500	1,564,120
Accumulated Surplus	12,720,752	15,474,950	(2,754,198)
Capital Fund	51,123,425	51,262,087	(138,662)

In the circumstances, the accuracy and validity of the respective financial statements amounts could not be confirmed.

2.0. Undisclosed Property, Plant and Equipment

The statement of financial position and as disclosed in Note 32 to the financial statements reflect Kshs.61,088,500 for property, plant and equipment as at 30 June, 2025. However, the Hospital was noted to have land and buildings, that were not disclosed in the financial statements.

In the circumstances, the accuracy, ownership and completeness of property, plant and equipment balance of Kshs.61,088,500 could not be confirmed.

3.0. Unsupported Inventories Balances

The statement of financial position reflects an amount of Kshs.2,647,012 being Inventories as per Note 31 to the financial statements. Audit review to verify the accuracy and ownership of the inventories balance revealed that the balance as disclosed was not supported by appropriate physical inventory counts and inventory system records.

In the circumstances, the accuracy and completeness of inventories balance Kshs.2,647,012 could not be confirmed.

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0. Non-Compliance with Kenya Quality Model for Health Policy Guidelines

Assessment of the hospital's services, equipment, and staffing levels indicated that during the year under review, the facility failed to meet the Kenya Quality Model for Health Policy Guidelines, primarily due to staffing shortages as detailed below;

Item Description	Level 3 Standard	Current Number	Variance
Medical Officers	2	4	-2
Theatre Nurses	8	0	8
Medical Laboratory Technologists	10	8	2
Kenya Registered Community Health Nurses	19	36	-17
Clinical Officer Paediatrics	1	0	1
Pharmaceutical Technologists	4	8	-4
Orthopaedic Technologists	1	0	1
General Physiotherapists	3	1	2
Occupational Therapists	3	1	2
Dental Officer	1	0	1
Nutrition and Diabetic Officers	2	2	0
Support Staff	10	9	1
Mortuary Attendants	2	0	2
Housing Staff for at least Two (2) Members of Staff	2	0	2
Total	70	62	8

Further, whereas the financial statements indicate that Kandara Sub County Hospital is a Level 4 hospital its registration with medical practitioners and dentist council under serial number 6900442 categorizes it under category 3A.

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

2.0.Failure to Adhere to the Effectiveness of Implementation of Audit Recommendations

Management has not submitted a report on how it has addressed the Senate and County Assembly recommendations on the Auditor-General audit reports for any of the years including 2023/2024. This is contrary to Section 31(1)(a) of the Public Audit Act, 2015 which states that within three months after Parliament has debated and considered the final report of the Auditor-General and made recommendations, a State Organ or a public entity that had been audited shall, as a preliminary step, submit a report on how it has addressed the recommendations and findings of the previous year's audit.

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

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

Review of revenue records revealed that the Hospital collected a total of Kshs.21,155,285 towards the health facilities improvement which include a total of Kshs.21,155,285 that was transferred to County Revenue Fund. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which requires that monies raised or received by or on behalf of Public Health Facilities be retained by the Facility and be paid into a separate facility improvement financing account.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, because of the significance of the matters discussed in the Basis for Adverse Opinion, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and The Management Committee

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 December, 2025




Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,844,000	1,158,000
In- kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	9,090,000	-
		14,934,000	1,158,000
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	21,155,285	6,365,571
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		21,155,285	6,365,571
Total revenue		36,089,285	7,523,571
Expenses			
Medical/Clinical costs	15	15,048,470	3,692,386
Employee costs	16	40,000	-
Board of Management Expenses	17	300,000	104,000
Depreciation and amortization expense	18	-	-
Repairs and maintenance	19	812,665	247,310
Grants and subsidies	20	-	-
General expenses	21	4,413,200	3,677,285
Finance costs	22	-	-
Total expenses		20,614,335	7,720,981
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		15,474,950	(197,410)

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

The Hospital's financial statements were approved by the Board on 24th July 2025 and signed on its behalf by:

