

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

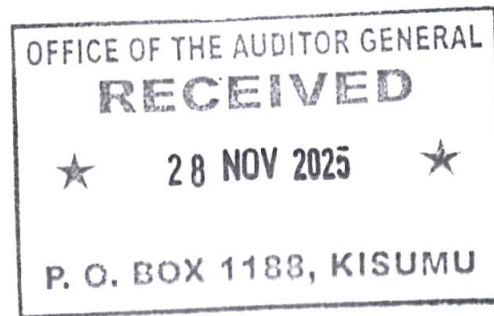
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NYAKACH COUNTY LEVEL 4 HOSPITAL

FOR THE YEAR ENDED
30 JUNE, 2025

COUNTY GOVERNMENT OF KISUMU



NYAKACH COUNTY HOSPITAL (Kisumu County Government)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2025

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

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1. Acronyms & Glossary of Terms

CSR	Corporate Social Responsibility
OSHA	Occupational Health & Safety Act
PFMA	Public Financial Management Act
MED SUP	Medical Superintendent
Fiduciary Management	Key management personnel who have financial responsibility in the entity.
RFQ	Request for Quotation
FIF	Facility Improvement Financing
NHIF	National Hospital Insurance Fund
SHA	Social Health Authority
NCH	Nyakach County Hospital

2. Key Entity Information and Management

(a) Background information

Nyakach County Hospital is a level 4 hospital established under gazette notice number 11041 and is domiciled in Kisumu County under the Department of Medical Services, Public Health & Sanitation. The hospital is governed by a Board of Management.

(b) Principal Activities

The principal activity/mission/ mandate of the hospital is to provide quality, accessible and affordable universal healthcare to the catchment population.

Vision : To be centre of excellence in quality health care services

Mission: To participate, provide, and promote quality preventive, curative and rehabilitative services that are accessible, equitable and affordable to community.

(c) Key Management

The management of NCH is under the following key organs:

- County department of Health
- Board of Management
- Accounting Officer/ Medical Superintendent
- Hospital Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Medical Superintendent	Dr. Edon Nyagudi
2.	Health Administrative officer	Mr Abraham Abuto
3.	Nursing Officer In charge	Miss Lilian Kayesi
4.	Laboratory In Charge	Mr Julius Okuku
5.	Pharmacist In charge	Dr. Andrew Odingo
6.	Medical Officer	Dr Odero Michael
7	Health Record and Information in charge	Miss Sarah Akinyi Ajwang'

(e) Fiduciary Oversight Arrangements

- Clinical Research and Standards Committee.
- Audit committee
- Risk Committee

- County Assembly
- Parliamentary committees
- Other oversight committees

Key Entity Information and Management (continued)

(f) Entity Headquarters

P.O. Box 79 40111
Pap Onditi
Nyakach Sub County
Kisumu County
KENYA

(g) Entity Contacts

Telephone: (+254) 776388594
E-mail: paponditihospital@gmail.com

(h) Entity Bankers

Cooperative Bank Kisumu East Branch
Nyakach Sub County Hospital Recurrent Kisumu County
01141495253900

Kenya Commercial Bank Sondu Branch
Nyando Districh Hospital
1104032481

(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





Nyakach County Hospital (Kisumu County Government)
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Nairobi, Kenya



(k) **County Attorney**

P.O. Box. 2738-40100
Kisumu, Kenya





3. The Board of Management




Ref	Directors	Details
1.	 <p>Mr. Charles W. Abondo Age 76 years</p>	<p>Chairperson of the Hospital management Board. MA marketing/Economics</p>
2.	 <p>Mrs Perez Auma Okut Age 46years</p>	<p>Vice Chairperson of the Board Bachelor of education</p>
3.	 <p>Ms. Prisca Catherine Kokumu Age 40 years</p>	<p>Board member-independent Member audit committee Master of science in finance</p>
4.	 <p>Mr Josephat Odhiambo Opiyo Age 45 years</p>	<p>Board member-independent Member audit committee Higher diploma in anaesthesiology</p>

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5.	 <p>Mr Phillip Nyaswa Age 52 years</p>	<p>Board member-independent Member resource mobilization committee PhD Research and Evaluation</p>
6	 <p>Dr. Edon Nyagudi Age 38 years</p>	<p>Medical Superintendent & Secretary to the Board Member all committees Bachelor of dental surgery</p>

4. Key Management Team

Ref	Management	Details
1.	 Dr Edon Nyagudi Age 37 years	Medical Superintendent Degree in Dental Surgery
2.	 Mr Abraham Abuto Age 53 years	Health Administrative Officer Diploma in Health records management
3.	 Mrs Lilian Kayesi Age 54 years	Nursing Officer In charge Diploma in Nursing
4.	 Mr Julius Okuku	Laboratory Manager Diploma in Laboratory science

	Age 46 years	
5.	 Dr Andrew Odingo Age 34 years	Pharmacist in charge Bachelor's degree in Pharmacy
6.	 Dr Odera Michael Age 43 years	Medical Officer Bachelor of medicine and surgery Overseeing the clinical and surgical managements of patients
7.	 Miss Sara Ajwang Age: 32 years	Health Records and Information officer Diploma in Health Record and information technology

*Nyakach County Hospital (Kisumu County Government)
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5. Chairman’s Statement

The financial year majorly progressed well with major happenings being the transitioning from NHIF to SHA and the official handing over and opening of the Maternity-Theatre complex and the Incinerator. The transition from NHIF to SHA was marred with lots of system downtimes but the hospital managed to offer uninterrupted services through constant engagement with SHA. The hospital staffs and Community health promoters worked tirelessly to sensitise and register patients and local community to SHA. The Opening of the fully equipped Maternity Theatre complex was a boost to the hospital in that it included 2 theatres, increased maternity wards/beds, New Born Unit and a more friendly MCH clinic.

PROJECTS

The hospital has the following projects ongoing/stalled

1. Maternity Theatre complex, completed & opened
2. Incinerator: installed & opened for use
3. Kitchen and Laundry complex, condemned
4. Administration block, proposed but not yet started
5. Hospital drug store, proposed but not yet started.

CHALLENGES

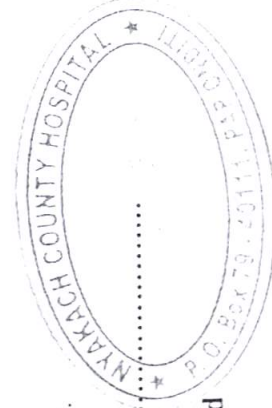
During the financial year under review, the hospital experienced a myriad of challenges:

- Acute understaffing due to the newly opened Maternity- theatre complex
- Erratic power supply by Kenya Power that has led to destruction of electrical and electronic equipment, due to the power surge.
- Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
- Condemned buildings.

