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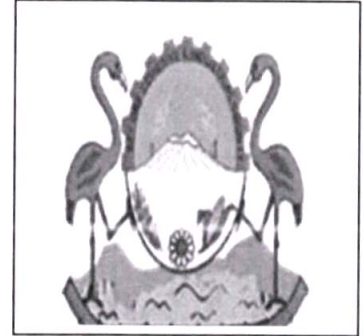
KABAZI SUB-COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF NAKURU

PAPERS LAID	
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KABAZI SUB- COUNTY HOSPITAL (Nakuru County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

Kabazi sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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1. Acronyms & Glossary of Terms

AIE	Authority to Incur Expenditure
ARVs	Anti –Retroviral drugs
CCC/TB	Comprehensive Care Clinic/ Tuberculosis
CHP	Community Health Promoter
CSR	Corporate Social Responsibility
FIF	Facility Improvement Fund
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
HMC	Hospital Management Committee
MCA	Member of the County Assembly
MCH	Mother Child Health clinic
MEDSUP	Medical Superintendent
OSHA	Occupational Health and Safety Act
PMTCT	Prevention of Mother To Child Transmission
PFMA	Public Finance Management Act
PWD	People Living with Disability
UTJ	Usaid Tujenge Jamii
SCH	Sub-County Hospital

2. Key Entity Information and Management

(a) Background information

Kabazi Sub County Hospital is a level 4 hospital established under gazette notice number 157 OF 30/7/2021 and is domiciled in NAKURU County under the HEALTH Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide essential health care to all patients and clients seeking services from the facility.

The services include preventive, promotive, rehabilitative and curative care. Our objective is to be able to give the best care in our region and beyond.

We espouse to give affordable health care and be honest, committed, transparent and confidential in dealing with our patients.

(c) Key Management

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

- County department of health
- Hospital Management Committee
- Accounting Officer/ Medical Superintendent
- Heads of Departments

Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	David Mbugua-
2.	Head of finance	Samuel Kariuki-
3.	Head of nursing	Mary Karanja-
4.		

(d) Fiduciary Oversight Arrangements

The hospital is headed by the Facility in Charge who doubles as the accounting officer. He convenes hospital management committee when need arises. The committee offers oversight in regard to the running of the hospital. Departments are headed by various HODs and forward issues affecting their departments to the medical superintendent

For any financial transaction to happen in the hospital especially regarding to the payments the AIE must be sought from the department of health accounting officer

The Nursing Officer is the chair waiver committee whereas finance oversees financial audits

(e) Entity Headquarters

Nakuru County Government
Rift Valley Regional Building
Box 2060
Nakuru, Kenya

(f) Entity Contacts

Telephone: (+254) 759435711
E-mail kabazisubdistrict@gmail.com
P.O Box 117-20109
Subukia

(g) Entity Bank

KCB LTD
Head Office, Kencom House
Moi Avenue
P.O.Box 48400
Nairobi, Kenya
A/C Name Kabazi Sub-County Hospital
A/C No1156856272

Key Entity Information and Management (continued)

(h) Independent Auditors

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

(i) Principal Legal Adviser


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

(j) County Attorney

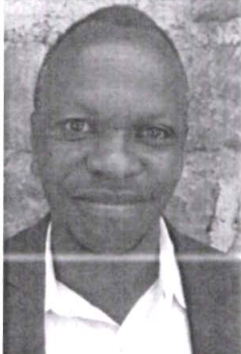


County Attorney
New Town Hall Building
Moi Road
P.O. Box. 2870-20100
Nakuru, Kenya

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3. The Board of Management

Ref	Directors	Details
1.	<p>Director 1</p>  <p>Loice Wangui Njoroge</p>	<p>50 yrs old</p> <p>Resides in Matunda-ini Kabazi Ward Subukia Sub-County.</p> <p>I completed my O level education in 1986 at Mukua Secondary School Githunguri.</p> <p>1987-1989 joined Mathare polytechnic for a Certificate in Catering.</p> <p>Currently I'm a women's representative in Kabazi SCH.</p> <p>2013- 2017, I was privileged to work with Nakuru County Government under Governor Kinuthia Mbugua ruling as a chairperson representing Kabazi Ward in the liquor board, regulating legal licensing of liquor stores owners.</p> <p>2020- 2023, I was selected as a board member in support of Kabazi Police Station construction.</p> <p>Besides I am a chair lady of Matunda-ini Women Group, Treasure of Umbrella Women Group Subukia Sub-County and a church elder A.I.P.C.A Jumatatu.</p>
2.	<p>Director 2</p>	<p>My name is Anthony Mwangi. I'm 53 years old and a resident of Kabazi. I hold a certificate in accounting from the Rift Valley Institute of Science and Technology and a diploma in Theology from the Full Gospel</p>

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	 <p>Anthony Mwangi Muchai</p>	<p>Bible College where I graduated in the year 2004.</p> <p>I'm a member of Kabazi SCH board and also chair the Finance subcommittee. Currently I am a senior pastor at Calvary Life Solution church.</p> <p>I'm also a board member in secondary schools.</p>
3.	<p>Director 3</p>  <p>Joseph Kamau Waithaka</p>	<p>Aged 26 years and a resident of Kabazi location. I hold a certificate in computer and also computer repair and maintenance from computer society of Kenya in the year 2017. I also have a Certificate in Electrical Engineering (power).</p> <p>Before being appointed as a board member, I have been serving as a youth leader in the Kenya Scouts association in Subukia subcounty.</p> <p>I have also achieved much being a youth leader in my church and also a project manager of Nature Scouts.</p>
4.	<p>Director 6</p> 	<p>51 years A residence of Nakuru County. Holder of degree/Masters in Nutrition Sciences from Moi and Kabarak universities respectively having graduated in the year 1999 and 2024. I hold a position of Sub County M.O.H in Kabazi Hospital HMC effective from 1st July 2023 to 30th June 2024. Before joining the Kabazi board I worked as a Health Worker in the department of health services Gilgil Nakuru County 2023.</p>

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	George Ndichu	I have marked achievement including being M.O.H Naivasha and a leader in the in church/ community I am a member in the board.
5.	 Facility In Charge Entity Secretary DAVID MBUGUA	I'm David Mbugua, aged 57 years, a resident of Nakuru county, Bahati constituency. I have a diploma in clinical medicine and surgery. I have done several other courses including Leadership Development Program and have vast experience in medical field in managing patients and staff. I have also been involved in training of staff and community health volunteers.
6.	Entity Secretary	N/A

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4. Key Management Team

Ref	Management	Details
1.	Manager 1  DAVID MBUGUA	FACILITY IN CHARGE
2.	Manager 2  MARY KARANJA	HEAD OF NURSING
3.	Manager 3  SAMUEL KARIUKI	FINANCE & ACCOUNTING
4.	Manager 4 Peris Nuna	Pharmacy

(Note: The Med sup and the Entity Secretary will feature both under the ‘Board’ and ‘Management’.)

5. Chairman's Statement

Kabazi sub-county hospital is a level 4 facility and is a government hospital under Nakuru county government

It is located in Kabazi ward, Subukia constituency in Nakuru county.

The members of the Hospital Management Committee are;

- | | | |
|------------------------------|---|-------------|
| 1. Loice Wangui Njoroge | - | Chairperson |
| 2. Anthony Mwangi Muchai | - | Member |
| 3. Joseph Kamau Waithaka | - | Member |
| 4. Margaret Akiru | - | Member |
| 5. MCA Kabazi Ward | - | Member |
| 6. Simon Kariuki | - | Member |
| 7. Team Lead Subukia- Health | - | Member |
| 8. Facility in Charge | - | Secretary |
| 9. Sub-County Admin Subukia | - | Member |

SUCCESS.