		
.....
Mr. Edward Gakumo	CPA Lillian Mwangi	Dr. Lina Gakera
Chairman	Head of Finance	Medical Superintendent
Board of Management	ICPAK No: 22038	

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	645,973	2,947,939
Prepayments	28	-	-
Receivables from exchange transactions	29	4,456,480	2,146,500
Receivables from non-exchange transactions	30	-	-
Inventories	31	2,647,012	574,686
Total Current Assets		7,749,465	5,669,125
Non-current assets			
Property, plant, and equipment	32	61,088,500	49,220,000
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		61,088,500	49,220,000
Total assets (A)		68,837,965	54,889,125
Liabilities			
Current liabilities			
Trade and other payables	36	2,100,928	5,695,363
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Current portion of borrowings	41	-	-
Total Current Liabilities		2,100,928	5,695,363
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		2,100,928	5,695,363
Net assets (A-B)		66,737,037	49,193,762
Represented by:			
Revaluation reserve		-	-
Accumulated surplus/Deficit		15,474,950	(197,410)
Capital Fund		51,262,087	49,391,172
Net Assets		66,737,037	49,193,762

(The notes on pages 12 to 66 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on __24th July 2025__ and signed on its behalf by;

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025



.....
Mr. Edward Gakumo
Chairman
Board of Management



.....
CPA Lillian Mwangi
Head of Finance
ICPAK No: 22038



.....
Dr. Lina Gakera
Medical Superintendent

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		(197,410)		(197,410)
Capital/Development grants	-	-	49,391,172	49,391,172
As at June 30, 2024	-	(197,410)	49,391,172	49,193,762
At July 1, 2024	-	(197,410)	49,391,172	49,193,762
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year		15,474,950	51,262,087	66,737,037
Capital/Development grants	-	-	-	-
At June 30, 2025		15,277,540	100,653,259	115,930,799

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,844,000	1,158,000
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		9,090,000	-
Rendering of services- Medical Service Income		16,698,805	4,219,071
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		31,632,805	5,377,071
Payments			
Medical/Clinical costs		16,812,226	1,200,977
Employee costs		40,000	-
Board of Management Expenses		232,000	104,000
Repairs and maintenance		812,665	117,390
Grants and subsidies		-	-
General expenses		4,302,154	1,006,395
Finance costs		-	-
Refunds paid out		-	-
Total Payments		22,199,045	2,428,762

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Net cash flows from operating activities		9,433,760	2,948,309
Cash flows from investing activities			
Purchase of property, plant, equipment		11,868,500	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		(11,868,500)	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Payables		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(2,434,740)	2,948,309
Cash and cash equivalents as at 1 July	27	2,947,939	370
Cash and cash equivalents as at 30 June	27	645,973	2,947,939

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carryovers from the previous year	-	2,947,939	2,947,939	-	2,947,939	-
Receipts						
Transfers from the County Government	-	-	-	-	-	
Grants from donors and development partners	-	-	-	-	-	
Transfers from other Government entities	-	-	-	-	-	
Public contributions and donations	-	10,574,500	10,574,500	10,574,500	-	100
Rendering of services- Medical Service Income	23,394,000	-	23,394,000	22,542,805	851,195	96
Revenue from rent of facilities	-	-	-	-	-	-
Finance / interest income	-	-	-	-	-	-
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	-
Total receipts	23,394,000	10,574,500	33,968,500	33,117,305	851,195	97
Payments						
Medical/Clinical costs	17,000,000	-	17,000,000	15,398,970	1,601,030	91
Employee costs	42,000	-	42,000	40,000	2,000	95
Remuneration of directors	235,000	-	235,000	232,000	3,000	99
Repairs and maintenance	917,000	-	917,000	812,665	104,335	89

***Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025***

Grants and subsidies	-	10,574,500	10,574,500	-	10,574,500	-
General expenses	5,200,000	-	5,200,000	3,912,418	1,287,582	75
Finance costs	-	-	-	-	-	-
Refunds	-	-	-	-	-	-
Total Operational Expenditure paid	23,394,000	10,574,500	33,968,500	20,396,053	13,572,447	93
Capital Expenditure paid	-	-	-	-	-	-
Surplus	-	-	-	12,721,252	-	-