.....*Chlorine*.....

Name

Chairman to the Board



6. Report of The Medical Superintendent

Nyakach County Hospital is a level 4 hospital located in Nyakach Sub-county, Kisumu County. It has a catchment of 36,265 patients.

With the opening of the new maternity-theatre complex, the bed capacity increased from 37 to 52 , covering female ward, male ward and maternity ward, and paediatric ward.

Services offered include the following:

1. General Outpatient services
2. Inpatient services
3. Laboratory services
4. Dental services
5. Pharmacy services
6. Maternity services
7. Rehabilitative services
8. Mortuary Services

During the year under review, there was transition from the defunct NHIF to SHA which was marred by system downtimes and low awareness /registration by the public. The hospital team managed the challenges and continue to sensitise the public to register and benefit from SHA.

PROJECTS

The hospital has the following projects ongoing/stalled

1. Maternity Theatre complex, completed & opened
2. Incinerator: installed & opened for use
3. Kitchen and Laundry complex, condemned
4. Administration block, proposed but not yet started
5. Hospital drug store, proposed but not yet started.

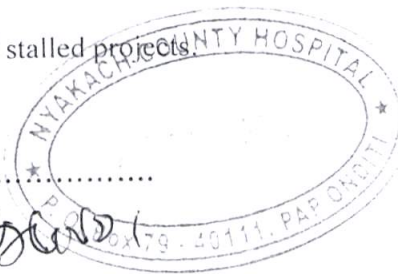
CHALLENGES

During the financial year under review, the hospital experienced a myriad of challenges:

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

- Low SHA registration and awareness
- Understaffing to effectively handle the expanded services due to the opening of the new maternity-theatre complex
- Lack of consolidated title deed. Making it difficult to carry out projects within the facility causing conflicts with the surrounding community
- Erratic power supply by Kenya Power that has led to destruction of electrical and electronic equipment, due to the power surge.
- Old and dilapidated structures with asbestos roofing that poses health hazard to healthcare workers.
- Condemned buildings and stalled projects

.....
Name **EDSY MUGOBI**
Secretary to the Board



7. Statement of Performance Against Predetermined Objectives

Section 164 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the County Government entity's performance against predetermined objectives.

The Mandate of Nyakach County Hospital as an entity are to ensure provision of the following services geared towards universal healthcare coverage:

- i) Curative and Rehabilitative Health Services
- ii) Preventive and Promote Health Services
- iii) General Administration, Planning, Management Support and Coordination

It is the responsibility of the Board and Hospital management team to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio- economic development.

Nyakach County Hospital has 3 Annual Program Based Service Delivery Work plan and objectives within the current FY 2023/2024.

These 3 Annual Program Based Service Delivery are:

Program 1: Curative and Rehabilitative Health Services; Program Outcome: Effective and efficient curative and rehabilitative health care services to the county citizens

Program Objective: To provide effective and efficient curative and rehabilitative at all health service delivery units

Program 2: Preventive and Promotive Health Services; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Program 3: General Administration, Planning, Management Support and Coordination; Program Outcome: Effective and efficient preventive and promotive health interventions within the county

Program Objective: To provide effective and efficient preventive and promotive health interventions across the county

Nyakach County Hospital develops its annual work plan based on the above 3 programs and 12 sub programs.

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

Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

Nyakach County Hospital achieved its performance targets set for the FY 2023/2024 period for its 12 sub programs under the 3 main program-based areas.

8. Corporate Governance Statement

The Board of Management of the Nyakach County Hospital were appointed via gazette notice No. 9607 dated 11th October 2019 to govern the entity. The Hospital Board of Management recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness, and integrity.

The Board of Management is responsible for the provision of oversight to the operational activities of the Hospital on behalf of the members of the public and citizen of Kenya in line with the manifesto of the Governor and Ministry of Health regulations and guidelines.

They are also entrusted with the responsibility of ensuring strong corporate governance and ethical practices within the Hospital. Their role extends to ensuring that the Hospital complies with the relevant laws.

The Board members attach great importance to the need to conduct the business and operations of the Hospital with integrity and in accordance with generally accepted corporate best practices.

Below are the key features of corporate governance structures and internal control systems put in place and that were in operation during the year.

9. Management Discussion and Analysis

Data from the Health records and information department shows the following details as to clinical/operational performance of Nyakach County Hospital in the financial years of 2024/2025, 2023/2024 and 2022/2023:

- Bed capacity of the hospital.
- Overall patient attendance during the year for both inpatient and outpatient.
- Accident and Emergency attendance
- Specialised clinic attendance
- Average length of stay for in patient
- Bed occupancy rate
- Mortality rate
- Surgical theatre utilisation (number of operations over a period of time)
- Sponsorships and partnerships

Clinical/operational performance

	<i>2022/2023</i>	<i>2023/2024</i>	<i>2024/2025</i>
<i>Bed Capacity</i>	37	37	52
<i>Patient Attendance(OPD+IPD)</i>	35,937	34,568	37,210
<i>Specialized Clinic Attendance</i>	8,063	7,952	7,303
<i>Surgical Theater Utilization(C/S)</i>	0	0	113
<i>Accident and Emergency</i>	166	102	137
<i>Average Length of Stay</i>	3	3	3

Occupancy rate and mortality rate

	<i>2022/2023</i>	<i>2023/2024</i>	<i>2024/2025</i>
<i>Occupancy Rate</i>	41%	35.5%	41%

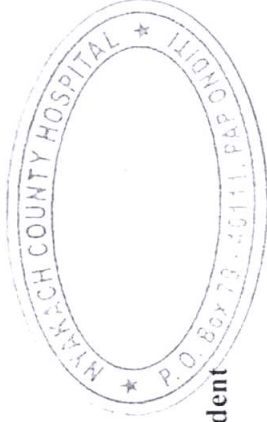
*Nyakach County Hospital (Kisumu County Government)
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<i>Mortality Rate</i>	3.9%	3.7%	3.4%
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Financial performance that includes: -

In FY 2024-2025 Nyakach County Hospital generated its revenue from on source revenue collections from cash collections via Mpesa paybill and NHIF and SHA claims submitted to the claims portals.

The funds for the financial year 2024-2025 were spent as per the details of this report.