- Improved relations with staff members
- Better relations with the community
- Hospital renovations by the county government
- Support through lobbying
- No political interference

CHALLENGES.

- Shortage of drugs
- Financial resources not enough to run the hospital
- Broken down borehole
- Staff shortage
- Infrastructure challenges for our level of services.
- NHIF late/ or no payments for services offered

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Chairman's Statement (continued)

Way Forward

Continue Lobbying for Support from The Chief Officer Medical Services, County government of Nakuru and all other stakeholders.



Loice Wangui Njoroge

Chairperson to the Board

6. Report of The Medical Superintendent

In the financial year 2024/25, the hospital run calmly with no major incidences. The head of departments, health management committee and the staff at large offered the much needed support. Outpatient attendance was 11,742 compared to the previous year's 10,641.

Transitioning from the NHIF to SHA faced some challenges at the start but eventually it worked to majority of the clients. The hospital introduced a support desk in April 2025 as been recruiting on daily basis. However, due to staff shortage, we are currently recruiting at the registration desk. Power interruption in the hospital has been a big challenge in the previous year but we are following up with the Kenya Power to upgrade power load so that our generator can be fixed.

Human resource for health as one of the key pillars in health system managing has always posed a great burden to the hospital. During the year, the hospital run with a deficit that resulted in postponing some of the leave days especially in the clinical department as we have only two clinicians running the outpatient department. We are also not able to allocate clinicians night duty due to this shortage. We also have an acute shortage in the laboratory and pharmacy department as we have only one staff in each of the two departments. Currently, the staff structure is as follows;

1. Clinical officers -3
2. Nurses - 8
3. Pharm Tech -1
4. Lab technologist -1
5. Health records -1
6. Public health officer -1
7. Clerical officer -1
8. Casual labourers -4
9. Nutritionist -1

Financial support from the department of health has played a significant role in supplementing the revenue collected as FIF. In the ended year, the hospital collected a total of Ksh 4,057,129.00

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against a target of Ksh 5,244,442.00 resulting in a deficit of Ksh 1,187,313.00. The department has aided the hospital in payment of salaries of some staff, in supplying HPTs, training and mentorship.

Without the necessary infrastructure, the hospital would not have run efficiently and effectively. In this regard, the hospital is still trying to lobby for support to equip the X-Ray department and also expand to include other services that are currently not available at our facility.

Kabazi Sub County Hospital has continued to collaborate with other stakeholders within and without the sector. UTJ has sustained to offer both financial and technical support and HRH. In the ending year, 4 staffs were directly supported. In addition, the organization supported the hospital with a desk top computer and installed the system. It is also important to note that there is yearly work plan that incorporates various activities which was supported by the UTJ that amounted to Ksh. 200,000.00 in support of the joint AWP for the year in review.

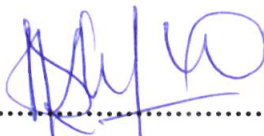
Without adequate health products and technologies, service delivery would be impossible. It's for this reason the hospital allocated a total of Ksh 768,030.00 to procure lab reagents, pharmaceuticals and non-pharmaceuticals. Moreover, the department distributed health products amounting to Ksh 3,289,099.00 in order to ensure service delivery was uninterrupted.

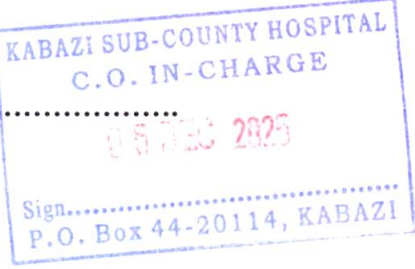
The component of information technology has boosted service delivery in unified manner. The hospital integrated service delivery across all departments through the information system. However, the system has been facing constant breakdown and the hospital is in the process of switching to the National County supported system by the name Taifacare.

Running level 4 hospital needs both managerial and leadership skills in order to deliver tangible results. It's for this reason that the facility in charge is following up on training in Senior Management Course at the Government Training Institute. The knowledge acquired will be practically applied in ensuring that the hospital advances and effectively collaborates to achieve the department mission and vision.

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Strategically, the health management committee intends to start fencing the hospital and equipping the youth centre. So far, an allocation of Ksh. 1,500,000.00 from the ward fund has been set aside for fencing and Ksh. 500,000.00 for equipping the youth centre. We hope this allocation will be forthcoming.


.....
David Mbugua
Secretary to the Board


KABAZI SUB-COUNTY HOSPITAL
C.O. IN-CHARGE
05 DEC 2025
Sign.....
P.O. Box 44-20114, KABAZI

Kabazi Sub-County Hospital (Nakuru County Government)
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7. Statement of Performance Against Predetermined Objectives

Kabazi Sub County Hospital has six strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24- FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Eliminate the communicable diseases

Pillar/theme/issue 2: Halt or Reverse Non communicable

Pillar 3 To reduce the burden of violence and injuries

Pillar 4 To provide essential medical supplies

Pillar 5 To minimize exposure to health risk factors

Pillar 6 To strengthen collaboration with health-related sectors

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

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1	Reduce URTI from 2614 to 2483	Reduced cases MOH 511	Health education to patients on prophylaxis	Health education sessions held.
Pillar/theme/issue 2	Reduce the number of arthritis from 203 to 192	MOH 511	Conduct weekly health education	206 cases attended
Pillar/theme/issue 3	Reduce GBV from 22 to 15	GBV Register	Conduct 2 outreaches in collaborations with gender	Outreaches not done. 25 cases reported

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			and children departments	
Pillar/theme/issue 4	To improve essential medicines stocks fill rate from 71% to 80%	Inventory register	Monthly stock taking Exit interview on missing HPTs	80%
Pillar/theme/issue 5	Reduce alcohol intake and drug abuse by working with chiefs Reduce from 15 to 10%	Number of cases managed in the facility due to intoxication and drug abuse	Conduct 2 multisector outreaches	Cases reported 7
Pillar/theme/issue 6	Work with water sectors to improve safe drinking water from 35 amoebiasis to 31	Number of cases reported due to drinking unsafe water	Conduct facility monthly survey with the public health	400 cases reported

Statement of Performance Against Predetermined Objectives (Continued)

For youth friendly services, our youth centre has not been operational due to staff shortage. School health programs were done through the public health department and were mainly on hygiene and deworming.

For referral services, we rely on the ambulance stationed at Subukia sub county hospital.

In the ended year the most common ailments included diarrhoea, upper respiratory tract infection(URTI), arthritis, disease of the skin, amoebiasis, dental disorder, lower respiratory and urinary tract infection. Diarrhoea was commonest in under-fives whereas URTIs was the most common in adults.

Skilled deliveries were 226 despite initial challenges faced during SHA transitioning.

Due to the intensive intervention in TB screening, we had 19 cases initiated on treatment.

On specialised cases, MOPC recorded a total of 778 cases.