Kandara Sub-County Hospital (Murang'a County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	12,721,252
1	Reason for differences- Employee costs	-
2	Reason for differences-Remuneration of Directors	-
3	Reason for differences- Repairs and maintenance	-
4	Reason for difference- General Expenses	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	645,973

18. Notes to the Financial Statements

1. General Information

Kandara hospital is established by and derives its authority and accountability from Health Act. The hospital is wholly owned by Murang'a County Government and is domiciled in Murang'a County in Kenya. The hospital's principal activity is preventive and curative services.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *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. 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 *(include any other applicable legislation)*, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an hospital.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The Standard did not affect the hospital since it does not operate on leases</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>There were no such assets held for sale hence no impact of the standard to the Hospital</i></p>
IPSAS 45- Property	<p><i>Applicable 1st January 2025</i></p>

Standard	Effective date and impact:
Plant and Equipment	<p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>There were no Heritage assets in the hospital hence no impact of the standard to the Hospital</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>No impact of the standard to the Hospital is relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that a hospital</p>

Standard	Effective date and impact:
	<p>shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>No expected impact of the standard to the Hospital is relevant</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></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 for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>No expected impact of the standard to the Hospital is relevant</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>No expected impact of the standard to the Hospital is relevant</i></p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></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> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the hospital's financial statements arising from the exploration for and evaluation of mineral resources and help users of

Standard	Effective date and impact:
	<p>those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p><i>No expected impact of the standard to the Hospital is relevant</i></p>

iii) Early adoption of standards

The Hospital 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 hospital 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 hospital.

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. 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 hospital upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *hospital did not* record 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

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taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of 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 hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Notes to the Financial Statements (Continued)

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Hospital. 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 Hospital 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 Hospital 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 Hospital. 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 hospital 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 hospital, 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 Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Hospital 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.

A financial instrument is any contract that gives rise to a financial asset of one hospital and a financial liability or equity instrument of another hospital. At initial recognition, the hospital 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 hospital 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 hospital'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 hospital 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 hospital 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 hospital 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 hospital 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 hospital recognizes a loss allowance for such losses at each reporting

date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Financial liabilities

Classification

The hospital 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 Hospital.

l. Provisions

Provisions are recognized when the Hospital 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 Hospital 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 hospital 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 hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

The Hospital 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 Hospital 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 Hospital 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 hospital creates and maintains reserves in terms of specific requirements. The hospital did not maintain reserves during the year.

q. Changes in accounting policies and estimates

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

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 Hospital regards a related party as a person or an hospital 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 CEO/principal and senior managers.

v. Service concession arrangements

The Hospital 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 Hospital'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 Hospital 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 Hospital. 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 Hospital.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes. Provisions are measured at the management's best estimate of the expenditure

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required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The hospital did not include provisions.

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	5,844,000	1,158,000
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (<i>specify</i>)	-	-
Total Unconditional Grants	5,844,000	1,158,000
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total Conditional Funds	-	-
Total government grants and subsidies	5,844,000	1,158,000

6 b Transfers from the county Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance*	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year 2024-2025	Comparative Period
	KShs.	KShs	KShs	KShs	2023-2024
Murang'a County Government	5,844,000	-	0	5844000	1,158,000
Total	5,844,000	-	0	5844000	1,158,000

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

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

8. Grants From Donors and Development Partners

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

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

Name of the Entity sending the grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year 2024-2025	Comparative Period 2023-2024
	KShs	KShs	KShs	KShs	KShs
Donor e.g., DANIDA	-	-	-	-	-
JICA	-	-	-	-	-
World Bank	-	-	-	-	-
Total	-	-	-	-	-

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Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

Description	2024-2025	2023-2024
	KShs	KShs
Public donations	-	-
Donations from local leadership	9,090,000	-
Donations from religious institutions	-	-
Donations from other international organisations and individuals	-	-
Other donations(<i>specify</i>)	-	-
Donations in kind-amortised	-	-
Total donations and sponsorships	9,090,000	-