[Handwritten Signature]
.....
Medical Superintendent

10. Environmental And Sustainability Reporting

Two-to-three pages)

i) Sustainability strategy and profile

Nyakach County Hospital the hospital strived to favourably achieve its objectives and mandate of providing universal healthcare to all citizens who visited the hospital. The recent high cost of commodities and supplies did put pressure on the hospitals capacity to deliver services. The hospital throughout the year ensures compliance with the various rules and regulations governing the management of a public hospital within Kenya.

ii) Environmental performance

During the year under review, the hospital was committed to ensuring safe disposal of all medical and non-medical wastes as may be appropriate. The Septic tanks were regularly disinfected and the hazardous medical wastes were being incinerated within the hospital at the newly installed incinerator. Other public facilities within Nyando, Muhoroni and Nyakach subcounties were also granted access to use the incinerator.

iii) Employee welfare

The Hospital staffs comprise of staffs employed by the County Government of Kisumu, Partner and health Volunteers who are engaged directly by the hospital.

The management strives to ensure that all employees are sufficiently engaged towards service delivery whilst observing employee rights in line with the Employment Act.

Being that hospital setups are hazardous, the management ensured adequate provision of PPEs to all staffs during the financial year to date in line with the Occupational Safety and Health Act of 2007, (OSHA).

The Health Volunteers are timely compensated for the services delivered and made it possible for the hospital to run smoothly during the period.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Core mandate of Nyakach county Hospital is to provide universal healthcare coverage to citizens. As such the hospital charge-list was in compliance with the Kisumu County

Finance Bill 2023 and in our view it was made with a view of not making profits but rather to recover costs of service delivery.

In the spirit of universal healthcare coverage, the hospital assisted all the indigents who visited the hospital to access services through waivers and exemptions as per the presidential directive. As such no patient was turned away or detained for lack of hospital bill during year under review.

b) Responsible Supply chain and supplier relations

Nyakach County Hospital sources its goods and services from prequalified suppliers who are centrally prequalified by the Department of Health, Kisumu County hospital. The Suppliers are engaged on a competitive basis majorly through framework and request for quotation method for supplies/services under frameworks and under RFQs respectively.

The management strived to pay the suppliers every quarter when money was availed from County Treasury through recurrent and FIF. Keen to note was that the transfers from County Treasury was not enough to adequately settle all invoices due to pending bills accrued. The management seeks increase of disbursements from County Treasury and NHIF/SHA collections.

c) Responsible marketing and advertisement

Nyakach County Hospital is a Public hospital that is open to all citizens within Nyakach Sub-county and beyond

d) Product stewardship

Health care sector is a highly regulated sector due to its essential nature. During the year under review, the hospital management has always ensured to only procure authorised pharmaceutical and non-pharmaceutical items from licenced suppliers. The hospital also ensures that all food and ration items and other items are inspected by the hospital inspection teams who ensure that only goods and services that meet the required standards and threshold are accepted for use at the hospital.

v) Corporate Social Responsibility / Community Engagements

During the year, the hospital was engaged in community engagements using the Health promoters attached to the facilities. The health Promoters who directly engage the community gives feedback to the hospital on the health matter for necessary action/intervention.

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

Similarly, the hospital also offered amenities and grounds for medical camps supported by various partners during the year. The hospital only contributed in kind but not monetary.

11. Report of The Board of Management

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

Principal activities

The principal activities of the entity are to provide quality, accessible and affordable promotive, preventive and curative healthcare services to the public.

Results

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


Board of Management

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

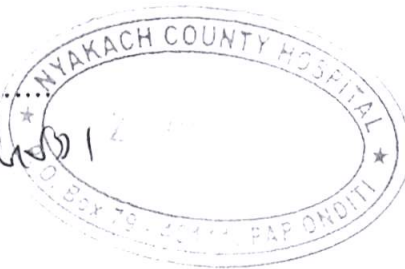
Auditors

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

By Order of the Board



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

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

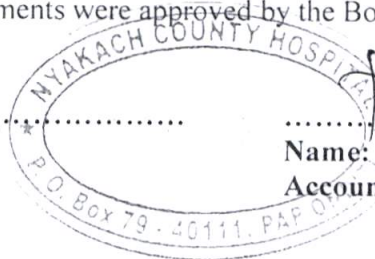
The Board of Management accepts responsibility for the hospital’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Kisumu County Facility Improvement Fund Act 2021. The Board members are of the opinion that the hospital’s financial statements give a true and fair view of the state of hospital’s transactions during the financial year ended June 30, 2025, and of the hospital’s financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the hospital, which have been relied upon in the preparation of the hospital’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed the Fund’s ability to continue as a going concern.

Approval of the financial statements

The Hospital’s financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:

.....
Name:
Chairperson
Board of Management



.....
Name: EDS N
Accounting Officer

REPUBLIC OF KENYA

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



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

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

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 Nyakach County Hospital set out on pages 1 to 56, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in

net assets, statement of cash flows and 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 Nyakach County Hospital as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the County Governments Act, 2012, the Kisumu County Health Services Act, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 29 to the financial statements reflect an amount of Kshs.9,320,587 in respect of receivables from exchange transactions. Included in this amount is Kshs.8,613,587 relating to medical services receivables - Social Health Insurance (SHA). Review of the ledgers provided indicate an amount of Kshs.9,320,587 leading to unexplained variance of Kshs.707,000. Further, receivables from exchange transactions increased from balance of Kshs.2,133,905 in 2023/2024 financial year to balance of Kshs.9,320,587 in 2024/2025 financial year leading to unexplained increase of Kshs.7,186,682 or three hundred and thirty three percent (337%).

In the circumstances, the completeness and accuracy of an amount of Kshs.9,320,587 in relation to receivables from exchange transactions could not be confirmed.

2. Receivables from Non-Exchange Transactions

The statement of financial position and as disclosed in Note 30 to the financial statements reflects an amount of Kshs.859,335 in respect of receivables from non-exchange transactions. The disclosure of receivables from non-exchange transactions is contrary to IPSAS23;44-48 which provides that an entity will recognize an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset and satisfy the recognition criteria.

In the circumstances, the accuracy and disclosure of an amount of Kshs.859,335 in relation to receivables from non-exchange transactions could not be confirmed.

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

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.17,500,000 and Kshs.17,454,417 respectively resulting to under collection of Kshs.45,583 of the budget. Similarly, the Hospital expended Kshs.13,634,787 against an approved budget of Kshs.12,922,500 resulting to an over-expenditure of Kshs.712,287 of the budget.

This performance indicates that the Management does not consider previous year performance when setting future budget expectations as they seem to be unrealistic.