Active HIV clients were reported to be at 334 by the end of the financial year

8. Corporate Governance Statement

Kabazi Sub County Hospital is governed through the health management committee. Currently the committee comprises of 9 members. The committee was appointed on 6/12/23 vide gazette notice number 16123 dated 24/11/23 to run for the next three years. The medical superintendent is the secretary to the committee. The committee is usually appointed by the county executive committee member in charge of health services. The hospital committee comprises of representative of youth, people living with disabilities, religious leader, and a person with knowledge in finance, medical superintendent, area MCA, sub county health team leader and sub county administrator. The committee is then partitioned into respective subcommittee which are service delivery, infrastructure and finance. Service delivery mainly dwells with the human resource delivery, infrastructure mainly focuses on the development and repairs while finance oversees the utilization of funds and revenue collection.

The committee meets once per quarter in the hospital or when urgent need arises. In the year ending five full members meeting were held. The extra meeting was convened to discuss on the annual report and financial statements. The attendance was excellent with only one member missing all the meetings.

Sitting allowance is paid after the meeting is conducted whereby a prove of attendance is normally attached prior to payment. The payments are according to the department circular dated 7th Jan 2019 whereby our hospital is classified as low level 4 volume. But as at now, the SRC issued new guidelines on payment for members and will be in use starting the next financial year.

Invitation to the committee is normally done through SMS, committee WhatsApp and at times phone call. The agenda of the meeting is normally communicated during the meeting. The meetings normally take 2 to 5 hours depending on the agenda. During the full board meeting, subcommittees presents in a particular order and the presentations are discussed at the meeting before they are approved, amended or rejected.

In special circumstances the head of a departments is normally called to offer technical support during the meetings. In all full board meetings held in the year, the accountant was incorporated to offer technical advice. The meetings are usually held in the first two weeks of the beginning of a quarter.

Hospital health committee is mandated to oversee the running of the hospital and to link community and the hospital, in collaboration with partners, growth and development of the institution and

Corporate Governance Statement (continued)

offer support in case of emergencies or unnecessary interferences. Teamwork and lobbying for resources has been part of the endeavours the committee has placed forward. Several partners and stakeholders were approached by the committee to offer support in various gaps noticed.

These gaps included fencing, hospital surveying and beaconing, staffing, equipment and apparatus, repairs and maintenance. Some were successful as earlier mentioned while others are still being sought

At the hospital level, the committee was able to achieve some milestones including power load upgrade follow up, procurement HPTs, payment of salaries and wages, internet connectivity and clearing pending bill owed to NSSF as penalties.

At the end of their term, the CECM health communicates on their fate whereby their term can be extended or new committee appointed altogether. For the rest of the members who are public servants their appointment to the board depends on the position they are holding when the appointment is being done.

For the purposes of continuity, the medical superintendent has been mentoring other staff so that in case he proceeds on leave or a transfer comes, the office continues to run smoothly.

- i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter
- ii. Roles and functions of the board
- iii. Induction, training, and development
- iv. Board and members' performance
- v. Number of Board meetings held and the attendance to those meetings by members
- vi. Succession plan
- vii. Policy to manage conflict of interest.
- viii. Board remuneration
- ix. Ethics and Conduct
- x. Governance audit
- xi. Communication policy
- xii. Terms of Reference of Committees
- xiii. Policy on related party transactions

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Corporate Governance Statement (continued)

1. Service Delivery Quality of Health Care Service Meeting

	Date	25/06/2024 (Q1)	29/10/2024 (Q2)	30/12/2024 (Q3)	28/03/2025 (Q4)
	Name	Attendance	Attendance	Attendance	Attendance
1	Joseph Waithaka	✓	X	✓	X
2	Joseph Kamau	✓	✓	✓	✓
3	David Mbugua	✓	✓	✓	✓
4	Mary Karanja	✓	✓	X	✓
5	Loice Wangui	X	✓	✓	✓

2. General Purpose Committee Meeting

	Date	27/06/2024 (Q1)	02/10/2025 (Q2)	02/01/2025 (Q3)	02/04/2025 (Q4)
	Name	Attendance	Attendance	Attendance	Attendance
1	Anthony Mwangi	✓	X	✓	✓
2	Loice Wangui	✓	✓	✓	✓
3	David Mbugua	✓	✓	✓	✓
4	Samuel Kariuki	✓	✓	✓	✓
5	Joseph Waithaka	X	✓	✓	X

3. Finance Committee Meeting

	Date	02/07/2024 (Q1)	07/10/2024 (Q2)	06/01/2025 (Q3)	07/04/2025 (Q4)
	Name	Attendance	Attendance	Attendance	Attendance
1	Anthony Mwangi	✓	✓	✓	✓
2	Loice Wangui	✓	X	✓	✓
3	David Mbugua	✓	✓	✓	✓
4	Samuel Kariuki	✓	✓	✓	✓
5	Mary Karanja	X	✓	X	X

4. Health Management Committee Meeting

	Date	02/07/2024 (Q1)	27/08/2024 (Q1)	09/10/2024 (Q2)	08/01/2025 (Q3)	10/04/2025 (Q4)
	Name	Attendance	Attendance	Attendance	Attendance	Attendance
1	Joseph Waithaka	✓	✓	X	✓	X
2	Anthony Mwangi	✓	✓	✓	✓	✓
3	Joseph Kamau	✓	✓	✓	X	✓
4	Loice Wangui	X	✓	✓	✓	✓
5	Margaret Akiru	X	✓	✓	✓	✓
6	David Mbugua	✓	✓	✓	✓	✓
7	Roselyn Mutai	✓	✓	X	X	✓
8	George Ndichu	X	✓	✓	✓	✓
9	Samuel Mwangi	✓	✓	✓	✓	✓
10	George Taalam	X	X	X	X	X

9. Management Discussion and Analysis

The facility offers services throughout the week.

We have a bed capacity of 24 in the maternity.

Currently the borehole is broken down and we are unable to use the maternity fully.

The administration wing comprises of;

1. Facility in charge
2. Finance
3. Procurement
4. Nursing officer

We have 12 departments

1. Outpatient
2. Maternity
3. Pharmacy
4. Laboratory
5. Health records and information
6. Revenue
7. MCH
8. PMTCT
9. Public health
10. Nutrition
11. Youth friendly- not operational currently

Clinical/operational performance

The facility has a bed capacity of 24 beds which is for maternity cases.

The number of new patients for the year was 14,700.

For cases of emergencies, we are able to link with the ambulance at Subukia for purposes of referral.

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Management Discussion and Analysis (continued)

We don't have a specific specialised clinic but we integrate MOPC with the general outpatient clinic to offer the service.

For our inpatient, we only offer maternity service and length of stay is two days. The bed occupancy rate is 20%.

For the year in review, we have not had any case of mortality in the maternity.

We don't have a theatre and we therefore only do minor surgical procedures.

For the hospital operations, we currently don't have a sponsor for the services.

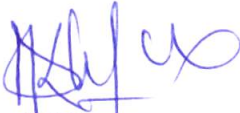
Financial performance that includes: -

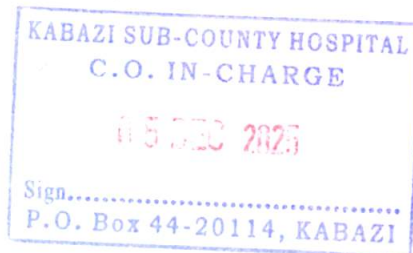
The facility entirely gets its revenue through cost sharing., with support from the county and other partners especially UTJ.

We are registered with NHIF services including capitation. Linda mama and EDU Afya. However, reimbursement of the same takes time and causes delay leading to budget deficits.

The funds collected are used to run the facility in payment of bills, wages and payment to suppliers.

