

REPUBLIC OF KENYA



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REPORT

442

OF

THE AUDITOR-GENERAL

ON

BAHATI LEVEL 4 HOSPITAL

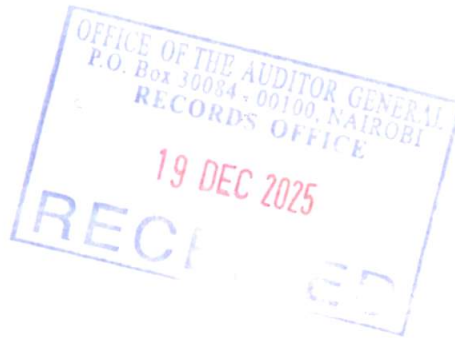
FOR THE YEAR ENDED

30 JUNE, 2025

COUNTY GOVERNMENT OF
NAIROBI CITY

PAPERS LAID	
DATE	18/2/26
TABLED BY	Sen. Lelegwe.
SECRETARY	Polycarp

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**Bahati Level 4 HOSPITAL
(Nairobi County Government)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

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.

2. Key Entity Information and Management

(a) Background information

Bahati Hospital is a Level 4 healthcare facility located in Nairobi County, Makadara Sub-County in Hamza Maringo ward, along Heshima Road. The hospital is currently governed by the Health Facility Management Committee (HFMC). It serves a population of 25,422 residents as its catchment population and boasts of a bed capacity of 22.

The facility is domiciled in Nairobi County under the Health Department. Services rendered within the facility include Outpatient services, Pharmacy services, Immunization services, HIV testing and counselling, Comprehensive Care Clinic (CCC) services, Tuberculosis management, Rehabilitation services, Maternal and child health services, Maternity services, Mental health and Social welfare services.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to serve Kenyan citizens with excellence through the provision of quality, evidence-based healthcare and promotion of overall patient well-being.

The hospital vision statement states, ‘To be a leader in the provision of sustainable, acceptable, affordable and accessible healthcare to all Nairobians.’

The hospital mission states, ‘To provide quality, curative, preventive and rehabilitative healthcare to all the residents of Nairobi.’

Our corporate culture shall be defined by the following core values:

- Mastery
- Loyalty
- Kindness
- Honesty

(c) Key Management

The hospital’s day-to-day management is under the following key organs:

- County department of health
- Sub county management team
- Health Facility Management Committee
- Accounting Officer/ Medical Superintendent
- Deputy Medical superintendent
- Hospital Administrator
- Heads of departments

(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	From : mm/yyyy	To: mm/yy	Name
1	Medical Superintendent	October 2023	February 2025	Dr. Mary Adeka
2	Medical Superintendent	February 2025	June 2025	Dr. Christopher Kioko
3	Hospital Administrator	November 2024	June 2025	Emmy Azere
4	Deputy Medical Superintendent	February 2025	June 2025	Jael Otieno

(e) Fiduciary Oversight Arrangements

The Health Facility Management Committee (HFMC) provide oversight on Hospital Financial Management prudent fund utilization. The County Health Committee oversees budget preparation and implementation. The county provides support in oversight via the following committees:

- Finance and General Purpose Committee
- Clinical Research and Standards Committee.
- Audit committee
- Quality Assurance Committee
- Board Executive Expenditure Committee

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 30075 – 00100,
Heshima road,
NAIROBI, KENYA

(g) Entity Contacts

Telephone: (254) 742123009, (254) 718969274
E-mail: bahatihealthcentre@gmail.com
Website: N/A

(h) Entity Bankers

COOP BANK
UKULIMA BRANCH:
Account No: 01141132189800

BURUBURU BRANCH:

Account No: 01101320056001

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

(k) County Attorney

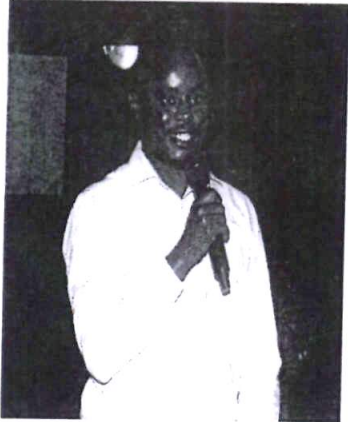

P.O. Box. 30075 – 00100,
City Hall Building,
City Hall Way,
NAIROBI, KENYA

3. The Board of Management

Ref	Directors	Details
1.	Director 1	N/A
2.	Director 2	N/A
3.	Director 3	N/A
4.	Director 4/Alternate	N/A
5.	MED SUP- Dr. Christopher Kioko	Dr. Christopher aged 29 years with a MBCHB degree from University of Nairobi is a healthcare transformer and leader willing to take bold steps to adopt a client-centric focus, preventive and outcome-based care models and embrace digital and technology enablers.
6.	Entity Secretary	N/A

The hospital did not have an active board of management during the year under review. However, it was governed by the Health Facility Management Committee (HFMC). The hospital management is following up with the appointing authority for appointment of the Board of Management.

4. Key Management Team

Ref	Management	Details
1.	 <p><i>DR. CHRISTOPHER KIOKO MEDICAL SUPERINTENDENT</i></p>	<p>Responsible for providing Hospital leadership, managing resources, ensuring compliance, and fostering innovation, all with the ultimate goal of delivering high-quality healthcare.</p>
2.	 <p><i>Jael OTIENO DEPUTY MEDICAL SUPERINTENDENT</i></p>	<p>Responsible for managing the hospital's clinical services, ensuring high standards of patient care, maintaining compliance with medical regulations, and fostering an efficient, ethical, and professional medical environment.</p>

<p>3.</p>	 <p>EMMY AZERE HOSPITAL ADMINISTRATOR</p>	<p>Responsible for managing the hospital's non-clinical functions, including human resources and patient services. This role is essential to ensuring that the hospital operates smoothly, enabling the medical team to focus on delivering quality patient care.</p>
<p>4.</p>	 <p>ELIZABETH ODHIAMBO NURSING SERVICES MANAGER</p>	<p>Ensures that nursing services are delivered effectively, staff are supported, and patients receive high-quality care within a structured and compliant healthcare environment.</p>

5. Chairman's Statement

One – two pages

Currently, the hospital did not have a board of management under the year of review and is still operating under Health Facility Management Committee whose tenure expired for oversight awaiting appointment of board of management.



.....
Name:

Chairman to the Board

6. Report of The Medical Superintendent

It is with great pride that I am pleased to present the medical superintendent's report for the past year, a period that has seen our hospital achieve notable milestones as well as navigate through significant challenges that came along. This report delves deeper into our key activities, the obstacles we have encountered, our financial performance, and our strategic outlook for the future.