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Pharmaceuticals	2,560,830	1,017,746
Non-Pharmaceuticals	-	-
Laboratory	2,931,391	1,093,849
Radiology	3,330,320	1,006,181
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Clinics	565,196	201,315
Wards	5,084,321	396,137
Dental services	173,723	83,195
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
SHA/NHIF	4,456,480	2,146,500
Other medical services income	2,053,024	420,648
Total revenue from the rendering of services	21,155,285	6,365,571

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Dental costs/ materials	20,000	-
Laboratory chemicals and reagents	2,872,175	401,510
Public health activities	-	-
Food and Ration	1,268,645	725,525
Uniform, clothing, and linen	1,649,000	-
Dressing and Non-Pharmaceuticals	4,758,074	1,775,210
Pharmaceutical supplies	3,401,085	660,861
Health information stationery	-	-
Reproductive health materials	-	-
Sanitary and cleansing Materials	191,000	35,780
Purchase of Medical gases	115,800	-
X-Ray/Radiology supplies	772,691	93,500
Other medical related clinical costs (specify)	-	-
Total medical/ clinical costs	15,048,470	3,692,386

16. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	40000	-
Contributions to pension schemes	-	-
Service gratuity	-	-
Performance and other bonuses	-	-
Staff medical expenses and Insurance cover	-	-
Group personal accident insurance and WIBA	-	-
Social contribution	-	-
Other employee costs (specify)	-	-
Employee costs	40,000	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	300,000	104,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	300,000	104,000

18. Depreciation and Amortization Expense

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

19. Repairs And Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property- Buildings	254,365	77,880
Medical equipment	405,400	-
Office equipment	0	-
Furniture and fittings	0	-
Computers and accessories	4,000	-
Motor vehicle expenses	148,900	169,430
Maintenance of civil works	-	-
Total repairs and maintenance	812,665	247,310

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	42,700	13,470
General office supplies	339,955	69,678
Insecticides and rodenticides	-	-
Withholding taxes	99,970	-
Bank charges	9,430	-
Conferences and delegations	-	-
Consultancy fees	-	-
Cooking gas	188,800	193,500
Electricity expenses	908,160	698,628
Fuel and Lubricants	1,561,305	783,692
Insurance	-	-

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Research and development expenses	-	-
Travel and accommodation allowance	244,960	-
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	26,000	-
Hire charges	-	-
Rent expenses	-	-
Water and sewerage costs	953,420	1,888,053
Skills development levies	-	-
Telephone and mobile phone services	38,500	30,264
Internet expenses	-	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	4,413,200	3,677,285

22. Finance Costs

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

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

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalized	-	-
Total gain on sale of assets	-	-

24. Unrealized Gain On Fair Value Investments

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant, and equipment	-	-
Intangible assets	-	-
Other assets not capitalized	-	-
Total gain on sale of assets	-	-

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024-2025	2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	-	-
Non- Comprehensive contracts care with NHIF/SHA	-	-
Linda Mama Program	-	-
Waivers and Exemptions	-	-
Total Gain/Loss	-	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current accounts	645,973	2,947,939
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(<i>specify</i>)- Mobile money	-	-
Total cash and cash equivalents	645,973	2,947,939

Notes to the Financial Statements (Continued)

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

Description		2024-2025	2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank- FIF a/c	1324434252	399,789	771,814
Kenya Commercial Bank-Revenue a/c	1310101582	246,184	2,176,125
Sub- total		645,973	2,947,939
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank – etc		-	-
Sub- total		-	-
c) Fixed deposits account			
Bank Name		-	-
Sub- total		-	-
d) Others(specify)			
cash in hand		-	-
Mobile money- Mpesa, Airtel money		-	-
Sub- total		-	-
Grand total		645,973	2,947,939

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Medical services receivables	6,602,980	2,146,500
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	6,602,980	2,146,500

