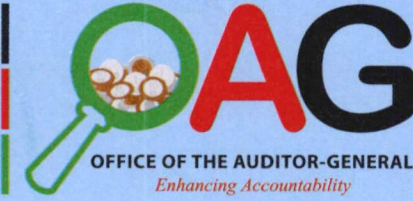


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REPORT

OF

THE AUDITOR-GENERAL

ON

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LIKUYANI SUB COUNTY HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KAKAMEGA

2025



LIKUYANI SUB COUNTY HOSPITAL (COUNTY GOVERNMENT OF KAKAMEGA)

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)

1 DEC 2022

12:00

Table of Contents

1. Acronyms & Glossary of Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Management	vi
4. Key Management Team	ix
5. Chairman’s Statement	x
6. Report of The Medical Superintendent	xi
7. Statement of Performance Against Predetermined Objectives	xiv
8. Corporate Governance Statement	xvi
9. Management Discussion and Analysis	xix
10. Environmental And Sustainability Reporting	xxi
11. Report of The Board of Management	xxiv
12. Statement of Board of Management’s Responsibilities	xxv
13. Report of the Auditor General on the Financial Statements of Likuyani Sub County Hospital	xxvi
14. Statement of Financial Performance for The Year Ended 30 June 2025	1
15. Statement of Financial Position As At 30th June 2025	2
16. Statement of Changes in Net Assets for The Year Ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025 5	
19. Notes to the Financial Statements	7
20. Appendices	43

1. Acronyms & Glossary of Terms

Provide a list of all acronyms and glossary of terms used in the preparation of this report e.g.

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.

(This list is an indication of the common acronyms and glossary of terms; the entity should include all from the annual report and financial statements prepared)

2. Key Entity Information and Management

(a) Background information

Likuyani Sub-County Hospital is a level 4 hospital established under gazette notice number 12745 dated 6th September 2013 and is domiciled in Kakamega County under Health Department. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide Quality and timely services to the citizen

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Medical Superintendent	DR. EVANS WAKASA
2.	Hospital Health Administrative Officer	ZIPPORAH LUTALI
3.	Medical Officer of Health	GEMIMA SIMIYU

(e) Fiduciary Oversight Arrangements

The key Fiduciary Oversight Arrangements include the following;

No.	Entity	Role
1.	Parliamentary committee activities	Legislation, Oversight, Representation
2.	County Assembly of Kakamega	Legislation, Oversight, Representation
3.	Controller of Budget	Oversight and advisory
4.	Office of the Auditor General	Oversight and advisory, Accountability, Express opinion on Books of account, Offer quality assurance on fiscal and monetary matters.
5.	Audit Committee	Monitoring and reviewing risk, control and governance processes that have been established.
6.	Development Partners	Setting financial accountability standards, monitoring fund utilization, and enforcing compliance to prevent misuse. They also build capacity in financial management systems and promote transparency through audits, reporting, and public disclosure. This helps safeguard resources while strengthening long-term accountability.

Key Entity Information and Management (continued)

(f) Entity Headquarters

P P.O. Box 36-50100
Hospital Building
Likuyani Centre-Soy-Sango Road
Kakamega, KENYA

(g) Entity Contacts

Telephone: (+254) 707962157/793900253
E-mail: medsupklikuyani@gmail.com
Website: kakamega.go.ke

(h) Entity Bankers

S/No	Account name	Account number	Bank	Branch
1.	REVENUE ACCOUNT	1152196057	KCB	KAKAMEGA
2.	NHIF/SHA ACCOUNT	1152196227	KCB	KAKAMEGA
3.	IMPREST ACCOUNT	1252765223	KCB	KAKAMEGA
4.	REVENUE ACCOUNT	500284354614	EQUITY	KAKAMEGA

(i) Independent Auditors

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



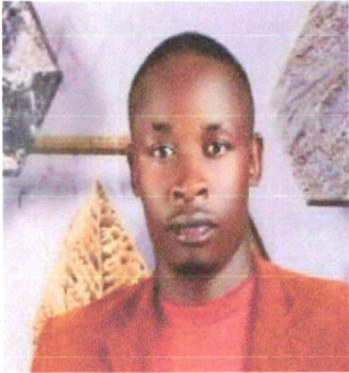
(j) Principal Legal Adviser

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

(k) County Attorney

Office of the County Attorney
County Government of Kakamega
County Headquarters Annex, Room 112
P.O. Box. 36 - 50100
KAKAMEGA, KENYA
Email: kakamegalegal@gmail.com



3. The Board of Management

Ref	Directors	Details
1.	 <p>Mr. Hannington Obiero Chairman</p>	<p>He is -76 years old BSC Agriculture university of Georgia(USA) Diploma in Horticulture-(Egerton University) Advanced diploma-(Tengeru/Arusha(Tanzania) Advanced diploma-(Osmania University (India) Independent director</p>
2.	 <p>Mr. Michael Juma Mmbasu Member</p>	<p>Age -70 years old, Education level: Higher Diploma in project management Businessman Independent</p>
3.	 <p>Cedrick Chazima-Youth rep Member</p>	<p>Age - 34 years Old, Education: Higher Diploma Social work Community Development Businessman Independent</p>

4.	 <p>Orphah Kerubo Morema -Women representative</p>	<p>Age - 65 years old, Education: Certificate in disaster Management Farmer Independent Director</p>
5.	 <p>Pius Miheso - Member</p>	<p>Age -69 Years old. Education level - Diploma in Education Management Farmer In[dependant Director</p>
6.	 <p>Tommy Wesaya Temesi- Secretary to the Board</p>	<p>33 years. MBChB University of Nairobi. Dialysis doctor. 8 years Clinical experience, Private and Public sector</p>

<p>7.</p>	 <p>Gemima Simiyu - Member</p>	<p>Age - 43 Years Old Education level – Holds a Bachelor’s Of Science in Nursingss MOH Dependant Director</p>
<p>8.</p>	 <p>Zipporah Lutali- Hospital Administrative Officer</p>	<p>Age – 45 Years Bachelors degree in Economics Pursuing Masters in Economics Assistant chief health administrative officer Dependant Director</p>

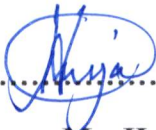
4. Key Management Team

Ref	Directors	Details
1.	 Dr. Tommy Wesaya Temesi- Medical Superintendent	Medical Superintendent
2.	 Gemima Simiyu SCMOH	MOH
3.	 Zipporah Lutali- Hospital Administrative Officer	Hospital Administrative Officer