This year has been one of transformation and growth. We successfully expanded our service offerings by introducing new specialties and enhancing existing ones. A notable achievement was the launch of a fully functional Kangaroo Mother Care (KMC) which has assisted in the care of Low birth weight new-borns delivered within the facility. This milestone has seen a huge reduction in the number low birth weight babies referred to other facilities and helped increase confidence among pregnant mothers attended to in the facility. It has also seen an increased reduction in neonatal mortalities and ensured improved health outcomes of Low birth weight neonates. Additionally, allow me to acknowledge that during this financial year, we were able to receive an advanced ultrasound machine donated by the county. This has since then been deployed and expanded our services to include ultrasound services. This has been a great achievement as it is an essential diagnostic tool that has helped in timely diagnosis and significantly improved health outcomes of clients seen within the facility.

In addition, we have made substantial progress in ensuring improved accessibility and availability of healthcare services. This has been done through ensuring a robust community engagement through organized in reaches and outreaches. The facility leadership has been keen in collaborating with Community Health Promoters (CHPs) to address knowledge gaps within the community and increasing awareness to prevent morbidities and improve general population health. Through scheduled outreaches in the financial year, we have been able to record zero maternal mortalities and notable increase in health seeking behaviours.

However, the year was not without its challenges. During the course of the year, we have had a shortage in staffing in our Comprehensive Care Clinic (CCC) following the withdrawal of Fahari ya Jamii under USAID funding which was significantly supporting the program. This withdrawal saw disruption of various components of services offered in the department. At the beginning of the financial year, there was also notable financial constraint in the facility as there was little reimbursement from SHA at the time. This financial strain saw periodic stock outs in pharmaceuticals and non-pharmaceuticals. However, I can testify that this changed as the year progressed as the facility began to receive timely SHA reimbursements from the claims made which significantly boosted our financial capacity as of January 2025 and solved the issue of stock outs. Additionally, we were also able to increase our hospital revenue through retention as guided by the FIF act which allowed us to retain and use the revenue generated through services rendered.

Our capital investments, particularly in technology and infrastructure, were strategically aligned with our long-term goals. These investments are expected to yield significant returns in the coming years, both in terms of enhanced patient care and financial stability.

Looking forward, our focus will be on ensuring sustainable progress through innovation, resource mobilization and partnerships. We plan to further expand the facility to meet the standards of a fully equipped level 4 facility. As our mission states, we aim at ensuring sustainable, acceptable, affordable and accessible healthcare to all. We are focussed on ensuring patient-centred care to all within our reach. We look forward to reflecting on this concluded financial year and drawing lessons from it including how we can maximize on our pros as we place strategies to overcome our hindrances so as to ensure the upcoming years are a success. I am confident that through staff team work, collaboration and hard work, we shall be able to achieve greatness.

In conclusion, I would like to express my gratitude to our staff and all our stakeholders for their unwavering support during this challenging year. Our collective efforts have positioned us strongly for the future, and I am confident that we will continue to build on our successes as we navigate the path ahead.

Thank you for your continued trust in our leadership and commitment to our hospital's vision and mission.



.....
Name: Dr. Christopher Kioko

Medical Superintendent

7. Statement of Performance Against Predetermined Objectives

Bahati Hospital has 3 main strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 24 - FY 25. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Service Delivery Systems

Pillar/theme/issue 2: Health Infrastructure and innovation

Pillar/theme/issue 3: Health Workforce Development

Bahati Hospital develops its annual work plans based on the above 3 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *HFMC* achieved its performance targets set for the FY 2024/2025 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Service Delivery Systems	To improve efficiency in service delivery to all clients	a) Client feedback reports b) Average length of hospital stay c) Waiting time d) Community score cards	Outpatient and in-patient care	Increase in client satisfaction rate
Pillar/ theme/ issue 2: Health Infrastructure and innovation	To fully digitize hospital operations and improve existing technologies	a) Health information systems b) Facility quality improvement scores	1. Adoption of electronic medical records systems 2. Quality improvement projects	1. Facility was able to fully digitize operations with the adoption of Taifa care model 2. Successful completion of Quality

Bahati Hospital (Nairobi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

				improvement projects within the year
Pillar/ theme/ issue 3: Health Workforce Development	To increase staff knowledge and skills through training	Number of staff trainings attended	Staff training and CMEs	Increased number of staff trained on different topics per month

8. Corporate Governance Statement

Effective corporate governance is essential to the success of our hospital. The Health Facility Management Committee (HFMC) remains committed to maintaining the highest standards of governance, transparency, and accountability in our operations. This statement provides an overview of our governance practices during the past year.

Board Meetings and Attendance

During the financial year ended 2024/25 the Health Facility Management Committee (HFMC) held a total of **6** meetings over the past year. These meetings were convened to discuss and decide on key strategic issues, monitor performance, and ensure that the hospital's objectives were being met. The attendance of Board members was commendable, with an average attendance rate of **75%**, demonstrating their commitment to their roles.

Board Charter

The Board Charter outlines the roles, responsibilities, and functions of the Board and its members. The Charter serves as a governance framework, ensuring that all members are aware of their duties, the scope of their authority, and the standards to which they are held. It also includes provisions for evaluating Board performance, managing conflicts of interest, and upholding the highest standards of ethical conduct.

Appointment of Board Members

Currently, the hospital does not have a sitting board of management and is still operating under Health Facility Management Committee for oversight awaiting appointment of board of management.

Roles and Functions of the Board

Currently, the hospital does not have a sitting board of management and is still operating under Health Facility Management Committee whose tenure expired for oversight awaiting appointment

of board of management. However, the primary role of the HFMC is to provide strategic guidance and oversight to the hospital's management team. This includes approving major policies, monitoring organizational performance, and ensuring that the hospital's activities align with its mission and values. The Board delegates day-to-day management to the hospital senior management, retaining oversight responsibilities to ensure accountability and effective governance.

Induction and Training

Induction and training of new HFMC members is organized and conducted by the county and is designed to familiarize them with the hospital's operations, governance structure, and their specific roles and responsibilities.

Conflict of Interest

The hospital has a stringent conflict of interest policy in place to ensure that decisions made by the Board (HFMC in our case) are in the best interest of the organization. Health Facility Management Committee members are required to disclose any potential conflicts of interest at the beginning of their term and throughout their tenure as they arise. Where a conflict is identified, the affected member is required to recuse themselves from related discussions and decision-making processes.

Board Remuneration

Board members (HFMC in our case) are remunerated in accordance with the SRC guidelines.

Ethics and Conduct

The Board (HFMC in this case) is committed to upholding the highest standards of ethics and conduct. All members are expected to act with integrity, transparency, and accountability in all their dealings on behalf of the hospital. The Board Charter includes a code of conduct that outlines the ethical principles and behaviours expected from all members. Any breaches of this code are taken seriously and are addressed promptly.