Analysis of Receivables From Exchange Transaction

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	4,456,480	67	2146500	100
Between 1- 2 years	2,146,500	33	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	6,602,980	100	2146500	100

30. Receivables From Non-Exchange Transactions

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

Analysis of Receivables from Non-Exchange Transactions

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

31. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Pharmaceutical supplies	357,930	574,686
Maintenance supplies	-	-
Food supplies	255,650	-
Non-Pharmaceuticals	2033,432	-
Cleaning materials supplies	-	-
General supplies	-	-
Less: provision for impairment of stocks	-	-
Total	2,647,012	574,686

Detailed disclosure on inventories

	Insert Current FY	Insert Comparative FY
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	--	-

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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	2,100,000	-	47,120,000	-	-	49,220,000
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30th Jun 2024	-	-	-	2,100,000	-	47,120,000	-	-	49,220,000
At 1 July 2024	-	-	-	2,100,000	-	47,120,000	-	-	49,220,000
Additions	-	-	9,090,000	786,000	-	1,388,500	604,000	-	11,868,500
Disposals	-	-	-	-	-	-	-	-	-

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Transfer/adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
At 30 th Jun 2025	-	-	9,090,000	2,886,000	-	48,508,500	604,000	-	61,088,500
Depreciation and impairment									
At 1 July 2023		-			-				-
Depreciation for the year		-			-				-
Disposals		-			-				-
Impairment		-			-				-
At 30 June 2024		-			-				-
At July 2024		-			-				-
Depreciation		-			-				-
Disposals		-			-				-
Impairment		-			-				-
Transfer/adjustment		-			-				-
At 30 th June 2025		-			-				-

Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024-2025		2023-2024	
	KShs		KShs	
Trade payables	2,100,928		5,695,363	
Employee dues	-		-	
Third-party payments (<i>e.g. unremitted payroll deductions</i>)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	2,100,928		5,695,363	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	264,455	13	5,695,363	100
1-2 years	-	-	-	-
2-3 years	1,836,473	87	-	-
Over 3 years	-	-	-	-
Total	2,100,928	100	5,695,363	100

37. Refundable Deposits from Customers/Patients

Description	2024-2025		2023-2024	
	KShs		KShs	
Medical fees paid in advance	-		-	
Credit facility deposit	-		-	
Rent deposits	-		-	
Others	-		-	
Total deposits	-		-	
	-		-	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operation

Description	2024-2025	2023-2024
	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	15,474,950	49,022,590
Adjusted for:		
Depreciation	-	-
Non-cash grants received	9,090,000	49,220,000
Impairment	-	-
Gains and losses on disposal of assets	-	()
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(2,072,326)	(574,686)
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	(3,594,435)	(5,695,363)
Increase in payments received in advance	-	-
Net cash flow from operating activities	18,898,189	103,363,267

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

(i) Credit risk

The hospital 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 hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	2,146,500	-	0	0
	-			
Receivables from –non-exchange transactions	-	-	0	0
Bank balances	3,001,284	-	0	0
Total	3,001,284	-	0	0
At 30 June 2025				
Receivables from exchange transactions	4,456,480	-	0	0

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Receivables from –non-exchange transactions	-	-	0	0
Bank balances	645,973	-	0	0
Total	645,973	-	0	0

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 hospital has significant concentration of credit risk on amounts due. 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 hospital's short, medium and long-term funding and liquidity management requirements. The hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	-	5,695,363	-	5,695,363
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	5695363		5,695,363
At 30 June 2025				
Trade payables	-	2,100,928	-	2,100,928
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-

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Total	-	2,100,928	-	210,928
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Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the hospital 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 hospital'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 hospital's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	645,973	-	645,973
Liabilities			
Trade and other payables	2,100,928	-	2,100,928
Borrowings	-	-	-
Net foreign currency asset/(liability)	(1,454,955)	-	(1,454,955)

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

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Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	645,973	-	645,973
Liabilities			
Trade and other payables	2,100,928	-	2,100,928
Borrowings	0	-	0
Net foreign currency asset/(liability)	2,746,901	-	2,746,901