5. Chairman's Statement

With the advent of devolution in 2013, Likuyani sub District Hospital underwent further transformation, emerging as Likuyani sub county Hospital. This transition marked a new chapter in its esteemed history, reinforcing its commitment to serving the healthcare needs of the local community. Rooted in a legacy of compassion and excellence, the hospital continues to play a vital role in promoting health and well-being. As it continues to evolve and adapt to the ever-changing landscape of healthcare, Likuyani Level 4 Hospital remains steadfast in its mission to provide accessible and high-quality medical care to all those in need. It serves a catchment population of approximately 29,000 people. The facility offers antenatal services, postnatal services, Family planning, and immunization services in MCH, general outpatient care, laboratory services, pharmacy, comprehensive care clinic (CCC), physiotherapy, occupational therapy, Ortho trauma services, radiology, Dental services, minor and major operations, and inpatient services with a bed capacity of 75 beds. The facility is also a link facility for 4 community health units of 10 community health promoters drawn from the catchment area. The hospital serves as a referral centre for the entire Likuyani sub-county and the other Sub-counties in the Northern region including Lugari, Trans nzoia, Bungoma and across Uasin gishu County. It serves patients both on SHA cover and cash payers.

The Hospital is operating fully as a level four facility though with limited infrastructure, equipment, and personnel as per the norms and standards required of a level 4 facility. We also hope to seek adequate medical supplies to ensure quality of care, in addition to ongoing efforts to enhance existing facilities. As we continue to strive towards enhancing our medical services and improving patient care at Likuyani Level 4 Hospital, we are currently in need of additional radiology machines (mammogram), xray and other theatre equipment to bolster our diagnostic and treatment capabilities.



.....
Name. Mr. Hannington Obiero

Chairman to the Board

6. Report of The Medical Superintendent

Likuyani Hospital is a level four facility located in Likuyani centre within Likuyani Sub-County in Kakamega County. The Sub County has an estimated population of 177,740. The facility has been allocated a catchment population of 29,000 and serves as the only referral facility for the 14 facilities within the sub county which burdens it care of total population.

The facility has a bed capacity of 75 with an occupancy rate of three days, the bed space is divided in the following manner:

- Maternity - 22 beds
- Paediatric Ward – 24 Beds
- Male Ward – 12 Beds
- Female Ward –12 Beds
- Others -2

The facility offers the following services but not limited to:

- Out-patient Services
- In patient Services
- Maternity Services
- Laboratory Services
- Radiology Services
- Mother Child Health services
- Comprehensive Care Clinic services
- Physiotherapy Services
- Occupational Services
- Plaster Technology services
- Health Record Services
- Public Health Services
- Pharmacy Services
- Surgical Services
- Nutrition Services
- Immunization Services

These services are provided by a competent and dedicated team of staff whom despite a persistent staff shortage strive to provide quality services in the facility.

IMPROVEMENT IN THE FACILITY

Construction of mortuary in the Hospital compound which will provide access to Likuyani Sub County and neighbouring Counties including Uasin Gishu, Transzoia and Bungoma.

We have dug a reliable borehole for water dependence. We have also constructed a spacious Non pharm stores which can accommodate all Non pharms in the facility.

Monthly Data Review Meeting

Data acts as a measure of quality and is the man steering point in policy formulation and implementation. The Initiation of Monthly Data Review meetings has improved data entry and made retrospective review and future planning possible. The resultant improvement has made an impact visible at County level.

CHALLENGES FACING THE FACILITY

Inadequate Bed Capacity

Likuyani Level 4 Hospital has a bed capacity of 75 with a Male ward bed capacity of 13 beds, female ward 14 beds, maternity ward 22 beds, paediatric ward 24 beds, this has forced patients that needed admission to be referred to other facilities for admissions with many declining due to distance and lack of financial capacity. This has led to referrals of cases that could be handled here and in-effect revenue loss.

Staff Shortage

The facility experiences an acute shortage of staff to man the various departments, this has forced certain departments to be unable to offer comprehensive services on a 24hr basis.

Inadequate Funding

The facility has experienced inadequate funding from County Government only depending on FIF this caused an increase in pending bills and utility stock-outs. The stock outs lead to poor patient turn-up and a reflective revenue dip.

Current hope is that the newly signed Kakamega Health Facility Improvement Fund Act will partly sort out this issue.

Outdated infrastructure

The road leading to the Hospital from the main tarmac is slippery and not maintained. The Hospital buildings are those that were build many years back and no thorough maintenance, they have cracks and roofing leakages due to long time stay without renovations. Our paediatric ward which was

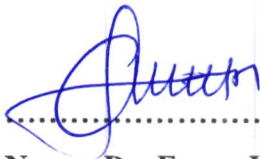
recently constructed is not in service due to terrible wall cracks due to poor workmanship, and therefore we mix children with adults in the same ward, this can cause unnecessary infections. This has denied the facility to the required standards of Level 4 hospital and therefore denying quality services that could be offered to clients.

Paperless operation

Due to limited resources, we are currently unable to put the full systems in place though we are working hard towards the same.

Political interference

Interference from local politicians who incite clients from unreliable information therefore reducing number of clients who turn back to other facilities.



.....
Name: Dr. Evans Wakasa

Secretary to the Board

7. Statement of Performance Against Predetermined Objectives

Likuyani Level 4 Hospital has derived its strategic goals from the Kakamega county CIDP. The department is mandated to ensure access to affordable and quality medical services to all the citizens'. The strategic pillars and objectives within the current Strategic Plan for the FY 2023- FY 2027 are as follows:

Pillar 1: Ensure access to quality and affordable healthcare services

Pillar 2: To reduce morbidity and mortality due to preventable causes

Pillar 3: To improve sanitation and hygiene

The Hospital develops its annual work plans based on the above pillars. 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 strategic pillars, as indicated in the diagram below:

Strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: To Improve access to quality and affordable health services	To Reduce preventable mortalities	Reduction of preventable mortalities	Number of specialised clinic done	6
			Number of surgical theatre utilization	304
			Number of overall patients per quarter	80,004
			Percentage of clients counselled and tested for HIV	0.4%
			Percentage of HIV positive	0.5%

		Clients linked to care	
		Percentage of Clients with a viral load of <200cp	210
		Number of Women of reproductive age screened for Ca Cervix	247
		Number of stake holders meeting by MOH/partner	62
	Improved Maternity Services through operationalization of the Theatre	Number of Emergency Caesarean sections done	20,032
		Number of open Maternity Days done	3
To provide accessible and appropriate curative and diagnostic services	Increased number of diagnostic tests carried out by the facility	Number of new diagnostic tests done	20,032
	Introduction of specialized clinic	Number of Clinics done	8,190

8. Corporate Governance Statement

The board is on a three year appointment and members are eligible to vie for two terms, at the end of their term a new board is elected and a handing over is done for continuity of office.