9. Management Discussion and Analysis

Clinical/operational performance

- The hospital had a population catchment area projected population of 20,900. It has a bed capacity of 22.
- Workload analysis indicates a daily average of 100 outpatient visits.
- The facility maintains a staff establishment comprising 60 employees.
- The top five leading causes of morbidity for children under five years include upper respiratory infections, Diarrhoea diseases, Pneumonia, Skin conditions and Tonsillitis.
- The top five leading causes of morbidity for over five years include Upper respiratory infection, Urinary Tract Infections, HIV, Skin conditions and Diarrhoea diseases.
- The facility offers both Outpatient and Maternity inpatient services. Among the services offered as outpatient include; Adult outpatient- General consultation, Paediatric outpatient general consultation, injection, counselling and Tb clinic.
- The Hospital is well established with:
 - a. Radiology; Ultrasound
 - b. Laboratory; Haematology, Parasitology, Microbiology, Virology and Urinalysis
 - c. Pharmacy Services: Bahati Hospital maintains a comprehensive inventory of Pharmaceuticals and Non-Pharmaceuticals listed in the Kenya Essential Drug List. Our formulary is regularly updated to ensure availability of essential medications, including nutritional supplements and paediatric drugs. We operate only one main pharmacy which distributes drugs to all patients seen within the facility.
 - d. Support Services: Bahati Hospital offers a diverse range of support services, including Health Records and Information Management, Nutrition, Public Health, Medical Social Work and Administration (Security and Housekeeping).
- Clinical/ operational performance statistical data are summarized as follows:

S/No.	Particulars	Figures	% Proportion
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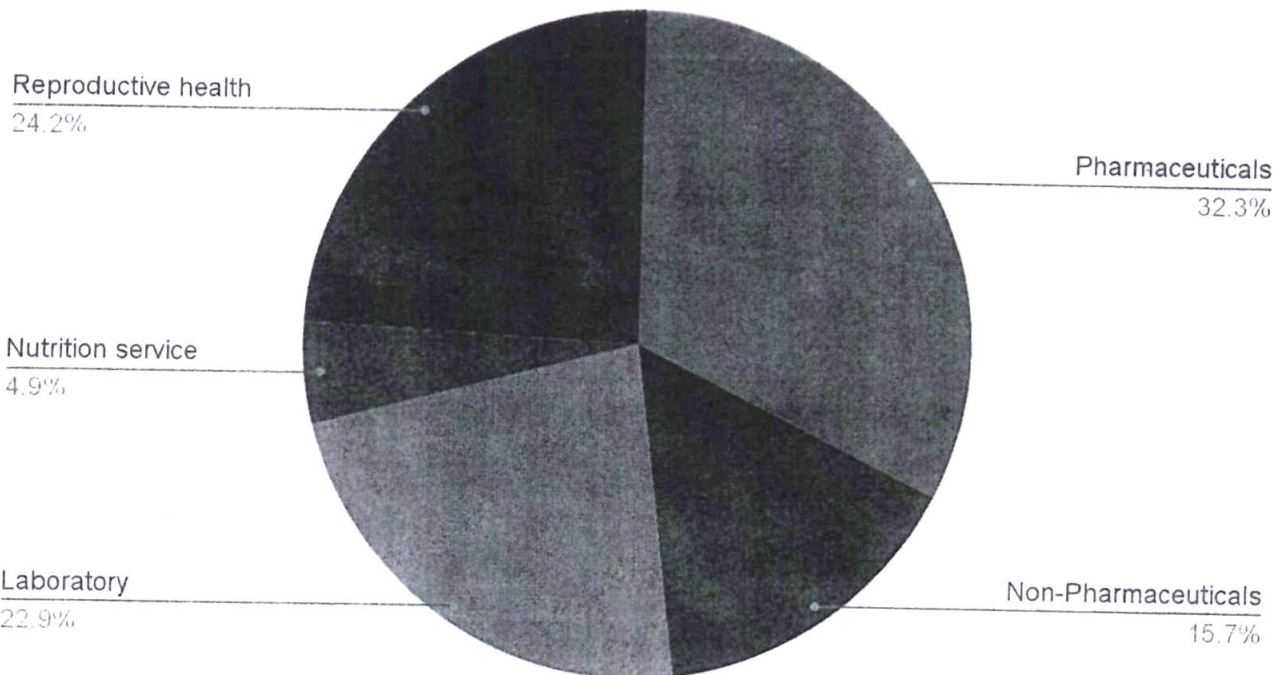
Bahati Hospital (Nairobi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

1	Outpatient Attendance	16607	95%
2	Inpatient Admissions	866	5%
3	Specialized Clinics Attendance	0.	0%
4	Bed Occupancy Rate	0.	0
5	Average Length of stay	2 DAYS	
6	Mortality Rate	1	0.005%

Financial performance that includes: -

Service Rendered	Revenue in Kshs
Pharmaceuticals	2,489,012.00
Non-Pharmaceuticals	1,206,604.00
Laboratory	1,765,900.00
Nutrition service	380,000.00
Reproductive health	1,860,000.00
Other medical services income	0.00
Total revenue from the rendering of services	7,701,516.00