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	0.1	4,698,009	4,704,726
USD	0.1	4,698,009	4,704,726
2025			
Euro	0.1	1,272,125	6,384,417
USD	0.1	1,272,125	6,384,417

b) Interest rate risk

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

Management of interest rate risk

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

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Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	15,474,950	49,022,590
Capital reserve	51,262,087	224,517
Total funds	66,737,037	49,247,107
Total borrowings	-	-
Less: cash and bank balances	3,001,284	(645,973)
Net debt/ (<i>excess cash and cash equivalents</i>)	3,001,284	(645,973)
Gearing	(0)	(0)

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the hospital 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.

Murang'a 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 hospital, both domestic and external. The related parties include:

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to related parties	-	-
Sales of services to related parties	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	5,844,000	1,158,000
Grants from the National Government Entities	-	-
Donations in kind	9,090,000	49,220,000
Total	14,934,000	50,378,000

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c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	40,000	-
Payments for goods and services	-	-
Total	40,000	-
d) Key management compensation		
Directors' emoluments	232,000	104,000
Compensation to the medical Sup	58,000	-
Compensation to key management	186,960	-
Total	476,960	104,000

46. Segment Information

Kandara hospital only operates in one geographical region and therefore not affected by IPSAS 18 on segmental reporting.

Kandara hospital does not operate a different geographical region or in departments.

IPSAS 18 segmental reporting which requires an entity to present segmental information of each geographic region or departments to enable users understand the entity's performance and allocation of resources to different segments does not apply.

47. Contingent Liabilities

Contingent liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court case against the hospital	-	-
Bank guarantees in favor of subsidiary	-	-
Total	-	-

48. Capital Commitments

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

49. Events after the Reporting Period

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

50. Ultimate and Holding Hospital

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

51. Currency

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

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19. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
PRESENTATION AND INACCURACIES IN THE FINANCIAL STATEMENTS 1.0	I. The page numbering of the F/S is incorrect II. The board management expenses in the statement of financial performance disclosed as Kshs 104,000 while in note no 17 to the FS the amount is not disclosed III. The Statement of Cash Flows is not accurate since it is not balanced IV. Under note no 25 relating to cash generated from operations, surplus for the year before tax is disclosed as Kshs 93410 while the deficit reported	The financial statements have been ammended and the observations raised in (I) to (V) above have been addressed. A revised Financial Statement is in place.	Resolved	Done

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for the statement of financial performance is ksh 197410</p> <p>V. The capital grant received during the year was Kshs. 49,220,000 however in the statement of financial position the capital fund disclosed is Kshs. 49,391,172 resulting to an unreconciled and unexplained variance of Kshs 171,172</p>			
<p>2.0 Misstatement of Property, Plant and Equipment Balance</p>	<p>The statement of financial position reflects Ksh 49,220,000 in respect to property, plant and equipment as disclosed in Note 16 to the FS as at 30th June 2024. The amount relates to asset additions during the year. However, a physical inspection conducted at the hospital revealed that it had assets which</p>	<p>The hospital is part of the part of the assets devolved from the national Government and the title to the land is with the ministry of Health.</p>	<p>Not Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	included land and buildings, furniture and equipment which had not been valued and were therefore not included in the fs.			
3.0 Lack of ownership documents.	The statement of financial position reflects Ksh. 49,220,000 in respect of non-current assets balance. However, the amount excluded land on which the hospital is built for which documents of ownership were not availed for audit review.	The hospital is part of the assets devolved from the national Government and the title to the land is with the ministry of Health.	Not Resolved	
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF RESOURCES	(i) Kandara Level iv Hospital is not adequately staffed as per the established human resources for health norms and standards. (ii) The health facility has not implemented	As measures to comply with Kenya Quality model for Health guidelines, staffing level regarding to the certificate under KMPDC, the hospital is registered as Level 3B facility. Staff performance appraisals are conducted annually and forwarded to the county public service board,.	Resolved	Done