In the current sitting HMC all members attended the scheduled meetings and when missing a representative or an apology was sent in advance.

The facility has an organogram depicting the role of the board in managing the facility but no official charter other than the one inherited from the national government under the **Mwongozo Code of governance** is used, the code's core values are; Transparency, Accountability, Integrity, Professionalism, innovativeness and customer focus.

Other than the Audit Sub Committee the two sub committees cover the following functions:

1. Governance
2. Risk
3. Compliance
4. Finance
5. Technical Matters
6. Strategy
7. Human Resource

The Board further has the following roles:

- (a) Determine the facility's mission, vision, purpose and core values.
- (b) Review, evaluate and approve, on a regular basis, long-term plans for the facility.
- (c) Review, evaluate and approve the facility's budget and financial forecasts.
- (d) Review, evaluate and approve major resource allocations and capital investments.
- (e) Ensure that the procurement process is cost-effective and delivers value for money.
- (f) Review and approve the operating and financial results of the organization.
- (g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the facility's operations and performance.
- (h) Ensure that effective processes and systems of risk management and internal controls are in place.
- (i) Review and evaluate the overall facility structure, the assignment of Senior management responsibilities and plans for senior management development and Succession.
- (j) Review

Each individual Board member shall be expected to:

- (a) Exercise the highest degree of care, skill and diligence in discharging their duties
- (b) Act in the best interest of the facility and not for any other purpose
- (c) Act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the facility.
- (d) Exercise independent judgment
- (e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills
- (f) Promote and protect the image of the facility.
- (g) Owe their duty to the facility and not to the nominating or appointing authority
- (h) Owe the facility the duty to hold in confidence all information available to them by virtue of their position as a Board member.
- (k) Adopt, implement and monitor compliance with the Code of Conduct and Ethics.
- (l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed Performance measurement framework with the County Government of Kakamega.
- (m) Review periodically the facility's strategic objectives and policies relating to Sustainability and social responsibility.
- (n) Protect the rights of patients and optimize value of care;
- (o) Enhance the facility's public image and ensure engagement with the community through effective communication.
- (p) Monitor compliance with the Constitution, all applicable laws, regulations and standards
- (q) Review, monitor and ensure that the facility is effectively and consistently delivering on its mandate.

Following the handing over, the current board has never been formally inducted but on job trainings have been conducted within the facility.

The remuneration for board members is as follows,

Full Board;

- i. Chairman – 4,000 Ksh
- ii. All other Members – 2500 Ksh
- iii. Meal allowance 500 ksh

More needs to be done to have an efficient and performing board, a formal induction is yet to be done neither is an official appointment letters from the County.

w, evaluate and approve the remuneration structure of the facility

9. Management Discussion and Analysis

a. The Entity's Operational and Financial Performance

Objectives	Target	Indicator	Performance
Collection of revenue	KES	Amount of revenue collected	KES 4,353,505
To Reduce preventable mortalities	All emergencies	Number of Emergency Surgeries done	71

b. Entity's compliance with statutory requirements

Lumakanda county hospital complies with rules, orders, regulations, direction, form, tariff of costs or fees, letters patent, commission, warrant, proclamation, by-law, resolution, guideline or other statutory instrument issued, made or established in the execution of a power conferred by or under an Act of Parliament under which that statutory instrument or subsidiary legislation is expressly authorized to be issued.

Financial statements are prepared by the Accounting Officer of the City/Municipality in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board under the guidance of Section 166 of the Public Finance Management Act, 2012 at the end of each quarter.

The procurement planning, procurement processing, inventory and asset management, disposal of assets and contract management of Lumakanda county hospital comply with The Public Procurement and Disposal Act, 2015

c. Clinical/operational performance

- Bed capacity of the hospital.-75 Beds
- Overall patient attendance during the quarter for both inpatient and outpatient.
Inpatient= 4466
- Accident and Emergency attendance
- Specialised clinic attendance
2 patients
- Average length of stay for in patient.
1 day
- Bed occupancy rate= 68%
- Mortality rate= 2%
- Surgical theatre utilisation (number of operations over the period)
71 surgical patients

d. Financial performance that includes: -

- Revenue sources,
The facility's main source of revenue is collection from medical services that is through cash collection and NHIF.
- Utilisation of funds - The funds are collected into three revenue accounts, one collects revenue received from NHIF and the others are for cash based collection, the funds are then swiped to The Facility Improvement Fund (FIF) Account. The facility then receives allocated funds from disbursements and spends using Imprest Accounts after acquisition of AIE from Chief Officer Medical Services



Name **DR. EVANS WAKASA**

Secretary to the Board

10. Environmental And Sustainability Reporting

i Sustainability strategy and profile

Likuyani Level 4 hospital maintains a Mission to promote and participate in provision of an integrated quality curative and rehabilitative services to all Kenyans. This is a continuous objective that needs to be sustained over time, to achieve this. Likuyani Level 4 Hospital has identified the following sustainability priorities; consultative planning and budgeting process, improving revenue collection and lobbying for staff deployment.

In consultative planning and budgeting, the facility has brought together the county health management, hospital management committee, sub county health management team, hospital management team and various stakeholders in order to achieve the facility's mandate. This has directly affected the budgeting process where aside from the in house priorities, program based targets are given a say in the budgets. This has greatly influenced indicators of the facility on the positive side.

On matters improving revenue the Hospital management team in line with the gazetted County charges for level four have sealed loopholes that led to revenue loss. This together with encouraging the local populous on NHIF uptake has led to tremendous revenue increase.

Staff numbers and appropriate deployment is key to quality service provision which is line with the facility's core mandate, this has put to task the Medical Superintendent and the Board to lobby for deployment of staff to Likuyani Level 4 Hospital.