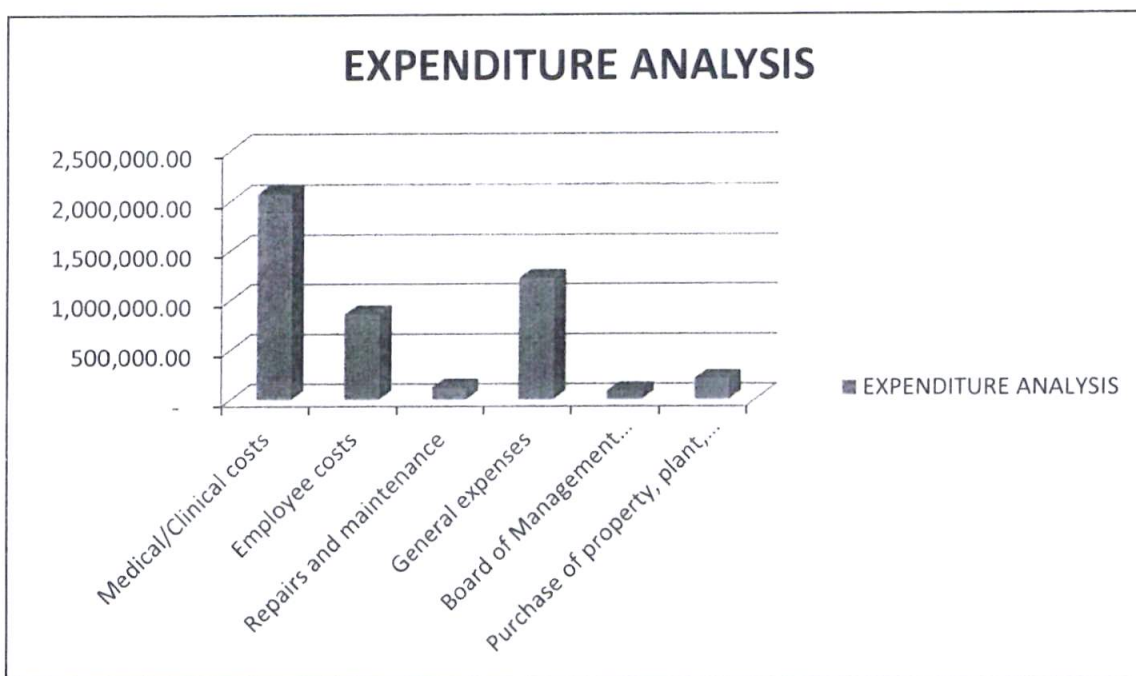
REVENUE ANALYSIS



EXPENDITURE

Payments	
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Medical/Clinical costs	2,064,157.26
Employee costs	855,000.00
Board of Management Expenses	86,700.00
Repairs and maintenance	120,000.00
General expenses	1,215,253.74
Purchase of property, plant, equipment	210,915.00



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Name: DR. CHRISTOPHER KIOKO

Medical Superintendent

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Bahati Hospital provides high-quality healthcare services to the citizens of our country, with a mission of providing quality, curative, preventive and rehabilitative healthcare to all the residents of Nairobi. Our primary mandate is to ensure that these services are of the highest standard and quality. In the healthcare sector, sustainability means the ability to consistently deliver essential medical care while adapting to the evolving needs of our patients and the broader societal context in which we operate.

Our sustainability strategy is focused on maintaining and enhancing our service delivery through the efficient use and mobilization of resources, the adoption of innovative practices, and the commitment to environmental and financial stewardship. This involves improving the quality of care given as well as ensuring adaptation to external challenges such as political changes and economic fluctuations.

Top management, particularly the accounting officer, emphasizes our efforts to incorporate sustainability into all aspects of hospital operations. We are guided by evidence based practices in healthcare sustainability.

Our sustainability priorities are influenced by the increasing demand for healthcare services, the need for cost management in the face of rising healthcare costs, and the impact of macroeconomic factors on public funding. We are committed to addressing these challenges through proactive planning and the adoption of sustainable practices that enhance the resilience of our healthcare system.

The facility has reduced energy consumption through the improved waste management practices and enhanced the efficiency of our healthcare delivery systems. However, we also recognize areas where we have faced challenges, such as balancing the need for immediate patient care with long-term sustainability goals and managing the financial pressures associated with maintaining high standards of care in a resource-constrained environment. By aligning our practices with global standards and learning from both our successes and setbacks, we are committed to building a healthier, more sustainable future for all.

ii) Environmental performance

The hospital is committed to reducing its environmental footprint by implementing sustainable practices in all operations. Our primary focus is aimed at conserving energy, waste reduction, pollution prevention, and promotion of sustainable healthcare practices. One of the best practices in waste reduction include the adoption of the 4Rs (Reduce, Reuse, Recycle and Recover) in waste management that have greatly helped in protecting the environment.

The facility has also been keen in ensuring compliance with national and international environmental regulations, integration of environmental considerations into decision-making processes and continuous monitoring and improvement of environmental performance as well as implementation of waste management action plan.

However, despite the efforts geared towards environmental protection, there has also been some setbacks. Some of the shortcomings encountered during this financial year include inadequate resources such as sufficient workforce, tools and infrastructure, constraints in financial capacity and inadequate awareness among the populace.

iii) Employee welfare

The facility is not mandated to hire or promote any employee as this mandate solely belongs to Nairobi County Management. However, we have been able to engage casual and locum employees to boost our limited human resource through approval from the county management. Through facility monthly meetings, we have been able to identify any staff needs and addressed them ensuring holistic employee welfare.

Through the county and sub-county management, there have been periodic staff training sessions for various staff within the facility geared towards improving key skills in patient management. Additionally, the facility has been conducting Continuous Medical Education (CMEs) to educate each other and improve skills within the facility.

iv) Market place practices-

a) Responsible Competition Practice

On anti-corruption, we ensure transparency in all decisions made within our area of jurisdiction such as open tendering without favouritism and involvement of all stakeholders. The facility management has been keen on ensuring they adhere to the contents of the conflict of interest policy and are not involved in any way in the tendering process. We are always keen in ensuring impartiality in every area of where we are involved in by always being fair.

On Fair Competition and Respect for competitors in our operations, we ensure that bidding is open to whoever is willing to participate and ensure the ultimate winner is awarded.

b) Responsible Supply Chain and Supplier relations

Bahati hospital maintains good business practices by ensuring that the environment is favourable for business, stake holder's participation and proper communication either through print media or broadcast. We allow tenderers to compete fairly through an open process and ensure the awarded contractors are duly paid on time.

(c) Responsible Marketing and Advertisement

The facility maintains ethical marketing practices by ensuring stakeholders participation and adequate communication through notices, print and broadcast media. Through collaboration with Community health promoters, we ensure information is passed to the general public where need arises in a transparent and accountable manner.

(d) Product stewardship or Awareness Creation

Bahati Hospital is keen on safeguarding consumer rights through ensuring all products are safe and have undergone the appropriate certification process. Over the years, we have embraced evidence-based practices to ensure consumer safety and that the right information regarding products is passed on to consumers. Additionally, the facility has been keen in conducting outreaches to the broader community in order to educate them on any key hospital changes and service information such as contents of SHA module and other related health legislations.

v) Corporate Social Responsibility / Community Engagements

The facility runs Bahati hospital programme with its objective being equity healthcare services to the vulnerable and the needy within the society.

11. Report of The Board of Management

Currently, the hospital does not have a sitting board of management and is still operating under Health Facility Management Committee for oversight awaiting appointment of board of management

Principal activities

The principal activities of the entity remain to be to serve Kenyan citizens with excellence through the provision of quality, evidence-based healthcare and promotion of overall patient well-being.

Results

The results of the entity for the year ended June 30 2025 are set out on pages 1 To 4

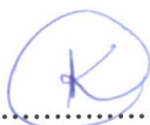
Board of Management

Currently, the hospital does not have a sitting board of management and is still operating under Health Facility Management Committee (HFMC) for oversight awaiting appointment of board of Management

Auditors

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

By Order of the Board



.....
Name

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 the Bahati Hospital, which give a true and fair view of the state of affairs of the facility at the end of the financial year/period and the operating results of the hospital for that year/period. The Board of Management is also required to ensure that the Bahati Hospital keeps proper accounting records which disclose with reasonable accuracy the financial position of the facility. The council members are also responsible for safeguarding the assets of the Bahati Hospital. Currently, the facility does not have a functional board of management and is relying on the Health Facility Management Committee for oversight.