The year 2024/2025 we collected Ksh 4,057,129.00 against a target of Ksh 5,244,442.00 and utilised the whole amount running the services.


David Mbugua
Secretary to the Board



10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

In order to ensure the hospital remains relevant and grows, the Facility in charge plays a critical role of providing a framework of team work and multidisciplinary approach. He should ensure the hospital has acceptable culture by incorporating human resource from different culture orientation and with various knowledge and skills.

Time management is of essence and the institution has strived to make it a routine that patients are managed seamlessly across all departments.

Lobbying of specialised skills is paramount in safeguarding that patients do not suffer for far too long in seeking the health care. For the period under review, the facility in charge approached orthopaedic personnel to be seeing our patients twice a week.

ii) Environmental performance

Hospital, if not well managed can be a health hazard as a result of poor waste management. As a health facility, we have been extremely cautious on the waste disposal. We have an active public health department that plays significant role in controlling this as guided by Public Health Act and the Building Act.

The health facility has a well-established burning chamber that is used to dispose non pollutant general wastes. For hazardous wastes mainly pharmaceuticals that end up expiring or damaged, the facility has quarantined them awaiting the recommended process to end. The drugs have been captured in the standardized form F058 and filed appropriately. Other specialised waste management mechanisms include placenta pit and septic tanks.

With the aim of conserving the environment and as well as offer services with tranquillity, Kabazi Sub County Hospital has tree plantation and well maintained lawn. In the year ended, the facility had more than 10 grown up trees with few fruit trees. Before a tree is cut down, authority is normally sought from the HMC and forest department.

Environmental and Sustainability Reporting (continued)

iii) Employee welfare

Monthly staff return plays a critical role in establishing the distribution of staffs within the hospital. Different categories of staffs exist in the facility such as permanent and pensionable, county contracted, UHC contracted, partner contracted (UTJ) and hospital contracted.

The contract usually runs for a period of three renewable months for hospital contracts while for county contracted runs for a maximum of three years.

The Staff are largely classified as Technical, and non-Technical working in different departments.

The recruitment process for the hospital contracted staff is guided by both the HMC and the Nakuru County Public Service board. The process starts once a vacancy arises or when need arises for additional staffs.

The non- technical staffs mainly report to the office of the hospital in charge who is their immediate supervisor. Their induction, welfare, disciplinary, target process is normally handled by the facility in charge.

All staffs are entitled to days off and leave as stipulated in their respective engagement framework.

iv) Market place practice

a) Responsible competition practice.

We operate in an environment whereby we are guided by the Kenya Constitution 2010 that calls for adhering to integrity as enshrined in Chapter Six. Also, our staffs are affiliated to various professional bodies like Nursing Council, Kenya Medical and Dentist Board, Pharmacy and Poisons Board among others that regulate these professions by ensuring they align to the code conducts and ethics in their duty.

Moreover, there are other manuals and Acts which are in existence that are all aimed at ensuring that service delivery is fair, transparent and non-discriminatory. They include Human Resource Manual, 2016 and policies, Employment Act, 2007 and Public Finance Management Act, 2012 among others.

Environmental and Sustainability Reporting (continued)

The hospital is strategically located within the reach of many. In this regard, clients can access the services easily. Also, the staffs are skilled enough and need to attend continuous medical education (CME) every week within the hospital and the trainings in order to sharpen their skills. With a well-motivated and trained team, the community normally seek their services from the facility.

Subsidised commodities and waivers have also played a big role of encouraging patients to seek our services. All under-fives are exempted from paying for the services according to the MOH Policy.

b) Responsible Supply chain and supplier relations

Procurement of goods and services within the hospital is governed by the Public Procurement and Asset Disposal Act, 2015 and the revised edition,2022. We get our supplies from various sources with the department of health supporting to some extent in the supply of pharmaceuticals, non-pharmaceuticals and laboratory reagents.

KEMSA supplies donor funded program commodities like ARVS, anti TBs, Reproductive health and Nutrition supplements.

The hospital also procures from the prequalified suppliers as guided by the procurement department. Before any procurement is commenced, a requisition must first be raised by the user department, its then sent to the procurement, then to the accounts and finally to facility in charge who can either approve it or reject it giving reasons.

For the goods and services that get paid in instalments, the HMC Finance subcommittee must approve it further from the normal budget. However, the hospital does not encourage any debt to extend to more than six months without being fully settled.

For the year ending, we had contracts with eight suppliers. KEMSA and MEDS were the main suppliers for the Pharmaceuticals and Non-Pharmaceuticals. The purchases are normally brought to the facility by the suppliers at their own cost and should be inspected by the inspection and acceptance committee before they are paid for.

After all goods and services are delivered, payment is usually done within two weeks.

Environmental and Sustainability Reporting (continued)

c) Responsible marketing and advertisement

By nature of the services we offer, marketing and advertisement is prohibited. However, we inform the community about our services through displaying an updated service charter, notice board and through public participation. We also hold community dialogue days to get feedback from the community on the services we offer.

In the event the hospital introduces a new service, we send the notices to various religious organisations, schools and sub county administration for announcement.

d) Product stewardship

The products that are directly consumed by the patients in the course of service delivery are usually safe, quality assured and registered for that particular use. This is verified during procurement process by scrutinising suppliers to ensure they meet all laid down requirements. Items donated by well-wishers and partners always undergo thorough inspection and are only allowed in if the hospital is in need of them.

Parameters which are checked includes date of manufacture, name of the manufacturer, language on the label/inserts and storage condition. Items that are almost expiring, with foreign instructions and language are usually rejected.

Routine stock taking to ascertain expiry dates among other indicators happens every month whereby stocks that face short expiry or are overstocked get redistributed to other health facilities in exchange with long expiry one.

While conducting various interviews, public participation and when responding to patient complaints, we usually allow them to freely give their suggestions in improving service delivery. Patients' rights form the basis of any complaint and the hospital endeavours to ensure that the rights are fully addressed. For the year ended we recorded fifty complaints and were all successfully handled.

v) Corporate Social Responsibility / Community Engagements

Preventive health care being one of the three approaches to the facility health delivery focus, the hospital engages the community through community health volunteers CHVs.

Environmental and Sustainability Reporting (continued)

During such meetings and engagements, the community is educated in respect to general cleanliness, water, sewerage commonly known as WASH- water and sanitation hygiene.

Our recruitment for hospital contracted staffs mainly prioritizes on the community applicants. This is basically aimed at ensuring that the hospital gives job opportunities to the community.

As mentioned earlier, the hospital has contracted local suppliers for perishable food including meat, milk, vegetables, bread.

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 Kabazi Sub County Hospital are to offer holistic medical care to patients including preventive, rehabilitative and curative.

Results

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

Board of Management

The members of the Board who served during the year are shown on page vi to ix.

Auditors

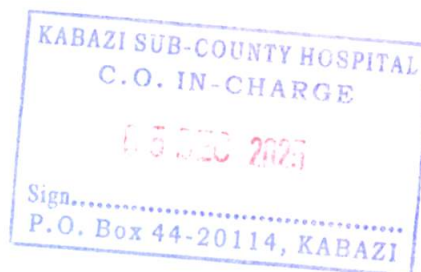
The Auditor General is responsible for the statutory audit of Kabazi Sub County Hospital in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Kabazi SCH for the year/period ended June 30, 2025 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



David Mbugua

Secretary to the Board



12. Statement of Board of Management's Responsibilities

Section 164 of the Public Finance Management Act, 2012 (entities should quote the applicable legislation under which they are regulated)) requires the Board of Management to prepare financial statements in respect of Kabazi sub county 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 Kabazi Sub County Hospital for that year/period. The Board of Management is also required to ensure that Kabazi sub county 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 Kabazi sub county hospital.