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 Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved as detailed below;

	Financial Year	Audit Issue
1	2023/2024	Employee Costs
2	2023/2024	Property, Plant and Equipment
3	2023/2024	Trade and Other Payables
4	2023/2024	Unsupported Inventory Balance
5	2023/2024	Unsupported Procurement for Goods and Services
6	2023/2024	Deficiencies in Implementation of Universal Health Coverage (UHC)
7	2023/2024	Failure to Maintain Fixed Asset Register

Other Information

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

In connection with my audit on the Hospital's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Comply with Climate Change and Financing Requirements

The Hospital did not establish mandatory climate change policies required by the Climate Change Act, 2016, and constitutional provisions under Articles 42 of the Constitution of Kenya, 2010. Further, no evidence was provided to confirm whether the Hospital have established structured procedures to regularly evaluate environmental effects and maintain compliance with environmental requirements. In addition, there was no evidence that the Hospital had undertaken public awareness and conducted public consultations as required by Section 24 of the climate change act 2016(1).

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

2. Failure to Deduct 0.03% on Procurement of Goods and Services

Public Procurement Regulatory Authority (PPRA) gave guidelines to all procuring entities to deduct 0.03% levy on all contracts entered into after September, 2024, as well as any contract extensions, renewals and/or variations made from 1 September, 2024; Review of some of the sampled payment vouchers and procurement files revealed that four (4) contractors were paid amount of Kshs.337,060 for various supplies. However, Management did not deduct and remit capacity building levy amounting to Kshs.101 as contrary to Paragraph 3(1) of the Public Procurement Capacity Building Levy Order, 2023.

In the circumstances, the entity was in breach of the Public Procurement Capacity Building Levy order, 2023.

3. Irregular Engagement of Casual Workers

The statement of financial performance and as disclosed in Note 16 to the financial statements reflects employee cost amount of Kshs.2,076,540. Review of contract letters revealed that Management engaged casual workers for aggregated more than three months. This was contrary to the County Public Service Human Resource Manual, May, 2013 Section B.16(1) which states that (1) Casual workers shall be engaged only on urgent short-term tasks with the approval of the County Public Service Board and they shall not be engaged for more than three months, as stipulated in the Employment Act (2007).

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

4. Illegal Use of Asbestos in the Hospital

Audit verification of the hospital buildings revealed that the Hospital has most of the houses roofed with asbestos against the government regulations which required that all entities having their buildings roofed with asbestos must be removed and replaced with galvanized iron sheets and the asbestos removed and be disposed of properly. This was contrary to the Legal Notice No.121 of the Environmental Management and Coordination (Waste Management) Regulations 2006, waste containing asbestos is classified as hazardous waste. In addition, the Legal Notice requires that hazardous waste be disposed of in a specified manner as approved by the National Environment Management Authority (NEMA).

In the circumstances, Management was in breached of law.

5. Deficiencies in Implementation of Universal Health Coverage (UHC)

Review of Hospital records and interviews on verification of services offered, equipment used and medical specialists in the Hospital at the time of audit revealed that the Hospital did not meet the requirements of Kenya Quality Model for Health Policy Guidelines due to staff deficits by 66 staff requirements or 65%of the authorized establishment. Details are in the tables below:

Staff requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Medical Officers	16	2	14	88%
Anesthesiologists	2	2	0	0%
General Surgeons	2	1	1	50%
Gynecologists	2	1	1	50%
Pediatricians	2	0	2	100%
Radiologists	2	1	1	50%

Staff requirements	Level 4 Standard	Number in Hospital	Variance	Percentage %
Registered Community Health Nurses	75	28	47	63%
Total	101	35	66	65%

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

Service	Level 4 Hospital Standard	Actuals in the Hospital	Variance	Percentage %
Bed Capacity	150	52	98	65%
Incubators (Newborn)	5	4	1	20%
Functional Icu Beds	6	0	6	100%
HDU Beds	6	0	6	100%
Renal unit with dialysis machines	5	0	5	100%

Services Offered	Status
Surgical Services	Available
Pediatric Services	Not Available
Gynecology Services	Available
Radiology Services	Not available
Renal Services	Not available
Tuberculosis Services	Available

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

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

6. Failure to Provide Proof of Submission of Mandatory Requirements Reports to Public Procurement Regulatory Authority (PPRA)

The Public Procurement Regulatory Authority requires all procuring entities to submit reports to them as guided by PPRA Circular No 01/2016. Management of the Hospital did not provide evidence of submission of the following reports to PPRA as required;

- i. Direct procurements of a value exceeding Kshs.500,000.
- ii. Quarterly reports on contracts awards
- iii. Quarterly reports on contracts amendments and variations
- iv. Six (6) Months report on Preferences and Reservation of contracts awarded to Youth, Women and Persons with Disability.

In the circumstances, the hospital was in breach of the PPRA Circular no 01/201.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Strategic Plan

Review of internal governance documents for County Hospital revealed that the entity did not develop a strategic plan as required by Regulations 30 (2) of the Public Finance Management (County Government regulations) 2015.

In the circumstances, Management was in breach of law.

2. Lack of Risk Management Policy and a Disaster Recovery Plan

Review of records and information provided by Management revealed that the County Hospital lacks a risk management policy. As a result, there was no risk assessment carried out during the year under review. Further, the County Hospital did not have a disaster recovery and business continuity plans contrary to provisions of Section 158(b)(1) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the existence of an effective risk management could not be confirmed.

3. Long Outstanding Accounts Payable

The statement of financial position and as disclosed in Note 36 to the financial statements reflects a balance of Kshs.8,503,919 in respect of trade and other payables. Included in the amount is trade payables amounting to Kshs.3,369,101 which has been outstanding for more than two (2) years. There is no clear plan on how the hospital intends to settle the long outstanding payables.