The Health Facility Management Committee is responsible for the preparation and presentation of the Hospital's financial statements, which give a true and fair view of the state of affairs of the Hospital for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Bahati Hospital; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.


The Health Facility Management Committee accepts responsibility for the Bahati Hospital's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS). The members are of the opinion that the Bahati Hospital's financial statements give a true and fair view of the state of Bahati Hospital's transactions during the financial year ended June 30, 2025, and of the Bahati Hospital's financial position as at that date. The members further confirm the completeness of the accounting records maintained for the Bahati Hospital, which have been relied upon in the preparation of the Bahati Hospital's financial statements as well as the adequacy of the systems of internal financial control.


Further the Health Facility Management Committee confirms that the Bahati Hospital's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Hospital's financial statements were approved by the HFMC on 31th July, 2025 and signed on its behalf by:

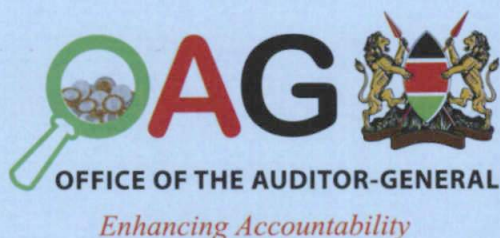

.....
Stanley Maina
Chairman
Health Facility Management
Committee(HFMC)


.....
Irene Assabe
Accountant


.....
Dr. Christopher Kioko
Medical Superintendent

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BAHATI LEVEL 4 HOSPITAL FOR THE YEAR ENDED 30 JUNE, 2025 - COUNTY GOVERNMENT OF NAIROBI CITY

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 Bahati Level 4 Hospital - County Government of Nairobi city set out on pages 1 to 55, which comprise of the statement of

Report of the Auditor-General on Bahati Level 4 Hospital for the year ended 30 June, 2025 - County Government of Nairobi City

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 the Bahati Level 4 Hospital - County Government of Nairobi City 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.

Basis for Qualified Opinion

1. Presentation and Inaccuracies in the Financial Statements

Review of financial statements presented for audit revealed the following anomalies;

- i) The statement of cashflows reflects additional assets of Kshs.210,915 while Note 32 on property, plant and equipment movement schedule reflects additional assets of Kshs.6,210,915 resulting in an unreconciled variance of Kshs.6,000,000.
- ii) Review of the statement of comparison of budget and actual amounts revealed that the statement was incomplete. The statement does not include the original and final approved budgets as required by IPSAS 24 and no explanation of material variances between the budgeted amounts and the actual expenditure and revenue.

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

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position and Note 32 to the financial statements reflects property, plant and equipment balance of Kshs.6,437,136. Review of the fixed asset register maintained revealed that it was not comprehensive since it did not have values for land, buildings and motor vehicles. This was contrary to International Public Sector Accounting Standard (IPSAS) 45 – Property, Plant and Equipment that requires entities to maintain a comprehensive and accurate PPE register showing cost, accumulated depreciation, additions, disposals, revaluations, and carrying amounts at the reporting date.

Further, Management did not provide documentary evidence indicating that the land on which the hospital sits legally belongs to the Ministry of Health or the County Government.

In the circumstances, the accuracy, completeness, regularity and ownership of property, plant and equipment balance of Kshs.6,437,136 could not be confirmed.

3. Unsupported Inventories

The statement of financial position and Note 31 to the financial statements reflects inventories totalling Kshs.627,942. However, the balance was not supported with stock taking reports as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the inventories balance could not be confirmed.

4. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.1,037,575. However, the balance was not supported with a detailed schedule of the payables.

In the circumstances, the accuracy and completeness of the trade and other payables of Kshs.1,037,575 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bahati Level 4 Hospital - County Government of Nairobi City 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 a final revenue budget and actual on comparable basis of Kshs.10,000,000 and Kshs.7,701,516 respectively resulting in revenue shortfall of Kshs.2,298,484 or 23% of the budget. Similarly, the statement reflects actual expenditure of Kshs.6,415,254 against an approved budget of Kshs.10,000,000 resulting to an under expenditure of Kshs.3,584,746 or 36% of the budget.

In the circumstances, the under-funding and under expenditure may have affected the operations and planned activities of the Hospital and hence 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

The Management is responsible for the Other Information set out on page iii to xxiii which comprise of Key Hospital Information and Management, Key Management Team, Fiduciary Management, Fiduciary Oversight Management, Chairperson' Statement, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Bahati Level 4 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 no 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, I confirm that nothing 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

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, 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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are 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 overall 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

19 December, 2025

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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	-	-
In- kind contributions from the County Government	7	-	-
Grants from donors and development partners	8	-	-
Transfers from other Government entities	9	-	-
Public contributions and donations	10		-
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	7,701,516.00	-
Revenue from rent of facilities	12	-	-
Finance /Interest Income	13	-	-
Miscellaneous Income	14	-	-
Revenue from exchange transactions		7,701,516.00	-
Total revenue		7,701,516.00	-
Expenses			
Medical/Clinical costs	15	2,064,157.26	-
Employee costs	16	855,000.00	-
Board of Management Expenses	17	86,700.00	-
Depreciation and amortization expense	18	2,123,378.75	-
Repairs and maintenance	19	120,000.00	-
Grants and subsidies	20	-	-
General expenses	21	1,215,253.74	-
Finance costs	22	-	-
Total expenses		6,464,489.75	-

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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Medical services contracts Gains/Losses	25	-	-
Impairment loss	26	-	-
Gain on foreign exchange transactions		-	-
Total other gains/(losses)		-	-
Net Surplus / (Deficit) for the year		1,237,026.25	-

The Hospital's financial statements were approved by the Health Facility Management Committee (HFMC) on 31ST JULY, 2025 and signed on its behalf by:



Chairman

**Health Facility
 Management Committee
 (HFMC)**



**Irene Assabe
 Accountant**

**ICPAK
 No:**



**Dr. Christopher Kioko
 Medical Superintendent**


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

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	4,223,138.60	-
Prepayments	28	-	-
Receivables from exchange transactions	29	80.00	-
Receivables from non-exchange transactions	30	-	-
Inventories	31	627,942.00	-
Total Current Assets		4,851,160.60	-
Non-current assets			
Property, plant, and equipment	32	6,437,136.25	-
Intangible assets	33	-	-
Investment property	34	-	-
Biological Assets	35	-	-
Total Non-current Assets		6,437,136.25	-
Total assets (A)		11,288,296.85	-
Liabilities			
Current liabilities			
Trade and other payables	36	1,037,575	-
Refundable deposits from Patients/Prepayments	37	-	-
Provisions	38	-	-
Finance lease obligation	39	-	-
Current portion of deferred income	40	-	-
Current portion of borrowings	41	-	-
Total Current Liabilities		1,037,575.00	-
Non-current liabilities			
Provisions	38	-	-
Non-Current Finance lease obligation	39	-	-