However, in the course of implementation of the above mentioned, there are challenges experienced in the facility. They include; effects of Covid-19 which saw the facility scale down most of its operations while maintaining the same recurrent expenditure and Inadequate staffing, inadequate funding and delays in disbursement also had a derail in implementation of the facility annual work plan.

ii Environmental performance

Likuyani Level 4 Hospital has yet to establish an environmental policy guideline, however the facility uses established National Guidelines on environmental issues as its guiding principles in the matter.

Some of the environmental issues experienced in the facility include; waste generation, waste segregation, waste disposal and management, disposal of unclaimed bodies. These still remain a challenge for the facility and more engagements are needed.

iii Employee welfare

The Majority of employees within the facility are County Government of Kakamega employees, followed by UHC engaged staff. Despite the effort the facility has a massive shortage of staff that, that gap is plugged by Casual staff engaged by the board.

To improve staff performance, Likuyani Level 4 Hospital has initiated capacity building programmes to staffs through on-job trainings, continuous medical education, workshops and conference attendance that is supported. Furthermore, the facility management conducts staff appraisal performance which is coordinated from the County department of health and the Human Resource Department.

The facility has complied to Occupational Safety and Health Act of 2007, (OSHA) by providing adequate office space that is regularly cleaned, providing sanitation facilities, regular trainings on drug and substance abuse and providing PPEs to all staff.

iv Market place practices-

The facility outlines its efforts to:

a Responsible competition practice.

All staff are inducted into the Code of Conduct, Human Resource Manual and Disciplinary process as well as made aware of their scope of service, this sorts a lot of the issues with regards to corruption. The facility has also embraced a total cashless system for easier accountability and reduce the risk of corruption.

b Responsible Supply chain and supplier relations

All procurement processes in the facility adhere to the laid down regulations, with the facility procurement officer taking lead to ensure guidelines and regulations are followed. The facility maintains good practices and treats its own suppliers responsibly by honouring contracts, all of which are subject to funds availability.

c Responsible marketing and advertisement

The facility through Continuous Medical Examination ensures that all its staff are well aligned with the International, National and County guidelines in regards to Ethical practices within the facility.

d Product stewardship

The Patients' rights Charter which all staff are well aligned with and frequently reminded of is one of the documents we use to ensure that Client's rights are respected and upheld.

E Corporate Social Responsibility / Community Engagements

Likuyani Level 4 Hospital is fostering interaction with the surrounding community from which majority of clients come from. Regular community dialogues are conducted on dialogue days which are usually planned and executed. The dialogue brings on board the administrative arm of the government, the community health volunteers and other NGOs.

Community Health volunteers linked to the facility are also engaged in marketing the facility services and escort clients especially for delivery and Ante natal clinic services. This has led to a drop in maternal mortalities and morbidities

11. Report of The Board of Management

The Board members submit their report together with the Audited Financial Statements for the Year ended June 30, 2025, which show the state of the hospital's affairs.

Principal activities

The principal activities of the entity are to ensure access to quality and affordable healthcare services, to reduce morbidity and mortality due to preventable causes and to improve sanitation and hygiene

Results

The results of the entity for the year ended **June 30 2025** are set out on pages **1 to 6**.

Board of Management

The members of the Board who served during the year are shown on pages vi - viii.

Auditors

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

By Order of the Board



.....

Name: Dr. Evans Wakasa

Secretary to the Board

12. Statement of Board of Management's Responsibilities

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

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

The Board of Management accepts responsibility for the hospital's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Board members are of the opinion that the hospital's financial statements give a true and fair view of the state of hospital's transactions during the financial year/period ended **June 30, 2025**, and of the hospital's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital's financial statements as well as the adequacy of the systems of internal financial control.

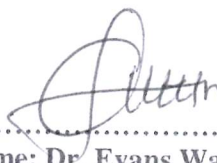
In preparing the financial statements, the Directors have assessed the Fund's ability to continue as a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Hospital's financial statements were approved by the Board on 01/07/2025 and signed on its behalf by:



Name: Mr. Hannington Obiero
Chairperson
Board of Management



Name: Dr. Evans Wakasa
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 LIKUYANI SUB COUNTY HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 – COUNTY GOVERNMENT OF KAKAMEGA

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Likuyani Sub County Hospital - County Government of Kakamega set out on pages 1 to 43, which comprise of

Report of the Auditor-General on Likuyani Sub County Hospital for the year ended 30 June, 2025 – County Government of Kakamega

the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Likuyani Sub County Hospital – County Government of Kakamega as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Health Act, 2017 and the Kakamega County Health Services Act, 2022.

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.10,584,960 as disclosed in Note 18 to the financial statements. However, the amounts had been outstanding for more than ninety (90) days. Further, debtor's management policy and ageing analysis in support of the receivables were provided for audit review.

In the circumstances, the accuracy, completeness and full recoverability of receivables from exchange transactions balance of Kshs.10,584,960 could not be confirmed.

2. Failure to Maintain Cash Books and Bank Reconciliation Statements

The statement of financial position as disclosed in Note 16 to the financial statements reflects cash and cash equivalents balance of Kshs.2,891,023 as at 30 June, 2025. However, the cash books and bank reconciliation statements were not provided for audit in support of bank balances in respect of account numbers 1152196227 and 500284354614 held in two commercial banks.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.2,891,023 could not be confirmed.

3. Unvalued Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.2,189,847 as disclosed in Note 21 to the financial statements. However, review of the Hospital records and physical inspection revealed that the Hospital owned plant, property and equipment in the nature of freehold land, ICT equipment, furniture, fittings and buildings that were not valued for inclusion in the financial statements.

Further, the land on which the Hospital is built and the developments therein did not have ownership documents. In addition, the Hospital did not have an updated asset register in the format prescribed by the Guidelines from The National Treasury.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.2,189,847 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.81,119,332 and Kshs.68,386,666 respectively, resulting to an under-funding of Kshs.12,732,666 or 16% of the budget. Similarly, the hospital expended Kshs.66,074,024 against a final budget of Kshs.81,119,332 resulting to an under-expenditure of Kshs.15,045,308 or 18% of the budget.