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

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

Responsibilities of the Management and 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 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

08 December, 2025

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

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


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	6	0	1,824,556
In- kind contributions from the County Government	7	51,204,134	44,349,787
Grants from donors and development partners	8	0	0
Transfers from other Government entities	9	0	0
Public contributions and donations	10	0	0
		51,204,134	46,174,343
Revenue from exchange transactions			
Rendering of services- Medical Service Income	11	26,775,004	9,664,139
Revenue from rent of facilities	12	0	0
Finance /Interest Income	13	0	0
Miscellaneous Income	14	0	0
Revenue from exchange transactions		26,775,004	9,664,139
Total revenue		77,979,138	55,838,482
Expenses			
Medical/Clinical costs	15	57,909,241	51,166,908
Employee costs	16	1,868,597	1,397,490
Board of Management Expenses	17	75,000	177,000
Depreciation and amortization expense	18	0	0
Repairs and maintenance	19	1,220,308	1,389,127
Grants and subsidies	20	0	0
General expenses	21	4,250,978	2,591,194
Finance costs	22	0	0
Total expenses		65,324,124	56,721,719
Other gains/(losses)			
Gain/Loss on disposal of non-Current assets	23	0	0

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

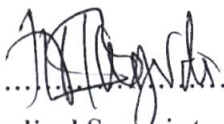
Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Unrealized gain on fair value of investments	24	0	0
Medical services contracts Gains/Losses	25	0	0
Impairment loss	26	0	0
Gain on foreign exchange transactions		0	0
Total other gains/(losses)		0	0
Net Surplus / (Deficit) for the year		12,655,014	(883,237)

(The notes set out on pages 27 to 36 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 28/11/2025 and signed on its behalf by:


 Chairman
 Board of Management




 Medical Superintendent

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

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	6,854,929	3,035,299
Prepayments	28	0	0
Receivables from exchange transactions	29	9,320,587	2,133,905
Receivables from non-exchange transactions	30	859,335	0
Inventories	31	5,466,710	5,684,453
Total Current Assets		22,501,561	10,853,657
Non-current assets			
Property, plant, and equipment	32	0	0
Intangible assets	33	300,000	300,000
Investment property	34	0	0
Biological Assets	35	0	0
Total Non-current Assets		300,000	300,000
Total assets (A)		22,801,561	11,153,657
Liabilities			
Current liabilities			
Trade and other payables	36	8,503,919	8,380,391
Refundable deposits from Patients/Prepayments	37	0	0
Provisions	38	0	0
Finance lease obligation	39	0	0
Current portion of deferred income	40	0	0
Current portion of borrowings	41	0	0
Total Current Liabilities		8,503,919	8,380,391
Non-current liabilities			
Provisions	38	0	0
Non-Current Finance lease obligation	39	0	0
Non-Current portion of deferred income	40	0	0
Non - Current portion of borrowings	41	0	0

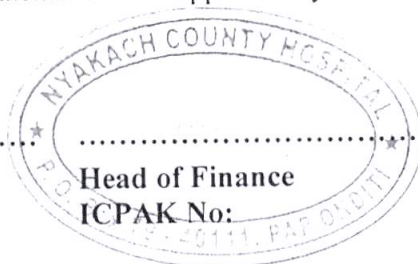
Nyakach County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Service concession Arrangements	42	0	0
Total non-current liabilities		0	0
Total Liabilities (B)		8,503,919	8,380,391
Net assets (A-B)		14,297,642	2,773,266
Represented by:			
Revaluation reserve		429,948	0
Accumulated surplus/Deficit		13,867,694	(1,313,185)
Capital Fund		0	0
Net Assets		14,297,642	1,460,081

(The notes on pages 36 to 45 form an integral part of the Annual Financial Statements.)

The Hospital's financial statements were approved by the Board on 28/11/25 and signed on its behalf by:

[Signature]
Chairman
Board of Management



[Signature]
Medical Superintendent

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

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

Description	Revaluation reserve	Accumulated surplus/Deficit	Capital Fund	Total
As at July 1, 2023 (previous year)	0	3,603,540	0	3,603,540
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	(1,313,185)	0	(1,313,185)
Capital/Development grants	0	0	0	0
As at June 30, 2024 (previous year)	0	2,290,355	0	2,290,355
At July 1, 2024 (current year)	0	2,290,355	0	2,290,355
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	12,655,014	0	9,498,292
Capital/Development grants	0	0	0	0
At June 30, 2025 (current year)		14,945,369	0	11,788,597

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government		0	3,374,556
Grants from donors and development partners		0	0
Transfers from other Government entities		0	0
Public contributions and donations		0	0
Rendering of services- Medical Service Income		17,454,417	9,091,434
Revenue from rent of facilities		0	0
Finance / interest income		0	0
Miscellaneous receipts(<i>specify</i>)		0	0
Total Receipts		17,454,417	12,465,990
Payments			
Medical/Clinical costs		6,705,107	6,104,662
Employee costs		1,659,457	1,311,481
Board of Management Expenses		75,000	172,500
Repairs and maintenance		1,220,308	1,141,729
Grants and subsidies		0	0
General expenses		3,974,915	1,943,780
Finance costs		0	0
Refunds paid out		0	0
Total Payments		13,634,787	10,674,152
Net cash flows from operating activities	43	3,819,630	1,791,838
Cash flows from investing activities			
Purchase of property, plant, equipment		(0)	(0)
Purchase of intangible assets		(0)	(0)
Proceeds from the sale of PPE		0	0
Acquisition of investments		0	(0)
Net cash flows used in investing activities		(0)	(0)
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		(0)	(0)
Capital grants received		0	0

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

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
Net cash flows used in financing activities		(0)	(0)
Net increase/(decrease) in cash and cash equivalents		3,819,630	1,243,461
Cash and cash equivalents as at 1 July	27	3,035,299	3,035,299
Cash and cash equivalents as at 30 June	27	6,854,929	3,035,299

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	a	b	c=(a+b)	d	e=(c-d)	f=d/c%
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Budget carryovers from the previous year	-	0				%
Receipts						
Transfers from the County Government	0	0	0	0		0%
Grants from donors and development partners	0	0	0	0		0%
Transfers from other Government entities	0	0	0	0		0%
Public contributions and donations	0	0	0	0		0%
Rendering of services- Medical Service Income	17,500,000	0	17,500,000	17,454,417	45,583	99.73%
Revenue from rent of facilities	0	0	0	0	0	%
Finance / interest income	0	0	0	0	0	%
Miscellaneous receipts (<i>specify</i>)	0	0	0	0	0	%
Total receipts	17,500,000		17,500,000	17,454,417	45,583	99.73%
Payments						
Medical/Clinical costs	6,402,500	0	6,402,500	6,705,107	(302,607)	99.98%
Employee costs	1,750,500	0	1,750,500	1,659,457	91,043	99.77%
Remuneration of directors	75,000	0	75,000	75,000	0	100%
Repairs and maintenance	985,000	0	985,000	1,220,308	(235,308)	99.82%
Grants and subsidies	0	0	0	0	0	0%
General expenses	3,709,500	0	3,709,500	3,974,915	(265,415)	99.98%
Finance costs						0%
Refunds						0%
Total Operational Expenditure paid	12,922,500		12,922,500	13,634,787	(712,287)	
Capital Expenditure paid	0		0			
Surplus	4,577,500		4,577,500	3,819,630		