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Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Non-Current portion of deferred income	40	-	-
Non - Current portion of borrowings	41	-	-
Service concession Arrangements	42	-	-
Total non-current liabilities		-	-
Total Liabilities (B)		1,037,575.00	-
Net assets (A-B)		10,250,721.85	-
Represented by:			
Revaluation reserve		9,013,695.60	-
Accumulated surplus/Deficit		1,237,026.25	-
Capital Fund		-	-
Net Assets		10,250,721.85	-

The Hospital's financial statements were approved by the Health Facility Management Committee (HFMC) on 31ST JULY, 2025 and signed on its behalf by:



Stanley Maina
Chairman
Health Facility
Management Committee
(HFMC)



Irene Assabe
Accountant



Dr. Christopher Kioko
Medical Superintendent

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023	-	-	-	-
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	-	-	-
Capital/Development grants	-	-	-	-
As at June 30, 2024	-	-	-	-
At July 1, 2024	3,013,695.60	-	-	3,013,695.60
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	1,237,026.25	-	-	1,237,026.25
Capital/Development grants	-	6,000,000.00	-	6,000,000.00
At June 30, 2025	4,250,721.85	6,000,000.00	-	10,250,721.85

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		-	-
Grants from donors and development partners		-	-
Transfers from other Government entities		-	-
Public contributions and donations		-	-
Rendering of services- Medical Service Income		7,701,516.00	-
Revenue from rent of facilities		-	-
Finance / interest income		-	-
Miscellaneous receipts(<i>specify</i>)		-	-
Total Receipts		7,701,516.00	-
Payments			
Medical/Clinical costs		2,064,157.26	-
Employee costs		855,000.00	-
Board of Management Expenses		86,700.00	-
Repairs and maintenance		120,000.00	-
Grants and subsidies		-	-
General expenses		1,215,253.74	-
Finance costs		-	-
Refunds paid out		-	-
Total Payments		4,341,111.00	-
Net cash flows from operating activities	43	3,360,405.00	-
Cash flows from investing activities			
Purchase of property, plant, equipment		-210,915.00	-
Purchase of intangible assets		-	-
Proceeds from the sale of PPE		-	-
Acquisition of investments		-	-
Net cash flows used in investing activities		-210,915.00	-
Cash flows from financing activities			

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Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Capital grants received		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,149,490.00	-
Cash and cash equivalents as at 1 July 2024	27	1,073,648.55	-
Cash and cash equivalents as at 30 June 2025	27	4,223,138.55	-

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

Description	Original budget	Amendments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Budget carryovers from the previous year	-	-	-	-	-	
Receipts						%
Transfers from the County Government	-	-	-	-	-	
Grants from donors and development partners	-	-	-	-	-	%
Transfers from other Government entities	-	-	-	-	-	%
Public contributions and donations	-	-	-	-	-	%
Rendering of services- Medical Service Income	10,000,000	-	10,000,000	7,701,516.00	2,298,484	77%
Revenue from rent of facilities	-	-	-	-	-	
Finance / interest income	-	-	-	-	-	%
Miscellaneous receipts (<i>specify</i>)	-	-	-	-	-	%
Total receipts	-	-	-	-	-	%
Payments						%
Medical/Clinical costs	7,974,000.00	-	7,974,000.00	2,658,000.00	0.00	
Employee costs	4,160,000.00	-	4,160,000.00	1,580,000.00	2,650,026.00	33%
Remuneration of directors	321,000.00	-	321,000.00	107,000.00	214,000.00	33%
Repairs and maintenance	1,500,000.00	-	1,500,000.00	855,000.00	645,000.00	57%
Grants and subsidies	-	-	-	-	-	
General expenses	3,645,761.22	-	3,645,761.22	1,215,253.74	2,430,507.48	34%
Finance costs	-	-	-	-	-	%
Refunds	-	-	-	-	-	%
Total Operational Expenditure paid	17,600,761.22	-	17,600,761.22	6,415,253.74	11,185,507.48	36%
Capital Expenditure paid	-	-	-	-	-	%
Surplus	-	-	-	-	-	%

Bahati Hospital (Nairobi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	0.00
2	Reason for differences	0.00
3	Reason for differences	0.00
4	Reason for differences	0.00
	Closing Cash and Cash Equivalent as per the statement of Cash flows	0.00

19. Notes to the Financial Statements

1. General Information

Bahati Hospital is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Nairobi County Government and is domiciled in Nairobi County in Kenya. The entity's principal activity is to serve Kenyan citizens with excellence through the provision of quality, evidence-based healthcare and promotion of overall patient well-being.

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><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>
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 excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that</p>

Standard	Effective date and impact:
	<p>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>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> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>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>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard</p>

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

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 24/25 was approved by Board on 1st July, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, Bahati Hospital did not record additional appropriations on the FY 24/25 budget following the Board's approval. The *Bahati Hospital's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

Notes to the Financial Statements (Continued)

d. Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of their useful life. 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. *Bahati Hospital does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the hospital's financial statements.*

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k. Inventories

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

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

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

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

l. Provisions

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

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

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

Notes to the Financial Statements (Continued)

m. Social Benefits

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

n. Contingent liabilities

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

o. Contingent assets

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

p. Nature and purpose of reserves

The entity creates and maintains reserves in terms of specific requirements.

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

Notes to Financial Statements Continued

6. Transfers from the County Government

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

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized in Statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total grant income during the year	Comparative period
	KShs	KShs	KShs	KShs	KShs
xx County Government	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	2024/2025	2023/2024
	KShs	KShs
Salaries and wages	0.00	-
Medical supplies-Drawings Rights (KEMSA)	0.00	-
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	0.00	-
Utility bills	0.00	-
Total grants in kind	0.00	-

8. Grants From Donors and Development Partners

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

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

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

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

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

10. Public Contributions and Donations

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

10 (a) Reconciliations of amortised grants

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

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Pharmaceuticals	2,489,012.00	-
Non-Pharmaceuticals	1,206,604.00	-
Laboratory	1,765,900.00	-
Radiology	-	-
Orthopedic and Trauma Technology	-	-
Maternity	-	-
Theatre	-	-
Accident and Emergency Service	-	-
Anesthesia Service	-	-
outpatient	-	-
Nutrition service	380,000.00	-
Hospital records	-	-
Dental services	-	-
Reproductive health	1,860,000.00	-
Paediatrics services	-	-
Ambulance services	-	-
Other medical services income (specify)	-	-
Total revenue from the rendering of services	7,701,516.00	-
NHIF Rebates Paid Claims	-	-
NHIF Rebates UN Paid Claims	-	-
SHA Paid Claims	-	-
Total revenue from the rendering of services	7,701,516.00	-