In the circumstances, the under-funding and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, the Board of Management, Key Management Team, Chairperson'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 Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Meet Level 4 Hospital Requirements

Review of records maintained by the Hospital and analysis of healthcare staffing, and physical verification of medical equipment provided at the facility revealed the following shortfalls against what was required by the Kenya Quality Model for Health Policy Guidelines of a Level 4 Facility.

Category	Level 4 Standard	Number in Hospital	Variance	Variance in Percentage (%)
Medical officers	16	2	14	87
General Surgeons	2	0	2	100
Paediatrics	2	0	2	100
Kenya Registered Community Health Nurses	75	22	53	71
Radiologists	2	0	2	100
Anesthesiologists	2	0	2	100
Gynaecologists	2	0	2	100
Total	101	24	77	76

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

Item	Level 4 Standard	Actual in Hospital	Variance	Percentage (%)
Bed Capacity	150	72	78	52
Incubators (New Born)	5	0	5	100
High Dependency Unit Beds	6	0	6	100
Renal Unit with Dialysis Machines	5	0	5	100
Referral protocols (ambulance)	1	1	1	100
Theatres - one Maternity and one General	2	1	1	50
Total	169	73	96	57

The absence of these essential components implies that the Hospital is operating below the prescribed standards for a Level 4 Hospital.

In the circumstances, the public may not efficiently get the required medical services that are expected to be offered by a Level 4 hospital.

2. Non-Compliance with the Facilities Improvement Financing Act, 2023

The statement of cash flows reflects transfers from other Government entities amounting to Kshs.30,140,396. Further, the statement includes transfers to FIF amounting to Kshs.32,804,554 which relates to transfer to Facility Improvement Fund. However, a balance of Kshs.2,664,158 was retained at the FIF account and not remitted to the Hospital or any other health facility. This was contrary to Section 5(1) of the Facilities Improvement Financing Act, 2023 which provides that there shall be retention of all monies raised or received by or on behalf of all public health facilities.

Further, review of the bank accounts documents revealed that the hospital had not opened a special purpose Facility Improvement Financing bank account. This was contrary to Section 5(2) of the Facilities Improvement Financing Act, 2023 which provides that there shall be opened a facility improvement financing account for each public health facility into which shall be paid all monies received by or on behalf of the respective public health facility.

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

3. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.9,320,824 as disclosed in Note 22 to the financial statements. Management did not explain why old trade payables had not been paid as a first charge. This was contrary to

Section 41 (2) of the Public Finance Management (County Governments) Regulations, 2015 which provides that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

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

4. Failure to Gazette Hospital Board Members

Review of records provided for audit revealed that the Hospital Board of Management members had not been formally gazetted and their appointment letters were not provided for audit review. This was contrary to Part 1.11 of Mwongozo Code of Governance, 2015 which provides that each Board member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.

In the circumstances, the regularity of appointment of Board members could not be confirmed.

5. Failure to Undertake Safety and Health Audits

Review of the documents provided for audit verification revealed that, there were no safety and health audits carried out by the Hospital during the year under review. This was contrary to Section 11 (1) of the Occupational Safety and Health Act, 2007, which states that the occupier of a workplace shall cause a thorough safety and health audit of his workplace to be carried out at least once in every period of twelve months by a safety and health advisor, who shall issue a report of such an audit containing the prescribed particulars to the occupier on payment of a prescribed fee and shall send a copy of the report to the Director.

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

6. Operating without Approved Strategic Plan

During the year under review, the Hospital did not have a strategic plan. This was contrary to Section 149(2)(g) of the Public Finance Management Act, 2012 which states that an Accounting Officer designated for a County Government entity shall prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and financial objectives of the County Government.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Establish Internal Audit Unit and Audit Committee

It was observed that the Hospital had not established an Internal Audit function and Audit Committee. This was contrary to Regulation 167(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires County Government entities to establish audit committees in accordance with prescribed regulations to monitor the entities' governance process, accountability process and control systems, offer objective advice on issues concerning internal control, regulatory requirements and governance.

In the circumstances, Management was in breach of law and the effectiveness of internal controls could not be confirmed.

2. Lack of Risk Management Policy and Risk Registers

Review of documents provided for audit revealed that the Hospital did not have a risk management policy and risk registers. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which states that, the Accounting Officer shall ensure that the County Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management could not be confirmed.

3. Weaknesses in Inventory Management

Physical verification conducted on 04 November, 2025 at the pharmaceutical, non-pharmaceutical, and laboratory stores revealed the storage areas lacked air conditioning systems necessary for preserving the quality of pharmaceuticals and the pharmaceutical stores and laboratory stores had inadequate refrigerators for storage of drugs and blood. Further, all stores lacked shelving, resulting in inventories being stored in disorganized boxes. Although stock cards were in use, they did not capture batch numbers or expiry dates. The disarray in storage made it difficult to confirm whether the First Expiry, First Out (FEFO) principle was being applied.

In addition, expired drugs of undetermined value were stored together with usable stock and there were no established plans for proper disposal of expired drugs. This posed a risk of expired drugs being mistakenly used.

In the circumstances, internal control over the pharmaceutical, non-pharmaceutical, and laboratory stores is weak and may lead to loss of stores either due to fraud, error or poor conditions.

4. Inadequate Controls in Revenue Collection System

Review of the billing system at Likuyani Sub-County Hospital revealed significant weaknesses in the internal control environment. The Hospital operated under a partially automated billing system, which lacked essential safeguards necessary for effective revenue management. Staff roles within the revenue collection process were not properly segregated, increasing the risk of manipulation. The system was unable to capture all relevant event logs, failed to adequately bill for some services rendered, and allowed for unauthorized bill reversals. Further, the system lacked the functionality to generate comprehensive user activity reports, thereby hindering the ability to monitor and audit user actions within the system.

In the circumstances, there is risk of the revenue collection system being manipulated and may not deliver the intended correct output reports.

5. Weaknesses in Information Communication Technology Internal Control Environment

Review of the ICT internal controls revealed that the Hospital did not have an approved ICT policy, ICT security policy, policy on physical access to ICT environment and ICT continuity and disaster recovery plan to guide ICT operations.

During a site visit on 28 October 2025, it was observed that a simple storage device served as the main server, with no backup. This exposed the Hospital to the risk of complete data loss in the event of a disaster and the ICT department had only one casual employee managing the entire Hospital's ICT needs across all departments. This employee had no reliever, no off-days, and was not on permanent or pensionable terms, increasing operational risk.