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>staff performance appraisal.</p> <p>(iii) Facility does not have a staff motivation programme.</p> <p>(iv) The health facility does not have an infection prevention and control (IPC) Governance structure as per the national policy and guidelines</p> <p>(v) The health facility does not have the Accident and Emergency department</p> <p>(vi) The health facility does not have a Mortuary.</p> <p>(vii) The health facility doesn't have adequate cleaning staff hence putting the health of the patients at risk.</p>	<p>IPC structure is in place with minutes for meetings held attached.</p> <p>The Hospital is constructing an accident and emergency department and mortuary.</p> <p>Staffing levels, staff appraisals, KMPDC certificate of registration and IPC minutes are in place.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE 1.0	Non-Compliance with Inventory Regulations The statement of financial position reflects Ksh. 574,686 in respect of inventories as at 30 th June 2024. The audit revealed that the management did not adhere to stock-taking guide-lines for quarterly inventory counts.	The inventory count for pharmaceuticals was conducted and the report is attached for audit review.	Resolved	Done
2.0	Lack of Internal Audit and Audit Committee Review of internal controls revealed that the internal audit function did not exist and thus, there were no internal audit reports for review. In addition, the audit committee was not in place to provide oversight on the financial and operational matters as required by the law.	Financial oversight is carried out by internal audit unit of Murang'a County government and the reports are available for review. During the financial year under review, the audit committee's mandate had expired and the audit report could not be reviewed.	Resolved	
3.0	Lack of a Risk and Fraud Management Policy.	The risk and fraud management policies for Murang'a County	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The audit revealed that the hospital does not have a risk and management policy to guide the management and board of directors in dealing with risk mitigation and fraud in the facility	Government and its entities have been developed and are awaiting the county assembly to pass them.		

Lina Gakera

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Dr. Lina Gakera
Accounting Officer

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Appendix II: Projects Implemented by The Hospital

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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

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Appendix III: Inter-Hospital Confirmation Letter

Name of Transferring hospital.....Muarang'a County Government

Name of Beneficiary hospital.....Kandara Sub-County Hospital

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
CHQ NO 131	16/8/2024	600,000	0	600,000	Hospital Operations
CHQ NO 144		600,000	0	600,000	Hospital Operations
CHQ NO 147	24/4/2025	3,700,000	0	3,700,000	Hospital Operations
CHQ NO 13	26/6/2025	944,000	0	944,000	Hospital Operations
Total		5,844,000	0	5,844,000	

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

Head of Accounts Department – County Treasury:

Name ...Mr. Waithaka..... Sign *AW* Date ...30/6/2025

Head of Accounts Department - Beneficiary Hospital:

Name Lillian Mwangi..... Sign *LM* Date...30/6/2025

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Appendix IV Reporting of Climate Relevant Expenditures

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

There were no Climate Relevant Expenditures incurred during the financial year reported.

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Appendix V: Disaster Expenditure Reporting Template

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

There were no Disaster Expenditures incurred during the financial year.

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F.O.30

REPUBLIC OF KENYA

BANK RECONCILIATION

MURANGA - MINISTRY OF HEALTH & SANITATION

From Date: 01-JUN-24 To: 30-JUN-25 **KANDARA SUB-COUNTY HOSPITAL OPS ACCOUNT**

Bank: KENYA COMMERCIAL BANK, Branch: MURANG'A, Account Number: 1310101582

Balance as per bank certificate:Kshs. 246,184

Less --

5. Payment in Cash Book not yet recorded in Bank Statement - 0

6. Receipts in Bank Statement not yet recorded in Cash Book - 0

Add --

7. Payment in Bank Statement not yet recorded in Cash Book - 115

8. Receipts in Cash Book not yet Recorded in Bank Statement - 0

Bank Balance as per Cash Book

Kshs. 246,299

Reconciled by: Lillian Mwangi..... Signature:  Date: 30/6/2025

Reviewed by: Paul Muna..... Signature:  Date: ...10/7/2025

Approved by: Mr. Waithaka..... Signature:  Date:15/7/2025