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	2024/2025	2023/2023
	Kshs	Kshs
Residential property	0.00	-
Commercial property	0.00	-
Total Revenue from rent of facilities	0.00	-

13. Finance /Interest Income

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

14. Miscellaneous Income

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

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Dental costs/ materials	0.00	-
Laboratory chemicals and reagents	106,000.00	-
Public health activities	0.00	-
Food and Ration	264,000.00	-
Uniform, clothing, and linen	77,812.00	-
Dressing and Non-Pharmaceuticals	1,327,607.00	-
Pharmaceutical supplies	117,600.00	-
Health information stationery	50,000.00	-
Reproductive health materials	0.00	-
Sanitary and cleansing Materials	118,138.00	-
Purchase of Medical gases	3000	-
X-Ray/Radiology supplies	0.00	-
Other medical related clinical costs (<i>specify</i>)	0.00	-
Total medical/ clinical costs	2,064,157.00	-

16. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries, wages, and allowances	855,000.00	-
Contributions to pension schemes	0.00	-
Service gratuity	0.00	-
Performance and other bonuses	0.00	-
Staff medical expenses and Insurance cover	0.00	-
Group personal accident insurance and WIBA	0.00	-
Social contribution	0.00	-
Other employee costs (<i>specify</i>)	0.00	-
Employee costs	855,000.00	-

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	0.00	-
Sitting allowance	86,700.00	-
Mileage	0.00	-
Insurance expenses	0.00	-
Induction and training	0.00	-
Travel and accommodation allowance	0.00	-
Airtime allowances	0.00	-
Total	86,700.00	-

18. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	2,123,378.75	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	2,123,378.75	-

19. Repairs And Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property- Buildings	30,000.00	-
Medical equipment	80,000.00	-
Office equipment	-	-
Furniture and fittings	-	-
Computers and accessories	10,000.00	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	120,000.00	-

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

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

21. General Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Advertising and publicity expenses	0.00	-
Catering expenses	240,580.00	-
Waste management expenses	109,000.00	-
Insecticides and rodenticides	24,000.00	-
Audit fees	0.00	-
Bank charges	40,799.10	-
Conferences and delegations	0.00	-
Consultancy fees	0.00	-
Contracted services	85,000.00	-
Computer /ICT related items	0.00	-
Electricity expenses	32,780.00	-
Fuel and Lubricants	37,000.00	-
Transport and subsistence	154,000.00	-
Insurance	0.00	-
Research and development expenses	0.00	-
Travel and accommodation allowance	120,000.00	-
Legal expenses	0.00	-
Licenses and permits	0.00	-
Courier and postal services	0.00	-
Printing and stationery	61,435.64	-
Hire charges	0.00	-
General supplies	0.00	-

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Description	2024/2025	2023/2024
	Kshs	Kshs
Rent expenses	0.00	-
Water and sewerage costs	203,490.00	-
Skills development levies	0.00	-
Telephone and mobile phone services	39,640.00	-
Internet expenses	40,000.00	-
Staff training and development	0.00	-
Subscriptions to professional bodies	0.00	-
Subscriptions to newspapers periodical, magazines, and gazette notices	0.00	-
Library books/Materials	0.00	-
Parking charges	0.00	-
Other general expenses	27,529.00	-
Total General Expenses	1,215,253.74	-

22. Finance Costs

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

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

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

24. Unrealized Gain On Fair Value Investments

Description	2024/2025	2023/2024
	KShs	KShs
Investments at fair value	0.00	-

Total gain	0.00	-
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Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	2024/2025	2023/2024
	KShs	KShs
Comprehensive care contracts with NHIF	0.00	-
Non- Comprehensive contracts care with NHIF/SHA	0.00	-
Linda Mama Program	0.00	-
Waivers and Exemptions	0.00	-
Total Gain/Loss	0.00	-

26. Impairment Loss

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

27. Cash And Cash Equivalents

Description	2024/2025	Insert Comparative FY
	KShs	KShs
Current accounts	4,223,138.60	-
On - call deposits	0.00	-
Fixed deposits accounts	0.00	-
Cash in hand	0.00	-
Others(<i>specify</i>)- Mobile money	0.00	-
Total cash and cash equivalents	4,223,138.60	-

Notes to the Financial Statements (Continued)

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

Description		2024/2025	2023/2024
Financial institution	Account number	KShs	KShs
a) Current account			
Coop Bank Buru Buru	01101320056001	1,897,022.00	-
Coop Bank Ukulima	01141132189800	2,326,116.60	-
Sub- total		4,223,138.60	-
b) On - call deposits			
		0.00	-
Sub- total		0.00	-
c) Fixed deposits account			
Bank Name		0.00	-
Sub- total		0.00	-
d) Others(specify)			
cash in hand		0.00	-
Mobile money- Mpesa, Airtel money		0.00	-
Sub- total		0.00	-
		0.00	-
Grand total		4,223,138.60	-

28. Prepayments

Description	2024/2025	2023/2024
	KShs	KShs
Insurance	0.00	0.00
Rent	0.00	0.00
Water	0.00	0.00
Internet	0.00	0.00
Others specify	0.00	0.00
Total	0.00	0.00

29. Receivables From Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Medical services receivables	80.00	-
Rent receivables	0.00	-
Other exchange debtors	0.00	-
Less: impairment allowance	-	-
Total receivables	80.00	-

Analysis of Receivables From Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	80.00	%	-	%
Between 1- 2 years	-	%	0.00	%
Between 2-3 years	-	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total (a+b)	80.00	%	-	%

30. Receivables From Non-Exchange Transactions

Description	2024/2025	2023/2024
	KShs	KShs
Transfers from the County Government	0.00	-
Undisbursed donor funds	0.00	-
Other debtors (<i>non-exchange transactions</i>)	0.00	-
Less: impairment allowance	(0.00)	-
Total	0.00	-

Analysis of Receivables From Non-Exchange Transactions

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

31. Inventories

Description	2024/2025	2023/2024
	KShs	KShs
Pharmaceutical supplies	550,020.00	0.00
Maintenance supplies	65,922.00	0.00
Food supplies	12,000.00	0.00
Linen and clothing supplies	-	0.00
Cleaning materials supplies	-	0.00
General supplies	-	0.00
Less: provision for impairment of stocks	(0.00)	(0.00)
Total	627,942.00	0.00

Detailed disclosure on inventories

	2024/2025	2023/2024
Opening balance	0.00	-
Additional Inventory in the year	0.00	-
Inventory expensed in the year	0.00	-
Write-downs in the year	0.00	-
Others specify	0.00	-
Closing balance	0.00	-