Further, the Hospital did not have an approved ICT Strategic Committee and Steering Committee, which are important in performing the oversight function and formulation of policies to ensure that ICT department functions properly to assist in achievement of organizational objectives in an economic, efficient and effective way.

In the circumstances, the ICT environment internal controls are ineffective and there is risk of data and information loss in the event of a disaster.

6. Lack of Proper Waste Management System

Review of the Hospital records revealed that the facility did not have a documented waste management policy to guide on the disposal of Hospital wastes. Further, visit to the waste burning chamber revealed that the burning chamber was in a dilapidated state and needed urgent renovation.

In the circumstances, there is risk to health and environment of the Hospital community.

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

Responsibilities of the Management and the 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or cease its 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


15 December, 2025

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


Description	No te	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	5,800,288	0
Transfers from other Government entities	7	32,288,102	0
		38,088,390	0
Revenue from exchange transactions			
Rendering of services- Medical Service Income	8	43,030,942	0
Revenue from exchange transactions		43,030,942	0
Total revenue		81,119,332	0
Expenses			
Medical/Clinical costs	9	26,961,904	0
Employee costs	10	5,705,805	0
Board of Management Expenses	11	46,000	0
Depreciation and amortization expense	12	1,370,979	0
Repairs and maintenance	13	3,086,023	0
Transfers	14	32,804,554	0
General expenses	15	6,790,562	0
Total expenses		76,765,827	0
Other gains/(losses)			
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		4,353,505	0

(The notes set out on pages 24 to 35 form an integral part of the Annual Financial Statements.)


The Hospital's financial statements were approved by the Board on 21.12.2025 and signed on its behalf by:


Chairman: Mr. Hannington Obiero

Board of Management


Head of Finance: Amboka Collins

ICPAK No:


**Medical Superintendent
Name: Dr. Evans Wakasa**

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	2,891,023	0
Prepayments	17	0	0
Receivables from exchange transactions	18	10,584,960	0
Receivables from non-exchange transactions	19	2,147,706	0
Inventories	20	4,675,089	0
Total Current Assets		20,298,778	0
Non-current assets			
Property, plant, and equipment	21	2,189,847	0
Total Non-current Assets		2,189,847	0
		22,488,625	
Total assets (A)			0
Liabilities			
Current liabilities			
Trade and other payables	22	9,320,824	0
Total Current Liabilities		9,320,824	0
Non-current liabilities			
Total non-current liabilities		0	0
Total Liabilities (B)		9,320,824	0
Net assets (A-B)		13,167,801	0
Represented by:			
Revaluation reserve		8,814,296	0
Accumulated surplus/Deficit		4,353,505	0
Net Assets		13,167,801	0

(The notes on pages 24 to 35 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on ..01.12.2025..... and signed on its behalf by:

.....
Chairman: Mr. Hannington Obiero

Board of Management

.....
Head of Finance: Amboka Collins

ICPAK No:

.....
Medical Superintendent

Name: Dr. Evans Wakasa

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

Description	General reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	0	0	0	0
Revaluation gain	0	-	-	0
Surplus/(deficit) for the year	-	0	-	0
Capital/Development grants	-	-	0	0
As at June 30, 2024	0	0	0	0
At July 1, 2024	0	0	0	0
General Reserve	8,814,296	-	-	8,814,296
Surplus/(deficit) for the year	-	4,353,505	-	4,353,505
Capital/Development grants	-	-	0	0
At June 30, 2025	8,814,296	4,353,505	0	13,167,801

(Note:

Detailed analysis of the General reserve

S/No	Description	Total
1.	Opening cash and cash equivalents-Imprest account	2,413,726
2.	Opening cash and cash equivalents - Revenue Account	1
3.	Opening cash and cash equivalents - SHA account	1
4.	Opening cash and cash equivalents - Equity Account	157,479
5.	Inventory as at 30 th June 2025	4,675,089
6.	Opening Capital expenditure pending bill	1,568,000
	Total	8,814,296

1. *Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances, a restatement of the opening balances needs to be done.)*

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		5,800,288	0
Grants from donors and development partners		0	0
Transfers from other Government entities		30,140,396	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		32,445,982	0
Total Receipts		68,386,666	0
Payments			
Medical/Clinical costs		20,745,763	0
Employee costs		5,016,063	0
Board of Management Expenses		46,000	0
Repairs and maintenance		2,651,196	0
Transfers		32,804,554	0
General expenses		4,810,448	0
Total Payments		66,074,024	0
Net cash flows from operating activities	23	2,312,642	0
Cash flows from investing activities			
Purchase of property, plant, equipment		(1,992,826)	0
Net cash flows used in investing activities		(1,992,826)	0
Cash flows from financing activities			
Proceeds from borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		319,816	0
Cash and cash equivalents as at 1 July 2024		2,571,207	0
Cash and cash equivalents as at 30 June 2025	16	2,891,023	0

Under net cash flow from investing activities, the statement of cash flow has not recorded an amount of Kshs 1,568,000 in relation to purchase of property, plant and equipment that is a pending bill. This figure has however been reported in the PPE movement schedule making a total addition in the PPE schedule of Kshs 3,560,826. The Kshs 2,571,207 cash and cash equivalents as at 1st July 2025 is supported by the cash book balances brought down.

S/No	Description	Total
1.	Opening cash and cash equivalents-Imprest account	2,413,726
2.	Opening cash and cash equivalents - Revenue Account	1
3.	Opening cash and cash equivalents - SHA account	1
4.	Opening cash and cash equivalents - Equity Account	157,479
	Total	2,571,207