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

The Board of Management accepts responsibility for Kabazi sub county hospital 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 Kabazi sub county hospital financial statements give a true and fair view of the state of Kabazi sub county hospital transactions during the financial year ended June 30, 2025, and of the Kabazi sub county hospital financial position as at that date.

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

Statement of Board of Management's Responsibilities (continued)

The Board members further confirm the completeness of the accounting records maintained for Kabazi Sub County Hospital, which have been relied upon in the preparation of Kabazi Sub County Hospital financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

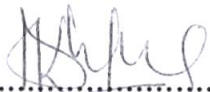
The Hospital's financial statements were approved by the Board on 27/8/25 and signed on its behalf by:

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Name: Loise Wangui Njoroge

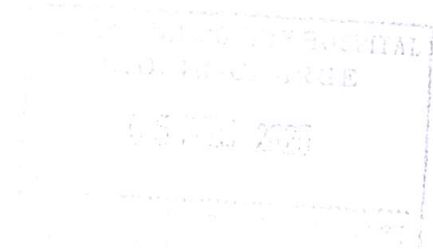
Chairperson

Board of Management

.....


Name: David Mbugua

Accounting Officer



REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kabazi Sub-County level 4 Hospital set out on pages 1 to 56, 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 the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kabazi 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), the Hospitals Act, 2017, the County Governments Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects net assets balance of Kshs.36,139,178. However, the statement reflects net assets (accumulated surplus and capital fund) balance of Kshs.36,413,700 resulting in an unexplained variance of Kshs.274,522.

The statement of changes in net assets reflects a capital fund balance of Kshs.28,296,256. However, the recomputed amount is Kshs.28,573,576 resulting in an unexplained variance of Kshs.277,320.

In addition, the statement reflects total net assets balance of Kshs.36,139,178. However, the statement of financial position reflects net assets (accumulated surplus and capital fund) balance of Kshs.36,413,700 resulting in an unexplained variance of Kshs.274,522.

The statement of cash flows reflects cash and cash equivalents balance of Kshs.1,304,115. However, the recomputed amount is Kshs.1,558,558 resulting in an unexplained variance of Kshs.254,443.

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

2. Unsupported Depreciation and Amortization Expense

The statement of financial performance for reflects an amount of Kshs.266,930 in respect of depreciation and amortization expense as disclosed in Note 18 to the financial statements. Review of the significant accounting policies in the financial statements, schedules and the computations for depreciation and amortization expenses, revealed that Management has not disclosed the adopted depreciation and amortization policy on property, plant and equipment. This was contrary to paragraph 9 of IPSAS 45 on general disclosures.

In the circumstances, the accuracy and completeness of the depreciation and amortization expense of Kshs.226,930 for the period ended 30 June, 2025 could not be confirmed.

3. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant and equipment balance of Kshs.31,210,410 as disclosed in Note 32 to the financial statements. However, the hospital does not maintain an asset register indicating the various assets held by the Hospital and their respective values.

Further, review of records revealed that land and buildings with historical costs of Kshs.18,130,857 and Kshs.13,346,483 respectively were transferred by the County Government of Nakuru to the Hospital in the financial year 2023/2024. However, the transfer was not supported with a valuation report and ownership documents.

In addition, Management did not undertake a comprehensive verification and condition assessment of all assets controlled or used by the Hospital during the financial year under review. Therefore, furniture, fittings and office equipment, ICT Equipment and plant and medical equipment of unknown value have not been recorded in the assets register and the financial statements. The dates of acquisition, disposal or major change in use of these assets are not disclosed.

In this circumstances, the accuracy and completeness of property plant and equipment of Kshs.31,210,410 as at 30 June, 2025 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Hospital for the financial year 2023/2024 revealed that the following eleven (11) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Variance Between the Financial Statements and the General Ledger
2	2023/2024	Unsupported Employee Costs
3	2023/2024	Unsupported Capital Fund
4	2023/2024	Unsupported Property Plant and Equipment
5	2023/2024	Unsupported Budget
6	2023/2024	Non-compliance with Financial Reporting Template Issues by the Public Sector Accounting Standards Board
7	2023/2024	Lack of Approved Tariff Structure for Hospital Services
8	2023/2024	Failure to Transfer Revenue to the County Revenue Fund
9	2023/2024	Irregular Engagement of Casual Workers
10	2023/2024	Unutilized Infrastructure Facilities
11	2023/2024	Non-Compliance with Requirements on Universal Health Care (UHC)

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I

confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Approved Tariff Structure for Hospital Services

The statement of financial performance for the year ended 30 June, 2025 reflects total revenue from exchange transaction of Kshs.4,417,129. However, there was no evidence of approval of the price list used to charge for services rendered to the public. This was contrary to Regulation 65 (2) of the Public Finance Management (County Governments) Regulations, 2015 which requires an Accounting Officer to obtain approval from the County Treasury of the proposed tariff structure.

In the circumstances, Management was in breach of regulations.

2. Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.1,355,250 as disclosed in Note 29 to the financial statements. However, review of the ageing analysis revealed that the balance had been outstanding for more than one (1) year with debts totaling Kshs.995,250 outstanding for over two (2) years without recovery. In addition, Management did not make any provision for bad and doubtful debts in the financial statements. Further, actions taken by Management to enforce the settlement of the outstanding debts were not provided for audit review.

In the circumstances, the recoverability of the trade and other receivables balance of Kshs.1,355,250 as at 30 June, 2025 could not be confirmed.

3. Irregularities in Payroll Payables

The statement of financial position and Note 36 to the financial statements reflects trade and other payables balance of Kshs.274,522. Included in this balance is employee dues amounting Kshs.121,522 that had already attracted National Security Fund (NSSF) penalty amounting to Kshs.221,522. The demand notice from NSSF to the Hospital was dated 26 October 2023 and referenced SF/C/NKU/20538219/31. Despite the Hospital's commitment to paying staff salaries in full and remitting statutory deductions as required by law, there was still a balance of Kshs.121,522 in accrued salaries payables during the year under review raising concerns about the Hospitals ability to meet its payroll obligations.

This was contrary to Section 22(2)(a) of the Public Finance Management Act, 2012 which states that in addition to the responsibilities of Accounting Officers provided in the Act, an Accounting Officer designated under the Act or any other Act, shall - comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation.

In the circumstances, the Management was in breach of the law and the Hospital's ability to meet its payroll obligations could not be confirmed.

4. Role of the Hospital in Universal Health Care

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines. This was due to lack of staff in the categories of medical officers, anesthesiologists, general surgeons, gynecologists, pediatricians and radiologists. Further, the Hospital had deficiencies in staffing of Kenya Registered Community Health nurses as well as total lack or inadequacy in the services offered such as radiology, renal dialysis, mortuary and autopsy services, hospital beds, Resuscitaier (two (2) in labour ward and one (1) in theatre), New Born Unit - Incubators (five (5)) and five (5) cots. In addition the Hospital did not have a functional intensive care unit (ICU) – with six (6) beds capacity, high dependency unit (HDU), Renal unit with at least five (5) dialysis machines, and at least two (2) functional operating theaters in maternity and general wards.