Nyakach County Hospital (Kisumu 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- To cover medical drugs stock outs experienced towards end of the year	302,607
2	Reason for differences	
3	Reason for differences- To resolve unforeseen breakdown of generator and ambulance	235,308
4	Reason for differences- To resolve power shortage by clearing electricity bill and fuelling ambulance for 24hrs operation	265,415
	Closing Cash and Cash Equivalent as per the statement of Cash flows	

19. Notes to the Financial Statements

1. General Information

Nyakach County Hospital is established by gazette notice No. 11041 and derives its authority and accountability from Health Act, PFM Act and the Kisumu County Facility Improvement Fund Act 2021. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide universal healthcare to the citizens

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

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

Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The impact of this standard will be w.e.f 1st July 2025.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The impact of this standard will be w.e.f 1st July 2025.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that 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>The impact of this standard will be w.e.f 1st July 2026.</p>

*Nyakach County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The impact of this standard will be w.e.f 1st July 2026.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The impact of this standard will be w.e.f 1st July 2025.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <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. <p><i>The standard is not relevant to the hospital.</i></p>

iii) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other Government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

Notes to the Financial Statements (Continued)

b. Budget information

The original budget for FY 2024-2025 was approved by Board 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. The *entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

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

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

c. Taxes

Sales tax/ Value Added Tax

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

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

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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 **xxx** years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e. Property, plant and equipment

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

The management wishes to disclose that all assets have been identified, tagged and recorded in the asset valuation to enable the values of the assets to be included in the financial statement w.e.f FY 2025-2026.

Notes to the Financial Statements (Continued)

f. Leases

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

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

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

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

g. Intangible assets

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

Notes to the Financial Statements (Continued)

h. Biological Assets

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

i. Research and development costs

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

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

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

j. Financial instruments

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

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

q. Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

r. Employee benefits

Retirement benefit plans

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

s. Foreign currency transactions

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

t. Borrowing costs

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

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

u. Related parties

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

v. Service concession arrangements

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

w. Cash and cash equivalents

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

x. Comparative figures

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

y. Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. 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	FY 2024-2025	FY 2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	0	1,824,556
Level 4/5 grants	0	0
Unconditional development grants	0	0
Other grants (<i>specify</i>)	0	0
Conditional grants		
User fee forgone	0	0
Transforming health services for Universal care project (THUCP)	0	0
DANIDA	0	0
Wards Development grant	0	0
Paediatric block grant	0	0
Administration block grant	0	0
Laboratory grant	0	0
Total government grants and subsidies	0	1,824,556

6 b Transfers from The County Government

Name of the Entity sending the grant	Amount recognized to Statement of financial performance* KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Comparative Period
			KShs	KShs	KShs
Kisumu County Government	0	0	0	0	1,824,556
Total	0	0	0	0	1,824,556

Notes to Financial Statements Continued

7. In Kind Contributions from The County Government

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	0	0
Medical supplies-Drawings Rights (KEMSA)	0	0
Pharmaceuticals and Non-Pharmaceutical Supplies (other suppliers)	51,204,134	44,349,787
Utility bills	0	0
Total grants in kind	51,204,134	44,349,787

8. Grants From Donors and Development Partners

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cancer Centre grant- DANIDA	0	0
World Bank grants	0	0
Paediatric ward grant- JICA	0	0
Research grants	0	0
Other grants (<i>specify</i>)	0	0
Total grants from development partners	0	0

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	0	0	0	0
JICA	0	0	0	0	0
World Bank	0	0	0	0	0
Total	0	0	0	0	0

Notes to Financial Statements Continued

9. Transfers From Other Government Entities

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfer from National Government (Ministry of Health)	0	0
Transfer from National Hospital	0	0
Transfer from Institute	0	0
Total Transfers	0	0

10. Public Contributions and Donations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from other international organisations and individuals	0	0
Other donations(<i>specify</i>)	0	0
Donations in kind-amortised	0	0
Total donations and sponsorships	0	0

10 (a) Reconciliations of amortised grants

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Amortised and transferred to revenue	0	0
Conditions to be met – remain liabilities	0	0

Notes to Financial Statements Continued

11. Rendering of Services-Medical Service Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	
Pharmaceuticals	575,567	928,879
Laboratory	1,163,668	1,123,420
Radiology	314,228	120,400
Non pharmaceuticals		0
Inpatient services	155,245	297,040
Outpatient services	67,829	36,800
Ear Nose and Throat Service		800
Theatre	1,337	6,500
Dental Service	1,115	4,650
Paediatrics services	44,889	800
Female Ward	446,782	777,990
Records Dept services	468,698	421,140
Mortuary	580,202	677,400
Male ward	177,338	145,340
Paedriatic Ward	193,070	129,490
Labour Ward	22,483	1,600
Orthopaedic services	12,657	16,900
Maternity	112,985	75,100
Physiotherapy services	24,121	32,760
Amenity		900
Medical Examination	6,128	3,500
Occupational Therapy services	12,590	18,800
MCH/FP Services	223	1,650
NHIF/ SHA	22,393,847	4,842,280
MARWA	0	0
Total revenue from the rendering of services	26,775,004	9,664,139

Notes to the Financial Statements (Continued)

12. Revenue From Rent of Facilities

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Residential property	0	0
Commercial property	0	0
Total Revenue from rent of facilities	0	0

13. Finance /Interest Income

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Interest income from Cash investments and fixed deposits	0	0
Interest income from short- term/ current deposits	0	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Interest from outstanding debtors	0	0
Total finance income	0	0

14. Miscellaneous Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender	0	0
Services concession income	0	0
Sale of goods (water, publications, containers etc)	0	0
Write backs (Deposits, payments in advance etc)	0	0
Bad debts recovered	0	0
<i>Others (Specify)</i>	0	0
Total Miscellaneous income	0	0

Notes to the Financial Statements (Continued)

15. Medical/ Clinical Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Dental costs/ materials	0	0
Laboratory chemicals and reagents	1,367,075	1,147,890
Public health activities	0	0
Food and Ration	1,514,622	1,526,520
Uniform, clothing, and linen	0	0
Dressing and Non-Pharmaceuticals	1,709,574	2,112,240
Pharmaceutical supplies	1,359,296	1,415,682
Health information stationery	379,740	686,573
Reproductive health materials	0	0
Sanitary and cleansing Materials	274,800	265,610
Purchase of Medical gases	30,000	82,400
X-Ray/Radiology supplies	0	0
Medical equipment	70,000	0
In kind medical donations	51,204,134	43,929,993
Total medical/ clinical costs	57,909,241	51,166,908