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

18. Statement of Comparison of Budget and Actual Amounts for Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget carryovers from the previous year	0	0	0	0	0	0%
Receipts						
Transfers from the County Government	5,800,288	0	5,800,288	5,800,288	0	100%
Grants from donors and development partners	0	0	0	0	0	0%
Transfers from other Government entities	32,288,102	0	32,288,102	30,140,396	2,147,706	93%
Public contributions and donations	0	0	0	0	-	0%
Rendering of services- Medical Service Income	43,030,942	0	43,030,942	32,445,982	10,584,960	75%
Revenue from rent of facilities	0	0	0	0	-	0%
Finance / interest income	0	0	0	0	-	0%
Miscellaneous receipts (<i>specify</i>)	0	0	0	0	-	0%
Total receipts	81,119,332	0	81,119,332	68,386,666	12,732,666	84%
Payments						
Medical/Clinical costs	27,172,031	0	27,172,031	20,745,763	6,426,268	76%
Employee costs	7,433,580	0	7,433,580	5,016,063	2,417,517	67%
Remuneration of directors	1,622,387	0	1,622,387	46,000	1,576,387	3%
Repairs and maintenance	6,111,933	0	6,111,933	2,651,196	3,460,737	43%
Transfers	32,804,554	0	32,804,554	32,804,554	0	
General expenses	5,974,847	0	5,974,847	4,810,448	1,164,399	81%
Finance costs	0	0	0	0	0	%
Refunds	0	0	0	0	0	%
Total Operational Expenditure paid	81,119,332	0	81,119,332	66,074,024	15,045,308	
Capital Expenditure paid	0	0	0	0	0	%
Surplus	0	0	0	2,312,642	0	%

Budget notes

1. Provide an explanation of differences between actual and budgeted amounts (any over/ 90% under) IPSAS 24.14
2. Provide an explanation of changes between the original and final budget, indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

:

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	2,312,642
1	Capital Expenditure	(1,992,826)
2	Opening Cash and Cash Equivalent	2,571,207
	Closing Cash and Cash Equivalent as per the statement of Cash flows	2,891,023

19. Notes to the Financial Statements

1. General Information

Likuyani Sub County Hospital is established by and derives its authority and accountability from an Act. The entity is wholly owned by the Kakamega County Government and is domiciled in Kakamega County in Kenya. The entity's principal activity is to provide quality and affordable healthcare services to the residents.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *entity*. The financial statements have been prepared in accordance with the PFM Act, and (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
	<p>excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the 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. <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024/2025 was approved by Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *entity* recorded additional appropriations of **Ksh. 0** on the FY 2024/2025 budget following the Board's approval. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

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

e. Property, plant and equipment

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

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted.*)

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. There are no additional disclosure of these estimates of provisions is included in Note. 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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

Notes to Financial Statements Continued

6. Transfers from the County Government

Description	2024/2025	2023/2024
	KShs	KShs
Unconditional grants		
Transfers from the County Treasury	5,800,288	0
Level 4/5 grants	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Total government grants and subsidies	5,800,288	0

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 Transfer income during the year	2023/2024
			KShs	KShs	
			KShs	KShs	
Kakamega County Government	5,800,288	0	0	5,800,288	0
Total	5,800,288	0	0	5,800,288	0

The amounts recognised under Note 6 as transfers from the County Government includes Ksh. 434,030 and Ksh. 5,366,258 that was received on behalf of other dispensaries and Likuyani Sub County Hospital as per the schedule below respectively.

Description	2024/2025	2023/2024
	KShs	KShs
Likuyani Sub County Hospital	5,800,288	0
The County Government	5,800,288	0

Notes to Financial Statements Continued

7. Transfers From Other Government Entities

Description	2024/2025	2023/2024
	KShs	KShs
Transfer from FIF	32,288,102	0
Total Transfers	32,288,102	0

8. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	6,500,000	0
Non-Pharmaceuticals	6,200,000	0
Laboratory	3,442,475	0
Radiology	3,012,166	0
Orthopedic and Trauma Technology	3,872,785	0
Theatre	2,366,702	0
Accident and Emergency Service	1,721,238	0
Anesthesia Service	1,290,928	0
Ear Nose and Throat service	2,581,857	0
Nutrition service	2,151,547	0
Cancer centre service	0	0
Dental services	860,619	0
Reproductive health	3,872,785	0
Paediatrics services	3,012,166	0
Farewell home services	0	0
Ambulance services	0	0
Other medical services income (<i>specify</i>)	2,145,674	0
Total revenue from the rendering of services	43,030,942	0

Notes to the Financial Statements (Continued)

9. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	1,567,440	0
Food and Ration	4,605,313	0
Beddings and linen	87,298	0
Dressing and Non-Pharmaceuticals	5,452,508	0
Pharmaceutical supplies	11,986,863	0
Health information stationery	1,209,920	0
Reproductive health materials	0	0
Sanitary and cleansing Materials	1,570,770	0
Purchase of Medical gases	67,400	0
X-Ray/Radiology supplies	414,392	0
Other medical related clinical costs (<i>specify</i>)	0	0
Total medical/ clinical costs	26,961,904	0

(Other medical/clinical related costs refers to all other costs involved in management of the patients directly not analysed above.)

10. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	5,705,805	0
Contributions to pension schemes	0	0
Employee costs	5,705,805	0

(Social contribution relates to expenses incurred by the employer towards social welfare of Employees)

11. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Sitting allowance	46,000	0
Total	46,000	0

12. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	1,370,979	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	1,370,979	0

13. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	1,807,265	0
Medical equipment	313,478	0
Computers and accessories	48,040	0
Motor vehicle expenses	917,240	0
Total repairs and maintenance	3,086,023	0

Notes to the Financial Statements (Continued)

14. Transfers

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers to FIF – Cash collection Account	32,380,735	0
Mbururu Dispensary	125,014	0
Aligula Dispensary	32,878	0
Nzoia Dispensary	69,807	0
Aligula Dispensary	47,952	0
MOH	58,168	0
Mbururu Dispensary	30,000	0
Aligula Dispensary	30,000	0
Nzoia Dispensary	30,000	0
Total grants and subsidies	32,804,554	0

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

15. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
accommodation and domestic travel	285,900	0
bank charges Imprest Account	109,567	0
Bank Charges Revenue Account	29,325	0
Bank Charges	19,819	0
Catering services	752,903	0
Consumable Stores	57,450	0
contracted cleaning services	1,671,425	0
DSA	601,826	0
Electricity	626,284	0
fire extinguishers	78,000	0
GOS	860,431	0
Household items	53,000	0
Insecticides and rodenticides	60,900	0
Internet connection	132,476	0
publishing and Printing	363,500	
refined fuel	598,756	0
security items	15,000	0
Telephone	474,000	0
Total General Expenses	6,790,562	0

Notes to the Financial Statements (Continued)

16. Cash And Cash Equivalents

Description	2024/2025	2023/2024
	KShs	KShs
Current accounts	2,891,023	0
On - call deposits	0	0
Fixed deposits accounts	0	0
Cash in hand	0	0
Total cash and cash equivalents	0	0

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Imprest account keb	1252765223	2,725,550	0
Revenue account KCB	1152196057	165,053	
SHA KCB	1152196227	0.65	
Equity Account	500284354614	420	0
Sub- total		2,891,023	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		2,891,023	0

Provide disclosure on any restricted cash that the entity is holding.