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

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

5. Non- Compliance with Facility Improvement Financing Act, 2023 at the Hospital

Review of County revenue records for level 4 and 5 hospitals revealed Kabazi Sub-county level 4 Hospital collected an amount of Kshs.4,056,427 and transferred a Nil amount to the County Revenue Fund. Further, available records indicate that the amount of Kshs.4,056,427 was disbursed to the Hospital from the Facility Improvement Fund collection account. However, the Hospital financial statements reflected an amount of Kshs.4,057,129 as having been received from the FIF account resulting in an unexplained and over disbursed amount of Kshs.702. This is contrary to the provisions of Section 20-25 of the Facilities Improvement Financing Act, 2023 which requires that all revenues collected by health facilities be retained in designated FIF accounts and utilized strictly for approved operational and improvement activities.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Improper Maintenance of Non-Pharmaceutical and Cleaning Equipment Stores

The statement of financial position and Note 31 to the financial statements reflect inventories balance of Kshs.2,543,925 in respect of pharmaceuticals supplies, maintenance supplies and food supplies as at the close of the financial year. However, audit inspection of inventory stores in the month of October, 2025 revealed that the Management failed to maintain a well-organized, clean and safe custody of pharmaceutical, non-pharmaceuticals as well as the food stores. Both pharmaceutical and non-pharmaceutical materials and equipment were not labeled and well-arranged for ease of trace and access when required. Additionally, food products, non-pharmaceutical and maintenance equipment were kept together exposing food stuff to contamination and unsafe for human consumption.

In the circumstances, the Hospital did not manage its inventories and stores in an effective and safe manner which may compromise the quality of the inventories.

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

Responsibilities of Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the Hospital's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025

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

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

Description	Note	FY 2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In-kind contributions from the County Government	7	12,516,923	15,048,710
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10	-	-
		12,516,923	15,048,710
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	4,417,129	4,715,347
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		-	4,715,347
Total revenue		16,934,052	19,764,057
Expenses			
Medical/Clinical costs	15	1,801,815	1,834,761
Employee costs	16	13,320,047	15,596,036
Board of Management Expenses	17	194,000	168,000
Depreciation and amortization expense	18	266,930	55,703
Repairs and maintenance	19	418,682	15,000
Grants and subsidies	20	-	-
General expenses	21	745,250	502,847
Finance costs	22	-	-
Total expenses		16,746,724	18,172,347
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-


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

Description	Note	FY 2024/2025	2023/2024
		Kshs	Kshs
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		187,328	1,591,710

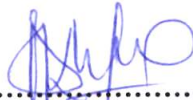
The Hospital's financial statements were approved by the Board on 27/08/2025 and signed on its behalf by:



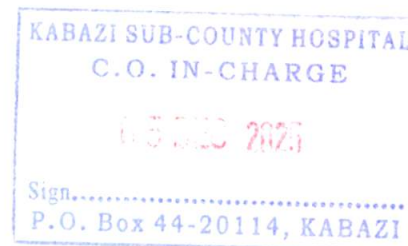
Chairman
Board of Management



Head of Finance
 ICPAK No: 16040



Medical Superintendent



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


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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	1,304,115	1,311,300
Prepayments	28		-
Receivables from exchange transactions	29	1,355,250	2,817,090
Receivables from non-exchange transactions	30	-	-
Inventories	31	2,543,925	875,783
Total Current Assets		5,203,290	5,004,173
Non-current assets			
Property, plant, and equipment	32	31,210,410	31,499,621
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35		-
Total Non-current Assets		31,210,410	-
Total assets (A)		36,413,700	36,503,794
Liabilities			
Current liabilities			
Trade and other payables	36	274,522	274,624
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		274,522	274,624
Non-current liabilities			
Provisions	38		
Non-Current Finance lease obligation	39	-	-
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-


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Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
		-	-
Total Liabilities (B)		274,522	
Net assets (A-B)		36,139,178	36,229,170
Represented by:			
Revaluation reserve			
Accumulated surplus/Deficit		7,842,922	7,655,594
Capital Fund		28,296,256	28,573,576
Net Assets		36,413,700	36,229,170


The Hospital's financial statements were approved by the Board on 27/08/2025 and signed on its behalf by:



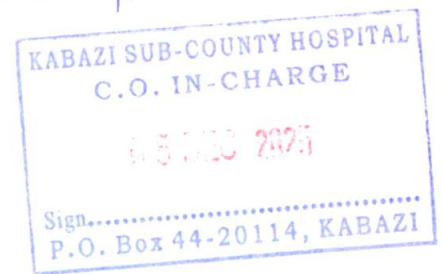
Chairman
Board of Management



Head of Finance
 ICPAK No: 16040



Medical Superintendent



Kabazi Sub-County Hospital (Nakuru County Government)
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15. 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 (previous year)	-	6,063,884	-	6,063,884
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,591,710	-	1,591,710
Capital/Development grants	-	-	28,573,576	28,573,576
As at June 30, 2024 (previous year)	-	7,655,594	28,573,576	36,229,170
At July 1, 2025 (current year)	-	7,655,594	-	7,655,594
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	187,328	-	187,328
Capital/Development grants	-	-	28,296,256	28,296,256
At June 30, 2025 (current year)	-	7,842,922	28,296,256	36,139,178

Kabazi Sub-County Hospital (Nakuru County Government)
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16. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	
Public contributions and donations		-	-
Rendering of services- Medical Service Income		4,057,129	3,535,347
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(specify)		-	-
Total Receipts		4,057,129	3,535,347
Payments			
Medical/Clinical costs		1,069,360	799, 875
Employee costs		1,550,579	1,468,218
Board of Management Expenses		194,000	168,000
Repairs and maintenance		328,682	15,000
Grants and subsidies		-	-
General expenses		667,250	502,847
Finance costs		-	-
Refunds paid out		-	-
Total Payments		3,809,871	2,953,940
Net cash flows from operating activities	43	247,258	581,407
Cash flows from investing activities			
Purchase of property, plant, equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-

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Description	Note	FY 2024/2025	2023/2024
		Kshs	Kshs
Net cash flows used in financing activities		-	(-)
Net increase/(decrease) in cash and cash equivalents		247,258	581,407
Cash and cash equivalents as at 1 July	27	1,311,300	729,893
Cash and cash equivalents as at 30 June	27	1,304,115	1,311,300

Kabazi sub-county Hospital (Nakuru County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	-					%
Receipts						
Transfers from the County Government						%
Grants from donors and development partners						%
Transfers from other Government entities						%
Public contributions and donations			-			%
Rendering of services- Medical Service Income			4,057,129	4,057,129		100%
Revenue from rent of facilities			-	-	-	%
Finance / interest income			-	-	-	%
Miscellaneous receipts (specify)			-	-	-	%
Total receipts			4,057,129	4,057,129	-	100%
Payments						
Medical/Clinical costs			1,080,960	1,069,360	11,600	99%
Employee costs			1,575,390	1,550,579	24,811	98%
Remuneration of directors			194,000	194,000	-	100%
Repairs and maintenance			342,890	328,682	14,208	96%
Grants and subsidies			-	-	-	%
General expenses			690,780	667,250	23,530	97%

Kabazi Sub-County Hospital (Nakuru County Government)
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Finance costs					-	%
Refunds						
Total Operational Expenditure paid			3,884,020	3,809,871	671,101	98%
Capital Expenditure paid						
Surplus			- 3,884,020	247,258	-3,386,028	

Budget Reconciliation

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

18. Notes to the Financial Statements

1. General Information

Kabazi Sub County Hospital is established by and derives its authority and accountability from 2012 Act. Kabazi Sub County Hospital is wholly owned by the Nakuru County Government and is domiciled in Nakuru County in Kenya. Kabazi Sub County Hospital principal activity is to offer medical services to patients.