16. Employee Costs

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Salaries, wages, and allowances	1,583,784	1,255,907
Contributions to pension schemes	0	64,300
Service gratuity	0	0
Performance and other bonuses	0	0
Staff medical expenses and Insurance cover	27,253	0
Group personal accident insurance and WIBA	0	0
Social contribution - NSSF	257,560	77,283
Other employee costs (<i>specify</i>)	0	0
Employee costs	1,868,597	1,397,490

Notes to the Financial Statements (Continued)

17. Board of Management Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Chairman's Honoraria	0	0
Sitting allowance	75,000	177,000
Mileage	0	0
Insurance expenses	0	0
Induction and training	0	0
Travel and accommodation allowance	0	0
Airtime allowances	0	0
Total	75,000	75,000

18. Depreciation and Amortization Expense

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property, plant and equipment	0	0
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	0	0

19. Repairs And Maintenance

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Property- Buildings	565,640	1,098,327
Medical equipment	0	0
Office equipment	0	0
Furniture and fittings	29,874	0
Plant and machinery	334,444	
Computers and accessories	40,000	0
Motor vehicle expenses	250,350	290,800
Maintenance of civil works	0	0
Total repairs and maintenance	1,220,308	1,389,127

Notes to the Financial Statements (Continued)

20. Grants And Subsidies

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Community development and social work	0	0
Education initiatives and programs	0	0
Free/ subsidised medical camp	0	0
Disability programs	0	0
Free cancer screening	0	0
Social benefit expenses	0	0
Other grants and subsidies(<i>specify</i>)	0	0
Total grants and subsidies	0	0

21. General Expenses

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Advertising and publicity expenses	0	
Catering expenses	80,000	
Waste management expenses	0	
Insecticides and rodenticides	0	
General office supplies	362,200	88,000
Contracted security services	497,600	290,000
Other fuels (Charcoal & LPG)	150,000	81,000
Contracted cleaning services	0	23,800
Electricity expenses	934,000	994,776
Fuel and Lubricants	1,303,500	449,400
Insurance	0	0
Research and development expenses	0	0
Travel and accommodation allowance	586,982	379,800
Legal expenses	0	0
Licenses and permits	0	0
Courier and postal services	5,000	0
Printing and stationery	0	9,600
Hire charges	0	0
Office Equipment	0	115,278
Water and sewerage costs	110,000	94,540
Skills development levies	0	0
Telephone and mobile phone services	41,800	65,000

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Computer accessories	179,896	0
Staff training and development		
Subscriptions to professional bodies		
Subscriptions to newspapers periodical, magazines, and gazette notices		
Library books/Materials		
Parking charges		
Total General Expenses	4,250,978	2,591,194

22. Finance Costs

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Borrowings (amortized cost) *	0	0
Finance leases (amortized cost)	0	0
Interest on Bank overdrafts/Guarantees	0	0
Interest on loans from commercial banks	0	0
Total finance costs	0	0

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Other assets not capitalised (<i>specify</i>)	0	0
Total gain on sale of assets	0	0

24. Unrealized Gain On Fair Value Investments

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

Notes to the Financial Statements (Continued)

25. Medical Services Contracts Gains /Losses

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Comprehensive care contracts with NHIF/SHA	0	0
Non- Comprehensive contracts care with NHIF/SHA	0	0
Linda Mama Program	0	0
Waivers and Exemptions	0	0
Total Gain/Loss	0	0

26. Impairment Loss

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant, and equipment	0	0
Intangible assets	0	0
Investments	0	0
Total impairment loss	0	0

27. Cash And Cash Equivalentents

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current accounts	6,854,929	3,035,299
On - call deposits	0	
Fixed deposits accounts	0	
Cash in hand	0	
Others(<i>specify</i>)- Mobile money	0	
Total cash and cash equivalentents	6,854,929	3,035,299

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

Notes to the Financial Statements (Continued)

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

Description		FY 2024-2025	FY 2023-2024
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1104032481	6,629,556	2,689,273
Cooperative bank	0114149525 3900	225,373	346,026
Sub- total		6,854,929	3,035,299
b) On - call deposits			
Kenya Commercial bank		0	0
Cooperative bank		0	0
Sub- total		0	0
c) Fixed deposits account			
Bank Name		0	0
Sub- total		0	0
d) Others(specify)			
cash in hand		0	0
Mobile money- Mpesa, Airtel money		0	0
Sub- total		0	0
Grand total		6,854,929	3,035,299

28. Prepayments

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

29. Receivables From Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical services receivables – SHA	8,613,587	0
Medical services receivables – NHIF	707,000	2,133,905
Rent receivables	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total receivables	9,320,587	2,133,905

Analysis of Receivables From Exchange Transactions

Description	FY 2024-2025		IFY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	9,320,587	100%	2,133,905	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	9,320,587	%	2,133,905	%

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

30. Receivables From Non-Exchange Transactions

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from the County Government	0	1,550,000
Undisbursed donor funds	0	0
Other debtors (April 2025-June 2025 Mpesa Collections)	859,335	0
Less: impairment allowance	(0)	(0)
Total	859,335	1,550,000

Analysis of Receivables From Non-Exchange Transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	859,335	100%	1,550,000	100%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (a+b)	859,335	%	1,550,000	%

31. Inventories

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Pharmaceutical supplies	1,635,969	1,141,208
Dressing and non pharmaceuticals	2,250,595	3,275,931
Food supplies	241,200	241,200
Laboratory reagents, chemicals & supplies	499,340	404,830
Sanitary and cleansing supplies	362,246	170,090
General supplies	28,200	18,250
Stationery	38,050	13,150
TB drugs	319,680	404,045
Contraceptives	91,430	15,749
Less: provision for impairment of stocks	(0)	(0)
Total	5,466,710	5,684,453

Detailed disclosure on inventories

	FY 2024-2025	FY 2023-2024
Opening balance	5,684,453	
Additional Inventory in the year	62,160,219	
Inventory expensed in the year	(62,377,962)	
Write-downs in the year	0	
Others specify	0	
Closing balance	5,466,710	

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 Annual Report and Financial Statements for The Year Ended 30th June 2025
 Notes to the Financial Statements (Continued)

32. Property, Plant and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Cost									
At 1 July 2023 (previous year)	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	(0)
Transfers/adjustments	0	0	0	0	0	0	0	0	(0)
Revaluation Adjustments	0	0	0	0	0	0	0	-	0
At 30th Jun 2024	0	0	0	0	0	0	0	0	0
At 1 July 2024(current year)	0	0	0	0	0	0	0	0	0
Additions	0	0	0	0	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Transfer/adjustments	0	0	0	0	0	0	0	(0)	0
Revaluation Adjustments	0	0	0	0	0	0	0	-	0
At 30th Jun 2025	0	0	0	0	0	0	0	0	0
Depreciation and impairment									
At 1 July 20 (previous year)		0	0	0	0	0	0	0	0
Depreciation for the year									