Notes to the Financial Statements (Continued)

17. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Insurance	0	0
Rent	0	0
Water	0	0
Internet	0	0
Others specify	0	0
Total	0	0

18. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	10,584,960	0
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total receivables	10,584,960	0

(Entity to state the expected credit loss rates for various categories of its receivables. The entity should also disclose how ECL was arrived at in line with provisions of IPSAS 41.)

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	10,584,960	100%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	10,584,960	100%	0	%

19. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the FIF	2,147,706	0
Undisbursed donor funds	0	0
Other debtors (<i>non-exchange transactions</i>)	0	0
Less: impairment allowance	0	0
Total	2,147,706	0

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

Analysis of Receivables From Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	2,147,706	100%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	2,147,706	100%	0	%

20. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	3,783,183	0
X-ray	35,560	0
Non Pharms	781,346	0
Lab materials	75,000	0
Cleaning materials supplies	0	0
General supplies	0	0
Less: provision for impairment of stocks	0	0
Total	4,675,089	0

Detailed disclosure on inventories

Description	2024/2025	2023/2024
Opening balance	0	0
Additional Inventory in the year	17,120,470	0
Inventory expensed in the year	(12,445,381)	0
Write-downs in the year	0	0
Others specify	0	0
Closing balance	4,675,089	0

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

Notes to the Financial Statements (Continued)

21. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment (12.5%)	ICT Equipment (30%)	Plant and medical Equipment (40%)	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2024	0	0	0	0	0	0	0	0	0
At 1 July 2024	0	0	0	0	0	0	0	0	0
Additions	0	0	0	51,725	391,280	3,117,821	0	0	3,560,826
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	0	0	51,725	391,280	3,117,821	0	0	3,560,826
Depreciation and impairment									
At 1 July 2023		0	0	0	0	0	0	-	0
Depreciation for the year		0	0	0	0	0	0	-	0
Disposals		0	0	0	0	0	0	-	0

Likuyani Sub County Hospital (Kakamega 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 (12.5%)	ICT Equipment (30%)	Plant and medical Equipment (40%)	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Impairment		0	0	0	0	0	0	-	0
At 30 June 2024		0	0	0	0	0	0	-	0
At July 2024		0	0	0	0	0	0	-	0
Depreciation		0	0	6,466	117,384	1,247,129	0	-	1,370,979
Disposals		0	0	0	0	0	0	-	0
Impairment		0	0	0	0	0	0	-	0
Transfer/adjustment		0	0	0	0	0	0		0
At 30th June 2025		0	0	6,466	117,384	1,247,129	0	-	1,370,979
Net book values									
At 30 th Jun 2024	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	0	0	45,259	273,896	1,870,692	0	0	2,189,847

Notes to the Financial Statements (Continued)

22. Trade and other Payables

Description	2024/2025		2023/2024	
	KShs		KShs	
Trade payables	8,631,082		0	
Employee dues	689,742		0	
Third-party payments (e.g. unremitted payroll deductions)	0		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	9,320,824		0	
Ageing analysis:	2024/2025	% of the Total	2023/2024	% of the total
Under one year	9,320,824	100%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	9,320,824	%	0	%

23. Cash Generated from Operations

Description	2024/2025		2023/2024	
	KShs		KShs	
Surplus for the year before tax	4,353,505		0	
Adjusted for:	0			
Depreciation	1,370,979		0	
Non-cash grants received	0		0	
Impairment	0		0	
Gains and losses on disposal of assets	0		0	
Contribution to provisions	0		0	
Contribution to impairment allowance	0		0	
Working Capital adjustments	0			
Increase in inventory	0		0	
Increase in receivables	(12,732,666)		0	
Increase in deferred income	0		0	
Increase in payables	9,320,824		0	
Increase in payments received in advance	0		0	
Net cash flow from operating activities	2,312,642		0	

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
At 30 June 2025 (current year)				
Receivables from exchange transactions	0	0	0	0
Receivables from –non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the hospital has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due. The board of management sets the hospital’s credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the hospital’s board of management who have built an appropriate liquidity risk management framework for the management of the entity’s short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2025				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

Notes to the Financial Statements (Continued)

(iii) Market risk

The hospital has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The hospital's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

Notes to the Financial Statements (Continued)

Description	KShs	Other currencies	Total
	Kshs		Kshs
At 30 June 2025			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	0	0
USD	10%	0	0
2025 (current year)			
Euro	10%	0	0
USD	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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 KShs 0 (2025: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in surplus of KShs 0 (2025 – KShs 0).

iii) Capital Risk Management

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

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

Notes to the Financial Statements (Continued)

25. Related Party Balances

Nature of related party relationships

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

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

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to other facilities	0	0
Sales of services to facilities	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for other employees	0	0
Payments for goods and services for other parties	0	0
Total	0	0
d) Key management compensation		
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

26. 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)

27. Contingent Liabilities

Contingent liabilities	2024/2025	2023/2024
	Kshs	Kshs
Court case 0 against the hospital	0	0
Bank guarantees in favour of subsidiary	0	0
Total	0	0

(Give details)

28. Capital Commitments

Capital Commitments	2024/2025	2023/2024
	Kshs	Kshs
Authorised For	0	0
Authorised And Contracted For	0	0
Total	0	0

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

29. Events after the Reporting Period

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

30. Ultimate and Holding Entity

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

31. Currency

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

20. Appendices


Appendix 1: Progress on Follow up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	2024/2025	2023/2024

Guidance Notes:

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



Accounting Officer

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

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

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

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

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity..... County Government of Kakamega,
Name of Beneficiary entity..... Likuyani Sub-County Hospital

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
	<u>Asorted</u>	<u>5,800,288</u>		<u>5,800,288</u>	
Total		<u>5,800,288</u>		<u>5,800,288</u>	

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

Head of Accounts Department - Disbursing Entity:
Name Wabuke Wycliffe Sign [Signature] Date 01/12/2025

Head of Accounts Department - Beneficiary Entity:
Name Amboka Collins Sign [Signature] Date 01/12/2025

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

Appendix IV Reporting of Climate Relevant Expenditures

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

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