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 Kabazi Sub County Hospital accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Kabazi Sub County Hospital. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

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>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property	<p>Applicable 1st January 2025</p>

Kabazi Sub-County Hospital (Nakuru County Government)
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Standard	Effective date and impact:
Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol 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>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users</p>

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Standard	Effective date and impact:
	of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 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.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Notes to the Financial Statements (Continued)

iii) Early adoption of standards

Kabazi Sub County 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 Kabazi Sub County 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

Kabazi Sub County 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 Kabazi Sub County Hospital.

Notes to the Financial Statements (Continued)

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.

b. Budget information

The original budget for FY 2024 - 2025 was approved by Board in July 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Kabazi Sub County Hospital upon receiving the respective approvals in order to conclude the final budget. 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 financial performance has been presented on page 1 under section 13 of these financial statements.

Notes to the Financial Statements (Continued)

c. Taxes

Sales tax/ Value Added Tax

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

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

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 3 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, Kabazi Sub County Hospital recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to the Financial Statements (Continued)

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.

f. Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Kabazi Sub County 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. Kabazi Sub County 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 Kabazi Sub County 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 Kabazi Sub County 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.

Notes to the Financial Statements (Continued)

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.

h. Biological Assets

Kabazi Sub County 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 entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i. Research and development costs

Kabazi Sub County Hospital expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Kabazi Sub County 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.

Notes to the Financial Statements (Continued)

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

Financial assets

Classification of financial assets

Kabazi Sub County 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 Kabazi Sub County Hospital 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 cash flows 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 Kabazi Sub County Hospital has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, Kabazi Sub County 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 entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis.

Notes to the Financial Statements (Continued)

An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

Kabazi Sub County 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. Kabazi Sub County 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).

Financial liabilities

Classification

Kabazi Sub County 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.

Notes to the Financial Statements (Continued)

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 Kabazi Sub County Hospital.

l. Provisions

Provisions are recognized when Kabazi Sub County 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 Kabazi Sub County 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.

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. Kabazi Sub County 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 Kabazi Sub County Hospital will incur in fulfilling the present obligations represented by the liability.

n. Contingent liabilities

Kabazi Sub County 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.

Notes to the Financial Statements (Continued)

o. Contingent assets

Kabazi Sub County 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 Kabazi Sub County 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

Kabazi Sub County Hospital creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

Kabazi Sub County 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.

r. Employee benefits

Retirement benefit plans

Kabazi Sub County Hospital provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which Kabazi Sub County Hospital pays fixed contributions into a separate 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.

Notes to the Financial Statements (Continued)

s. Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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

Kabazi Sub County Hospital regards a related party as a person or Kabazi Sub County 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

Kabazi Sub County 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, Kabazi Sub County 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.

Notes to the Financial Statements (Continued)

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Kabazi Sub County 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 Kabazi Sub County Hospital 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.

Notes to the Financial Statements (Continued)

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. Kabazi Sub County 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 Kabazi Sub County 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 Kabazi Sub County 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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	FY 2024/2025	2023/202 4
	KShs	KShs
Unconditional grants		
Operational grant	-	-
Level 4/5 grants	-	-
Unconditional development grants	-	-
Other grants (specify)	-	-
	-	-
Conditional grants		
User fee forgone	-	-
Transforming health services for Universal care project (THUCP)	-	-
DANIDA	-	-
Wards Development grant	-	-
Paediatric block grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Total government grants and subsidies	-	-

6 b Transfers from The County Government

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

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024/2025	2023/2024
	KShs	KShs
Salaries and wages	11,769,468	13,906,296
Medical supplies-Drawings Rights (KEMSA)	-	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	747,455	1,142,414
Utility bills	-	-
Total grants in kind	12,516,923	15,048,710

8. Grants From Donors and Development Partners

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

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

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a)Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	2,062,976	986,730
Non-Pharmaceuticals	641,080	835,865
Laboratory	332,420	274,430
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
Ear Nose and Throat service	-	-
Nutrition service	-	-
Cancer centre service	-	-
Dental services	-	-
Reproductive health	-	-
Paediatrics services	-	-
Farewell home services	-	-
Ambulance services	-	-
Other medical services income (specify)	13,897,576	2,302,752
Total revenue from the rendering of services	16,934,052	4,715,347

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

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

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

13. Finance /Interest Income

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

14. Miscellaneous Income

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

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	-	-
Laboratory chemicals and reagents	206,808	103,502
Public health activities	-	-
Food and Ration	177,487	197,090
Uniform, clothing, and linen	-	-
Dressing and Non-Pharmaceuticals	131,005	108,480
Pharmaceutical supplies	1,156,765	283,220
Health information stationery	-	-
Reproductive health materials	78,000	26,000
Sanitary and cleansing Materials	51,750	30,000
Purchase of Medical gases	-	-
X-Ray/Radiology supplies	-	-
Other medical related clinical costs (specify)	-	-
Total medical/ clinical costs	1,801,815	1,834,761

16. Employee Costs

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	13,320,047	15,596,036
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	13,320,047	15,596,036

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

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting allowance	194,000	168,000
Mileage	-	-
Insurance expenses	-	-
Induction and training	-	-
Travel and accommodation allowance	-	-
Airtime allowances	-	-
Total	194,000	168,000

18. Depreciation and Amortization Expense

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	266,930	55,703
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	266,930	55,703

19. Repairs And Maintenance

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	418,682	15,000
Medical equipment		-
Office equipment		-
Furniture and fittings	-	-
Computers and accessories	-	-
Motor vehicle expenses		-
Maintenance of civil works	-	-
Total repairs and maintenance	418,682	15,000

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

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	-	-
Catering expenses	-	-
Waste management expenses	-	-
Insecticides and rodenticides	1,500	-
Audit fees	-	-
Bank charges	-	39,047
Conferences and delegations	-	-
Consultancy fees	-	-
Contracted services	-	-
Electricity expenses	350,750	270,000
Fuel and Lubricants	32,500	25,000
Insurance	-	-
Research and development expenses	-	-
Travel and accommodation allowance	134,500	50,000
General office stationery	75,900	38,000
Legal expenses	-	-
Licenses and permits	-	-
Courier and postal services	-	-
Printing and stationery	-	-
Transfer of patients	-	8,000
Hire charges	-	-
Accessories of computers	21,100	-

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

Description	FY 2024/2025	2023/2024
	Kshs	Kshs
Rent expenses	-	-
Water and sewerage costs	-	-
Other fuels(cooking gas)	32,000	36,000
Skills development levies	-	-
Telephone and mobile phone services	53,000	36,800
Internet expenses	44,000	-
Staff training and development	-	-
Subscriptions to professional bodies	-	-
Subscriptions to newspapers periodical, magazines, and gazette notices	-	-
Library books/Materials	-	-
Parking charges	-	-
Total General Expenses	745,250	502,847

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

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

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

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

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Current accounts	1,304,115	1,311,300
On - call deposits	-	-
Fixed deposits accounts	-	-
Cash in hand	-	-
Others(specify)- Mobile money	-	-
Total cash and cash equivalents	1,304,115	1,311,300