Bahati Hospital (Nairobi County Government)
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Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fixtures and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost	1	1	N/A	1	1	1	N/A	N/A	5
At 1 July 2023 (previous year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	-	(0.00)
Transfers/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)
Revaluation Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th Jun 2024	0.00	0.00	0.00	44,000.00	92,000.00	2,213,600.00	0.00	0.00	2,349,600.00
At 1 July 2024	0.00	0.00	0.00	44,000.00	92,000.00	2,213,600.00	0.00	0.00	2,349,600.00
Additions	00.00	0.00	0.00	90,000.00	120,915.00	6,000,000.00	0.00	0.00	6,210,915.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)
Transfer/adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	0.00
Revaluation Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30th Jun 2025	0.00	0.00	0.00	134,000.00	212,915.00	8,213,600.00	0.00	0.00	8,560,515.00

**Bahati Hospital (Nairobi County Government)
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Description	Buildings and civil works	Motor vehicles	Furniture and other equipment	ICT Equipment	Plant and medical equipment	Other Assets (spare)	Contract Work in Progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Depreciation and impairment								0.00
At 1 July 2024 (previous year)	0.00	0.00	0.00	0.00	0.00	0.00	-0.00	0.00
Depreciation for the year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Impairment	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
At 30 June 2025	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At July 2024 (current year)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	16,750.00	53,228.75	2,053,400.00	0.00	0.00	2,123,378.75
Disposals	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)
Impairment	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)
Transfer/adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)
At 30th June 2025	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net book values								
At 30 th Jun 2024 (previous)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
At 30 th Jun 2025 (current)	0.00	0.00	117,250.00	159,686.25	6,160,200.00	0.00	0.00	6,437,136.25

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

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

34. Investment Property

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

Notes to the Financial Statements (Continued)

35. Biological Assets

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

36. Trade and other Payables

Description	2024/2024		2023/2024	
	KShs		KShs	
Trade payables	922,000		-	
Employee dues	115,575		-	
Third-party payments (e.g. unremitted payroll deductions)	0.00		-	
Audit fee	0.00		-	
Doctors' fee	0.00		-	
Total trade and other payables	1,037,575		-	
Ageing analysis:	Current FY	% of the Total	Compa rative FY	% of the total
Under one year	1,037,575	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	1,037,575	%	-	%

37. Refundable Deposits from Customers/Patients

Description	2024/2025	2023/2024
	KShs	KShs
Medical fees paid in advance	0.00	-
Credit facility deposit	0.00	-
Rent deposits	0.00	-
Others (specify)	0.00	-
Total deposits	0.00	-

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

38. Provisions

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

39. Finance Lease Obligation

Description	2024/2025	Insert Comparative FY
	Kshs	Kshs
Current Lease obligation	0.00	-
Long term lease obligation	0.00	-
Total	0.00	-

40. Deferred Income

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

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Notes to the Financial Statements (Continued)

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

Description	National government	International funders/donors	Public contributions and donations	Total
Balance b/f	0.00	0.00	0.00	0.00
Additions during the year	0.00	0.00	0.00	0.00
Transfers to Capital fund	(0.00)	(0.00)	(0.00)	(0.00)
Transfers to statement of financial performance	(0.00)	(0.00)	(0.00)	(0.00)
Other transfers (<i>Specify</i>)	(0.00)	(0.00)	(0.00)	(0.00)
Balance C/F	(0.00)	0.00	0.00	0.00

41. Borrowings

Description	2024/2025	2023/2024
	KShs	KShs
Balance at beginning of the period	(0.00)	-
External borrowings during the year	(0.00)	-
Domestic borrowings during the year	(0.00)	-
Repayments of external borrowings during the year	(0.00)	-
Repayments of domestic borrowings during the year	(0.00)	-
Balance at end of the period	(0.00)	-

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

Description	2024/2025	2024/2025
	KShs	KShs
Current Obligation	0.00	-
Non-Current Obligation	0.00	-
Total	0.00	-

Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
Fair value of service concession assets recognized under PPE	0.00	-
Accumulated depreciation to date	(0.00)	-
Net carrying amount	0.00	-
Service concession liability at beginning of the year	0.00	-
Service concession revenue recognized	(0.00)	-
Service concession liability at end of the year	0.00	-

43. Cash Generated from Operations

Description	2024/2025	2023/2024
	KShs	KShs
Surplus for the year before tax	0.00	-
Adjusted for:		
Depreciation	0.00	-
Non-cash grants received	(0.00)	-
Impairment	0.00	-
Gains and losses on disposal of assets	(0.00)	-
Contribution to provisions	0.00	-
Contribution to impairment allowance	0.00	-
Working Capital adjustments		
Increase in inventory	(0.00)	-
Increase in receivables	(0.00)	-
Increase in deferred income	0.00	-
Increase in payables	0.00	-
Increase in payments received in advance	0.00	-
Net cash flow from operating activities	0.00	-

Notes to the Financial Statements (Continued)

44. Financial Risk Management

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

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

(i) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024 (previous year)				
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2025 (current year)	0.00	0.00	0.00	0.00
Receivables from exchange transactions	0.00	0.00	0.00	0.00
Receivables from –non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Notes to the Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and 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 from N/A. 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 2025				
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00
At 30 June 2025	0.00	0.00	0.00	0.00
Trade payables	0.00	0.00	0.00	0.00
Current portion of borrowings	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00
Deferred income	0.00	0.00	0.00	0.00
Employee benefit obligation	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Notes to the Financial Statements (Continued)

(iii) Market risk

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

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

a) Foreign currency risk

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

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

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.

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024 (previous year)			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00
2025 (current year)			
Euro	10%	0.00	0.00
USD	10%	0.00	0.00

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

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

Bahati Hospital (Nairobi County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

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

Nairobi County Government is the principal shareholder of Bahati Hospital, holding 100% of Bahati Hospital 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	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to xxx	0.00	-
Sales of services to xxx	0.00	-
Total	0.00	-
	0.00	-
b) Grants from the Government	0.00	-
Grants from County Government	0.00	-
Grants from the National Government Entities	0.00	-
Donations in kind	0.00	-
Total	0.00	-
	0.00	-
c) Expenses incurred on behalf of related party	0.00	-
Payments of salaries and wages for xxx employees	0.00	-
Payments for goods and services for xxx	0.00	-
Total	0.00	-

20. Appendices

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A				

Guidance Notes:

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

.....
Accounting Officer

Bahati Hospital (Nairobi County Government)
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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	N/A	N/A	N/A	N/A	N/A	N/A
2	N/A	N/A	N/A	N/A	N/A	N/A

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							

Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

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Appendix IV Reporting of Climate Relevant Expenditures

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

*XX Hospital (XX County Government)
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Appendix V: Disaster Expenditure Reporting Template

Programme	Sub-programme	Disaster Type	Category of disaster-related activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure Item	Amount (KShs.)	Comments
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A