Nyakach County Hospital (Kisumu County Government)
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Plant and medical equipment	Other Assets (specify)	Capital Work in progress	Total
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh		Ksh	Ksh
Disposals		(0)	(0)	(0)	(0)	(0)	(0)	-	(0)
Impairment		(0)	(0)	(0)	(0)	(0)	(0)	-	(0)
At 30 June 2024		0	0	0	0	0	0	-	0
At July 2024 (current year)		0	0	0	0	0	0	-	0
Depreciation		0	0	0	0	0	0	-	0
Disposals		0	0	0	0	0	0	-	(0)
Impairment		0	0	0	0	0	0	-	(0)
Transfer/adjustment		0	-	0	-	-	0		(0)
At 30th June 2025		0	0	0	0	0	0	-	0
Net book values									
At 30 th Jun 2024(previous)	0	0	0	0	0	0	0	0	0
At 30 th Jun 2025 (current)	0	0	0	0	0	0	0	0	0

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Notes to the Financial Statements (Continued)

33. Intangible Assets-Software

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Cost		
At beginning of the year	300,000	300,000
Additions	0	0
Additions-Internal development	0	0
Disposal	(0)	(0)
At end of the year	300,000	300,000
Amortization and impairment		
At beginning of the year	0	0
Amortization for the period	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	300,000	300,000

34. Investment Property

Description	Insert Current FY	Insert Comparative FY
	KShs	KShs
At beginning of the year	0	0
Additions	0	0
Disposals during the year	(0)	(0)
Fair value gain	0	0
Depreciation (<i>where investment property is at cost</i>)	(0)	(0)
Impairment	(0)	(0)
At end of the year	0	0

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Notes to the Financial Statements (Continued)

35. Biological Assets

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Trees in a plantation forest	0	0
Animals: Dairy Cattle, Pigs, Sheep	0	0
Others specify	0	0
Total	0	0

36. Trade and other Payables

Description	FY 2024-2025		FY 2023-2024	
	KShs		KShs	
Trade payables	8,294,779		8,380,391	
Employee dues	178,000		0	
Third-party payments (e.g. unremitted payroll deductions)	31,140		0	
Audit fee	0		0	
Doctors' fee	0		0	
Total trade and other payables	8,503,919		8,380,391	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the total
Under one year	2,711,058	31.88%		%
1-2 years	2,423,760	28.50%		%
2-3 years	2,824,261	33.21%		%
Over 3 years	544,840	6.41%		%
Total	8,503,919	100%	8,380,391	%

37. Refundable Deposits from Customers/Patients

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Medical fees paid in advance	0	0
Credit facility deposit	0	0
Rent deposits	0	0
Others (specify)	0	0

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Total deposits	0		0	
Ageing analysis:	FY 2024-2025	% of the Total	FY 2023-2024	% of the Total
Under one year	0	%	0	%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total	0	%	0	%

38. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	(0)	(0)	(0)	(0)
Change due to discount & time value for money	(0)	(0)	(0)	(0)
Total provisions	0	0	0	0
Current Provisions	0	0	0	0
Non-Current Provisions	0	0	0	0
Total Provisions	0	0	0	0

39. Finance Lease Obligation

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Current Lease obligation	0	0
Long term lease obligation	0	0
Total	0	0

40. Deferred Income

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current Portion	0	0
Non-Current Portion	0	0
Total	0	0

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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	0	0	0
Additions during the year	0	0	0	0
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to statement of financial performance	(0)	(0)	(0)	(0)
Other transfers (<i>Specify</i>)	(0)	(0)	(0)	(0)
Balance C/F	0	0	0	0

41. Borrowings

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Balance at beginning of the period	0	0
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the year	(0)	(0)
Repayments of domestic borrowings during the year	(0)	(0)
Balance at end of the period	0	0

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

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current Obligation	0	0
Non-Current Obligation	0	0
Total	0	0

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Notes to the Financial Statements (Continued)

42. Service Concession Arrangements

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession liability at beginning of the year	0	0
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

43. Cash Generated from Operations

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Surplus for the year before tax	12,655,014	
Adjusted for:		
Depreciation		
Non-cash grants received		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working Capital adjustments		
Increase in inventory	217,743	
Increase in receivables	(9,176,655)	
Increase in deferred income	-	
Increase in payables	123,528	
Increase in payments received in advance	-	
Net cash flow from operating activities	3,819,630	

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

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 xxxx. The board of management sets the hospital's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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

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 2024			
Financial assets (investments, cash, debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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Notes to the Financial Statements (Continued)

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

Foreign currency sensitivity analysis

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

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

b) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (Continued)

Sensitivity analysis

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

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

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Notes to the Financial Statements (Continued)

45. Related Party Balances

Nature of related party relationships

Entities and other parties related to the 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.

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

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

Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Services offered to related parties		
Services to related parties	0	0
Sales of services to related parties	0	0
Total	0	0
b) Grants from the Government		
Grants from County Government	0	0
Grants from the National Government Entities	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	0	0
Payments for goods and services	0	0
Total	0	0
d) Key management compensation		

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Directors' emoluments	0	0
Compensation to the medical Sup	0	0
Compensation to key management	0	0
Total	0	0

46. **Segment Information**

47. **Contingent Liabilities**

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

48. **Capital Commitments**

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

49. **Events after the Reporting Period**

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

50. **Ultimate and Holding Entity**

The entity is a Public Level 4 Hospital under the Department of medical Services at the County Government of Kisumu. Its ultimate parent is the County Government of Kisumu.

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

51. **Currency**

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

20. Appendices

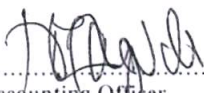
Appendix 1: Progress on Follow Up of Auditor Recommendations

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

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

Guidance Notes:

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



 Accounting Officer



*Nyakach County Hospital (Kisumu County Government)
Annual Report and Financial Statements for The Year Ended 30th June 2025*

**Appendix II: Projects Implemented by The Entity
Projects**

Projects implemented by the Hospital Funded by development partners

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

Status of Projects completion

(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							

Nyakach County Hospital (Kisumu County Government)
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Appendix III: Inter-Entity Confirmation Letter

Name of Transferring entity.....

Name of Beneficiary entity.....

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

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

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

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Appendix IV Reporting of Climate Relevant Expenditures

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

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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