Kabazi Sub-County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

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

Description		FY 2024/2025	FY 2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank		1,304,115	1,311,300
Equity Bank, etc		-	-
Sub- total		1,304,115	1,311,300
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		1,304,115	1,311,300

28. Prepayments

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

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

29. Receivables From Exchange Transactions

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Medical services receivables	1,355,250	2,817,090
Rent receivables	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	1,355,250	2,817,090

Analysis of Receivables From Exchange Transactions

Description	FY 2024/2025		FY 2023/2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	360,000	100%	360,000	100%
Between 2-3 years	995,250	100%	995,250	100%
Over 3 years	-	%	-	%
Total (a+b)	1,355,250	%	1,355,250	%

30. Receivables From Non-Exchange Transactions

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

Notes to the Financial Statements (Continued)

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	FY 2024/2025	FY 2023/2024
	KShs	KShs
Pharmaceutical supplies	1,152,495	622,284
Maintenance supplies	1,303,331	20,155
Food supplies	88,099	-
Linen and clothing supplies	-	-
Cleaning materials supplies	-	233,344
General supplies	-	-
Less: provision for impairment of stocks		-
Total	2,543,925	875,783

Detailed disclosure on inventories

	FY 2024/2025	FY 2023/2024
Opening balance	875,783	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	1,813,502	-

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

Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2024 (previous year)	18,130,857	13,346,483							31,477,340
Additions	-	-							
Disposals	-	-						-	
Transfers/adjustments	-	-							
Revaluation Adjustments	-	-						-	
At 30th Jun 2025	18,130,857	13,346,483							31,477,340
At 1 July 2025 (current year)	18,130,857	13,346,483	-	-	-	-	-	-	31,477,340
Additions	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	
Transfer/adjustments	-	-	-	-	-	-	-	-	
Revaluation Adjustments	-	-	-	-	-	-	-	-	
At 30th Jun 2025	18,130,857	13,346,483	-	-	-	-	-	-	31,477,340
Depreciation and impairment									

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

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
At 1 July 2024			-	-	-	-	-	-	
Depreciation for the year		22,281	-	-	-	-	-	-	22,281
Disposals		-	-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
At 30 June 2025	18,130,857	13,079,554	-	-	-	-	-	-	31,210,411
At July 2025			-	-	-	-	-	-	-
Depreciation		266,930	-	-	-	-	-	-	266,930
Disposals			-	-	-	-	-	-	-
Impairment		-	-	-	-	-	-	-	-
Transfer/adjustment		-	-	-	-	-	-	-	-
At 30th June 2025	18,130,857	13,079,554	-	-	-	-	-	-	31,210,411
Net book values									
At 30 th Jun 2024	18,130,857	13,346,483	-	-	-	-	-	-	31,477,340
At 30 th Jun 2025	18,130,857	13,079,554	-	-	-	-	-	-	31,210,411

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

Kabazi Sub-County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	FY 2024/2025		FY 2023/2024	
	KShs	% of the Total	KShs	% of the Total
Trade payables	153,000		53,102	
Employee dues	121,522		221,522	
Third-party payments (e.g. unremitted payroll deductions)	-		-	
Audit fee	-		-	
Doctors' fee	-		-	
Total trade and other payables	274,522		274,624	
Ageing analysis:				
Under one year	-	%	-	%
1-2 years	274,522	100%	274,522	100%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	274,522	100%	274,522	100%

37. Refundable Deposits from Customers/Patients

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

Kabazi Sub-County Hospital (Nakuru County Government)
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		% of the Total		% of the Total
Ageing analysis:				
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

38. Provisions

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

39. Finance Lease Obligation

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

40. Deferred Income

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

Kabazi Sub-County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

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

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

41. Borrowings

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

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

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

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

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

43. Cash Generated from Operations

Description	Insert Current FY	FY 2023/2024
	KShs	KShs
Surplus for the year before tax	187,328	-
Adjusted for:		
Depreciation	266,930	-
Non-cash grants received	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working Capital adjustments		
Increase in inventory	(1,668,142)	-
Increase in receivables	1,461,040	-
Increase in deferred income	-	-
Increase in payables	102	-
Increase in payments received in advance		-
Net cash flow from operating activities	247,258	-

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Notes to the Financial Statements (Continued)

44. Financial Risk Management

Kabazi Sub County Hospital activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. Kabazi Sub County Hospital financial risk management objectives and policies are detailed below:

Credit risk

Kabazi Sub County 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 company'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 Kabazi Sub County Hospital 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 20XX (previous year)				
Receivables from exchange transactions	2,817,090		2,817,090	
Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	2,817,090	-	2,817,090	-
At 30 June 20XX (current year)				
Receivables from exchange transactions	1,355,250	-	1,355,250	-

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Receivables from –non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	1,355,250	-	1,355,250	-

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. Kabazi Sub County Hospital has significant concentration of credit risk on amounts due from 1st July 2024. The board of management sets the company’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 Kabazi Sub County Hospital short, medium and long-term funding and liquidity management requirements. Kabazi Sub County Hospital manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company 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 20xx				
Trade payables			274,624	274,624
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	274,624	274,624
At 30 June 20xx				
Trade payables	-	-	274,522	274,522

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Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	274,522	274,522

Kabazi Sub-County Hospital (Nakuru County Government)
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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 Kabazi Sub County 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 Kabazi Sub County Hospital 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 company'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 Kabazi Sub County Hospital exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

Kabazi Sub County 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 Kabazi Sub County Hospital 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 20xx			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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Notes to the Financial Statements (Continued)

Kabazi Sub County 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.

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company'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
20XX (previous year)			
Euro	10%	-	-
USD	10%	-	-
20XX (current year)			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

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Notes to the Financial Statements (Continued)

Management of interest rate risk

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

Sensitivity analysis

Kabazi Sub County 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.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of financial performance if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KSh (2024: KSh.). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KSh. (2025 – KSh.).

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	-	-

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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 Kabazi Sub County 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.

Nakuru County Government is the principal shareholder of Kabazi Sub County Hospital, holding 100% of Kabazi Sub County Hospital equity interest. The National Government of Kenya has provided full guarantees to all long-term lenders of Kabazi Sub County 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	FY 2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	-	-
Sales of services to xxx	-	-
Total	-	-
b) Grants from the Government		
Grants from County Government	-	-
Grants from the National Government Entities	-	-
Donations in kind	-	-
Total	-	-
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total	-	-

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

46. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

47. Contingent Liabilities

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

48. Capital Commitments

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

Kabazi Sub-County Hospital (Nakuru County Government)
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Notes to the Financial Statements (Continued)

49. Events after the Reporting Period

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

50. Ultimate and Holding Entity

Kabazi Sub County Hospital is a State Corporation/ or a Semi- Autonomous Government Agency under the Department of Health. Its ultimate parent is the County Government of NAKURU.

51. Currency

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

Kabazi Sub-County Hospital (Nakuru County Government)
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19. Appendices

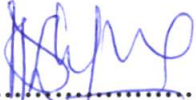
Appendix 1: Progress on Follow Up of Auditor Recommendations

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)

Guidance Notes:

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



Accounting Officer

KABAZI SUB-COUNTY HOSPITAL
 C.O. IN-CHARGE
 05 DEC 2025
 Sign.....
 P.O. Box 44-20114, KABAZI

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

Appendix II: Projects Implemented by The Entity

Projects

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

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

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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....

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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		

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